BITCOIN WELL

10142 82 Ave, NW
Edmonton, AB T6E 1Z4

1739001 Alberta Ltd. (DBA "Bitcoin Well")

Management's Discussion and Analysis

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

INTRODUCTION

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the consolidated financial statements and notes thereto for the years ending December 31, 2020 and 2019 of 1739001 Alberta Ltd. (the "**Company**", or "**Bitcoin Well**"). Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A is prepared as of March 22, 2021.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements contained herein include, but are not limited to: (i) statements regarding the future acquisition of cryptocurrency ATMs; (ii) statements regarding the completion of the proposed reverse take-over of Red River Capital Corp.; and (iii) statements regarding the expansion of and plans for the Company's business.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information available as at such date and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and

(b) other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating the regulation and sale of cryptocurrency; and other factors beyond the Company's control.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

References to EBITDA in this MD&A refer to net earnings from continuing operations before interest, taxes and tax recoveries, amortization, deferred income tax recovery, unrealized foreign exchange losses, non-cash share-based expenses (Black-Scholes option pricing model) and write-off of assets. EBITDA is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that EBITDA is an alternative measure in evaluating the Company's business performance. Readers are cautioned that EBITDA should not be construed as an alternative to net income as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating EBITDA may differ from methods used by other Companies and, accordingly, the Company's EBITDA may not be comparable to similar measures used by any other Company.

NON-GAAP MEASURES

This MD&A presents certain non-GAAP (Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management uses these non-GAAP measures to supplement the analysis and evaluation of operating performance.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)

- "EBITDA" represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization.

EBITDA is used to show ongoing profitability without the impact of non-cash accounting policies, capital structure, and taxation. This provides a consistent comparable metric for profitability.

OVERVIEW AND OUTLOOK

1739001 Alberta Ltd. (DBA "Bitcoin Well") was incorporated under the laws of Alberta on March 28, 2013. The principal business of the Company is to buy and sell bitcoin and other cryptocurrencies through bitcoin ATMs and its website. The Company's registered office is 2500 Stantec Tower, 10220 - 103 Avenue NW Edmonton, AB T5J 0K4.

The Company owns and operates multiple cryptocurrency ATMs throughout Canada. As of the date of this MD&A, the Company owns over 110 ATMs in operation and sells across Canada with multiple payment methods on their website.

For the past eight years, the Company has been focused on placing and acquiring profitable cryptocurrency ATMs throughout Canada. In 2014, Bitcoin Well became the first company to deploy cryptocurrency ATMs in Alberta and Saskatchewan. Since then, the Company has developed strong relationships with payment processors, armoured car vehicle companies, and other vendors integral to the Company's success. The Company's current team is focused on strong results and has low turnover. The Company has the ability to operate up to 200 ATMs without the need for significant additional personnel.

Furthermore, the Company is expanding its service offering through its website to include support for bill payments, POS systems, and gift cards. The Company's expansion plans are facilitated by partnerships with strategic software groups that competitors do not have access to.
The prices of most cryptocurrencies are expected to remain volatile, due to continued speculation, conflicting media coverage, potential regulatory actions, and lawsuits against industry participants. This gives the Company and its investors exposure to the volatile swings of cryptocurrency while providing the stability of the transactional side of the business. This may prove advantageous to the Company, as volatility can lead to increased speculative buying and selling of cryptocurrencies. The Company is non-custodial in that all inventory held is owned by the Company, and once bitcoin and other cryptocurrencies are sold to the consumer, the Company immediately transfers ownership of those bitcoin or other cryptocurrencies to the consumer.

Bitcoin Well intends to consolidate a fragmented market by completing a going-public transaction (see Going Public Transaction below). The key to success in cryptocurrency ATM ownership will be the Company's ability to execute on its roll-up strategy. The primary factors affecting the Company's success will be the following:

i) The sourcing and acquiring of profitable ATMs; and
ii) Cost effectively integrating acquired ATMs into the Company's network.

<u>Significant Events</u>

Director and Officer Appointments

To assist with the Company's strategic initiatives, the Company expanded its board of directors and executive team in 2020 to include the following individuals, in addition to Adam O'Brien as a director and Chief Executive Officer of the Company:

i) Directors
   - Eric Sauze
   - David Bradley

  - Julian Klymochko
  - Carman McNary

ii) Officers
  - Mandy Johnston as Chief Financial Officer
  - Heather Barnhouse as Corporate Secretary

Going Public Transaction

On September 11, 2020, the Company entered into a definitive agreement with Red River Capital Corp. ("**Red River**") pursuant to which Red River will acquire each of the issued and outstanding securities of Bitcoin Well (the "**Proposed Transaction**"), whereby the shareholders of the Company will become shareholders of the resulting entity (the "**Resulting Company**"). Red River is listed on the TSX Venture Exchange ("**TSX-V**"). Red River's principal business activity is the identification and evaluation of companies, assets or businesses with a view to completing a business combination.

Upon completion of the Proposed Transaction the Resulting Company will continue to carry on the business of the Company as currently constituted, under the new name "Bitcoin Well" or such other name as may be approved by the board of directors of the Resulting Company. The Proposed Transaction is an arm's length transaction and will constitute a reverse takeover of Red River by the Company pursuant to policies of the TSX-V.

The Company expects to complete the Proposed Transaction in 2021.

Software License Agreement - Ghostlab

In January 2020 the Company entered into a Software License Agreement with Ghostlab Inc. ("**Ghostlab**"), a company controlled by Adam O'Brien, the Chief Executive Officer and a director of the Company, for the purpose of licensing the software used on the Company's machines. As part of the agreement, the Company was issued a non-interest-bearing convertible note receivable from Ghostlab in the amount of $200,000 during 2020. There are no terms of repayment and it may be converted into equity of Ghostlab at the discretion of the Company. The total amount paid by the Company on behalf of Ghostlab for the year ended December 31, 2020 was $1,208,695. The total service fees and software development charges from Ghostlab to the Company was $459,506. Net of the $200,000 convertible note, Ghostlab owed the Company $749,189 as at December 31, 2020.

April 2020 Acquisitions

On April 14, 2020, the Company entered into an asset purchase agreement whereby the Company acquired seven (7) cryptocurrency ATMs for $376,000 payable as follows:

i) $190,000 paid through the issuance of a convertible debenture in the amount of $190,000 (the "**Convertible Debenture**"); and
ii) $186,000 paid through the issuance of 186,000 special warrants of the Company (the "**Special Warrants**"). The obligation to issue the Special Warrants was valued using the Black-Scholes option pricing model with the following weighted average assumptions: exercise price of $1.07, expiry date of April 14, 2021, risk-free interest rate of 0.30%, and volatility of 100%.

The Convertible Debenture is repayable in monthly installments beginning on April 14, 2021 in the amount of $20,000 per month for the initial nine months, and $10,000 per month for the remaining ten months.

The Convertible Debenture shall automatically convert into Class I Common Shares of the Company (the "**Class I Shares**") immediately prior to the completion of a transaction pursuant to which the shareholders of the Company shall hold securities of a company traded on a recognized exchange, at a price equal to the deemed price per Class I Share offered in connection with the going-public transaction. The Special Warrants expire on April 14, 2021 and shall automatically convert into 186,000 Class I Shares, at no additional payment on the part of the holder, immediately prior to the completion of a transaction pursuant to which the shareholders of the Company shall hold securities of a company traded on a recognized exchange.

On April 23, 2020, the Company entered into an asset purchase agreement whereby the Company acquired four (4) cryptocurrency ATMs for $710,960 payable through the issuance of 664,449 Class I Shares at a price of $1.07 per share.

The additional machines have been integrated into the current continuing operations of the Company, resulting in an increase in revenue.

2020 Technology Platform Acquisition

The Company has obtained the assets of a private technology company, consisting of gift card inventory, technology stack, trademarks, website, domain name, social media handles, and customer support/sales vehicles (the "**Technologies**"), in exchange for a royalty payment in the amount of $50,000 payable by way of the issuance of 46,729 Class I Shares at a price of $1.07 per share. The Company was also granted the option to purchase the Technologies at any time prior to December 31, 2020. This option was exercised effective December 15, 2020 for consideration of $150,000, payable by way of the issuance of 140,187 Class I Shares at a price of $1.07 per share.

The transaction has allowed Company to integrate the new technology and payment platforms into its existing operations, allowing for additional cash flows, and enhancing the Company's operational performance.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Selected Annual Financial Information

Year ended December 31	2020	2019
Revenue	$ 51,970,582	$ 14,539,490
Cost of coins	(44,677,863)	(12,886,257)
Gross profit	**7,292,719**	**1,653,233**
Gross profit margin	**14%**	**11%**
Operating expenses	(4,143,886)	(1,115,335)
Qualifying transaction	(819,308)	-
Depreciation and accretion	(538,199)	(262,228)
Net operating income (loss)	**$ 1,791,326**	**$ 275,670**
Fair value change - cryptocurrency	(3,721,450)	(133,308)
Share based compensation	(303,095)	-
Loss on debt settlement	(184,270)	(6,668)
Income tax expense	(325,530)	-
Other	-	(18,279)
Comprehensive income (loss)	**$ (2,743,019)**	**$ 117,415**

Cash	4,054,551	1,173,950
Working capital	(2,936,196)	303,169
Total assets	12,124,151	2,267,460
Shareholders' equity (deficit)	(872,197)	(181,469)
Long-term financial liabilities	207,207	140,090

Year ended December 31	2020	2019
Comprehensive income (loss)	$ (2,743,019)	$ 117,415
Going public transaction costs	819,308	-
Depreciation and accretion	538,199	262,228
Fair value change - cryptocurrency	(29,178)	7,269
Fair value change - cryptocurrency loans	3,750,628	126,039
Foreign exchange	-	4,279
Share based compensation	303,095	-
Income tax expense	325,530	-
Derecognition of goodwill	-	14,000
Adjusted EBITDA	**$ 2,964,563**	**$ 531,230**
Adjusted EBIDTA Margin	**5.7%**	**3.7%**

DISCUSSION OF OPERATIONS

During 2020, sales increased to $51,970,582 compared to $14,539,490 for the comparative year due to an increase in cryptocurrency ATMs placed in the market, an increase in productivity (revenue) per machine, an increase in the price of bitcoin and other cryptocurrencies, and an increase in the Company's over-the-counter (OTC) sales. Gross profit increased to $7,292,719 in 2020, compared to $1,653,233 for the comparative year to reach an average gross profit margin of 14% in 2020 (11% in 2019). An increase in OTC purchases of bitcoin and other cryptocurrencies by the Company also led to increased sales to exchanges in 2020.

The cost of coins in 2020 is the value of cryptocurrency inventory used to facilitate the sales throughout the year. The Company sells cryptocurrency at a controlled spread, which provides the minimum expected gross margin on sales. Further contributing to the gross margin that the company realizes is the impact of a change in cryptocurrency prices. In 2020 the market for cryptocurrency rapidly increased, allowing the Company to realize a higher gross margin of 14% (2019 – 11%) on the coins sold by using coins purchased at a lower cost.

Total operational expenses were $5,501,393 in 2020 compared to $1,377,562 in 2019. The increased operating expenses related primarily to the expansion of the team, as well as a significant investment in the ongoing RTO costs. Of these operating expenses, there were non-cash costs of $303,095 (2019 - $Nil) related to share-based compensation and $538,199 related to capital asset depreciation.

Non-operating costs incurred in the year included revaluation of the cryptocurrency loans of $3,721,450 (2019 - $133,308).

SUMMARY OF QUARTERLY RESULTS

As at 2019		Q1 March 31		Q2 June 30		Q3 September		Q4 December
Revenues	$	2,596,470	$	3,819,201	$	3,787,122	$	4,336,697
Cost of goods sold		(2,286,355)		(3,409,647)		(3,506,733)		(3,683,521)
Gross profit		310,115		409,554		280,389		653,176
Expenses including non-cash items		(230,835)		(247,703)		(301,460)		(755,818)
Income (loss) for the quarter		79,280		161,851		(21,071)		(102,642)
Income (loss) per share	$	793	$	1,619	$	(211)	$	(1,026)
Common shares outstanding		100		100		100		100

As at 2020		Q1 March 31		Q2 June 30		Q3 September		Q4 December
Revenues	$	6,221,445	$	8,267,887	$	14,615,607	$	22,865,643
Cost of goods sold		(5,729,308)		(7,128,317)		(12,789,565)		(19,030,673)
Gross profit		492,137		1,139,570		1,826,042		3,834,970
Expenses including non-cash items		(674,178)		(1,102,984)		(2,583,155)		(5,675,421)
Income (loss) for the quarter		(182,041)		36,586		(757,113)		(1,840,451)
Income (loss) per share	$	(0)	$	0.00	$	(0.06)	$	(0.16)
Common shares outstanding		10,000,000		10,000,000		11,657,061		11,797,248

*Above income is measured in accordance with GAAP.

FOURTH QUARTER INFORMATION

During the three months ended December 31, 2020 the Company reported a net loss of $ 1,840,451 compared to a net loss of $102,642 for the three months ended December 31, 2019. The primary reason for the unfavourable variance for the three months ended December 31, 2020 is the expansion of the team, resulting in higher wages paid.

Sales during the three months ended December 31, 2020 increased to $22,865,643 compared to $4,336,697 for the three months ended December 31, 2019. Gross profit increased to $3,834,970 compared to $653,176 during the three months ended December 31, 2019. Both increases are a result of the Company deploying additional ATMs during 2020.

LIQUIDITY & CAPITAL RESOURCES

As at December 31, 2020, the Company's capital is composed of shareholders' equity. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to support additional capital expenditures.

The Company defines capital as cash and equity, consisting of the issued common stock. The capital structure of the Company is managed to provide sufficient funding of operating activities. Funds are primarily secured through sales or a combination of equity capital raised by way of private placements or short-term debt provided by non-financial institutions and cryptocurrency exchanges.

The Company had cash of $4,054,551 as at December 31, 2020 (2019 - $1,173,950) and a working capital deficit of $2,936,196 as at December 31, 2020 (2019 – working capital deficit of $927,957).

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through revenues or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon maintaining sustained profitability and maintaining the Company's loans in good standing. The Company's loans are from a company controlled by Adam O'Brien, the Chief Executive Officer and a director of the Company, and the risk of the Company defaulting on the loan, or the loan being called by the creditor are remote. There are various risks and uncertainties affecting the Company's operations including, but not limited to, the liquidity of bitcoin and other cryptocurrencies, the Company's ability to keep its digital assets and physical machine assets secure, and the Company's ability to maintain the host relationships required to execute its business plan.

The Company's strategy to mitigate these risks and uncertainties is to execute a business plan with a focus on operational excellence, positive customer experience, revenue growth through additional partnerships, monitoring and adjusting sales margins to optimize competitiveness, managing operating expenses and working capital requirements, and securing additional means of financing for operations and inventory, as needed. Given the limitations embedded within the financial markets, it may be difficult to raise traditional financing when needed. The Company has structured host agreement contracts extending up to 12-months into the future, which supports the Company's ability to execute the business plan required to maintain adequate cash flows. Accordingly, the Company notes that there does not exist a material uncertainty about the Company's ability to continue as a going concern.

The Company is not subject to any externally imposed capital requirements.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

During 2020, the Company continued to finance operations through additional equity issuances, as well as initiating the Proposed Transaction in order to secure additional capital funding opportunities.

The Company will require some additional capital expenditures for the purchase of ATMs to fulfill the business plan outlined above. The exact number of machines and amount of capital expenditures are unknown at this time, but the Company has no current obligations related to future capital outlay.

On February 11, 2021, the Company entered into an agreement with Canaccord Genuity Corp. to sell up to $7,000,000 in subscription receipts of the Company (the "**Subscription Receipts**") on a commercially reasonable effort basis (the "Offering"). The Subscription Receipts will be offered in certain provinces of Canada on a private placement basis pursuant to exemptions from the registration requirements of those provinces. The Offering may not close until a minimum total of $6,234,000 is raised. Each Subscription Receipt will be issued at a price of $2.50, and shall automatically convert into units of the Company ("**Units**") upon the satisfaction or waiver of certain conditions immediately prior to the completion of the Proposed Transaction.

Each Unit shall be comprised of one Class I Share and one-half (1/2) of one Class I common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each whole Warrant shall entitle the holder thereof to purchase one Class I Share at price of $3.75 per share for a period of two years from the date of issuance. The Class I Shares and Warrants issued under the Offering will be exchanged for 10 shares of the Resulting Issuer and 10 warrants of the Resulting Issuer, respectively, upon the completion of the Proposed Transaction.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred costs of $58,027 from 2204759 Alberta Ltd., a related party owned by the Chief Executive Officer of the Company, for website and advertising costs in 2020. This is expected to be received within twelve months. The Company does not expect to continue the use of the services provided by this company in the future.

Cryptocurrency loans consist of amounts loaned by a company controlled by the Chief Executive Officer of the Company, and a number of arm's length parties. The amounts were loaned to the Company for payment of general operating expenses and the purchase of inventory. The loans bear interest at 8% calculated at the inception of the loan, and are to be repaid within 12 months of the inception of the loan, which is expected to be July 2021. The total amount paid for use of coins for the year ended December 31, 2020 was $70,212 and included in that value is $45,813 paid to the Chief Executive Officer.

The Company has a $750,000 shareholder loan outstanding as at December 31, 2020 due to the Chief Executive Officer of the Company. These were funds that were loaned to the Company for payment of general operating expenses and the purchase of inventory. The loan bears no interest and has no stated terms of repayment. This loan is expected to be repaid within 12-months.
The Company recognizes losses arising from the settlement of loan advances in the consolidated statements of loss and comprehensive loss. Accordingly, an amount of $184,270 has been recognized in the consolidated statement of loss and comprehensive loss (2019 - $6,668).

At period end, the Company revalues the loans based on current market prices. During the year ended December 31, 2020, the Company recognized an unrealized fair value change of $3,750,628 (2019 - $133,308) in the consolidated statements of loss and comprehensive loss.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. Refer to Note 3 f) of the Company's consolidated financial statements for further information on the Company's financial instruments.

RISK MANAGEMENT

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, deposits and prepaid expenses. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

In order to protect its shareholders, the Company does not hold its bitcoin reserves with any counterparty, as to avoid any counter-party risk. Instead, the Company has implemented rigorous levels of internal controls to ensure the safety and security of its digital assets, including but not limited to multi-signature wallets, the use of cold storage wallets, and signing authority limitations.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2020 the Company has a working capital deficit of $2,744,458 (2019 –

surplus of $303,169). This includes $98,718 of obligation to issue shares in 2020 ($Nil in 2019). The $98,718 includes $76,394 of shares to be issued related to an asset acquisition (note 15a), as well as $22,324 of shares to be issued for payment to a supplier. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had cash of $4,054,551 (2019 – $1,173,950) and accounts payable and accrued liabilities of $968,230 (2019 - $200,929), indicating sufficient short-term working capital to satisfy short-term obligations. The Company notes that the market value of the inventory held at December 31, 2020 was $6,709,293 (2019 - $87,335).

c) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk affect the fair values of financial assets and liabilities. The Company is exposed to market risk on cryptocurrency held as inventory and cryptocurrency loans.

Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. A decline in the market prices for cryptocurrencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of its inventory. Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies is not indicative of their future price performance. The Company's inventory consists primarily of bitcoin.

At December 31, 2020, if the market price of the Company's inventory increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease would have been significant.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company's shares are privately held. The Company's authorized share capital consists of the following:

i) Class A, B, C, D, I, J, and K Common Shares (the "common shares") – unlimited number of common shares with no par value. Holders of Class A, B, I, J and K common shares are entitled to a number of votes equivalent to the number of common shares held. Holders of Class C and D common shares are not entitled to vote, subject to the requirements of the *Business Corporations Act* (Alberta).

ii) Class E, F, G, and H Preferred Shares (the "preferred shares") – unlimited number of non-cumulative redeemable preferred shares with no par value. Holders of Class E preferred shares are entitled to a number of votes equivalent to the number of preferred shares held. Holders of Class F, G and H preferred shares are not entitled to vote, subject to the requirements of the *Business Corporations Act* (Alberta).

As of the date of this MD&A, the Company had issued and outstanding 2,600,000 Class A common shares, 7,400,000 Class B common shares, 1,101,090 Class F preferred shares, 1,797,248 Class I Shares, 186,000 Special Warrants and 400,376 options to purchase Class I Shares. The options are exercisable at a price of $1.07 per share for a period of 5 years from the date of issuance. The Special Warrants shall automatically convert into 186,000 Class I Shares, at no additional payment on the part of the holder, immediately prior to the completion of any transaction resulting in the shareholders of the Company holding shares of a publicly traded company.

The Company also has outstanding a $190,000 convertible note convertible into Class I Shares immediately prior to the completion of a transaction pursuant to which the shareholders of the Company shall hold securities of a company traded on a recognized exchange, at a price equal to the deemed price per Class I Share offered in connection with the going-public transaction.

RISK FACTORS

The Company's business, operating results and financial condition could be adversely affected by any of the risks outlined below. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company's Shares is speculative and will be subject to material risks; and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

ADDITIONAL FUNDING REQUIREMENTS

Further expansion of the Company's business, in Canada and internationally, will require additional capital, and the ongoing costs of operations may not generate positive cash flow for the near or long term. Although the Company has adequate funds to operate for the next 12 months, there is no assurance that it will be successful in obtaining the required financing for these or other purposes, including for general working capital. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares from treasury, control may change, and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

MARKET RISK FOR SECURITIES

There is currently no public market for the shares of the Company. There can be no assurance that an active trading market for the Company's shares will be created or sustained. The market price for the Company's shares may be subject to wide fluctuations. Factors such as government regulation, cryptocurrency price fluctuations, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities.

The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

BITCOIN AND CRYPTOCURRENCY INDUSTRY

The further development and acceptance of the bitcoin and other cryptocurrency industry is subject to a variety of factors that are difficult to anticipate and evaluate. The use of bitcoin and other cryptocurrencies to buy and sell goods and services, among other things, is a new and rapidly evolving industry. Although it is widely predicted that bitcoin and other cryptocurrencies will become a leading means of digital payment, it cannot be assured that this will in fact occur. Any slowing or stopping of the development in the acceptance of bitcoin and other cryptocurrencies may adversely affect an investment in the Company. For a number of reasons, including for example the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, bitcoin and other cryptocurrency activities may in fact prove in the long run to be an unprofitable means for businesses. Factors affecting the further development of the bitcoin and other cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of bitcoin and other cryptocurrencies; (ii) government and quasi-government regulation of bitcoin and other cryptocurrencies and their use, or restrictions on or regulation of access to and operation of bitcoin and other cryptocurrency systems; (iii) changes in consumer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services; and (v) the regulatory environment and general economic conditions and the regulatory environment related to bitcoin and other cryptocurrencies. A decline in the popularity or acceptance of bitcoin and other cryptocurrencies would harm the business and affairs of the Company.

SUBJECTION TO REGULATORY ACTIONS OR CHANGES

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to bitcoin and other cryptocurrencies, with certain governments deeming them illegal while others have allowed their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate.

The effect of any future regulatory change on the ability to buy and sell bitcoin and other cryptocurrencies is impossible to predict, but such change could be substantial and have a material adverse effect on the Company.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade bitcoin or other cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in Company shares. Such a restriction could result in the Company liquidating its cryptocurrency inventory at unfavorable prices and may adversely affect the Company's shareholders.

IMPACT OF BITCOIN AND OTHER CRYPTOCURRENCY VALUE MAY AFFECT OPERATIONS

The markets for bitcoin and other cryptocurrencies have experienced much larger fluctuations than other markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of bitcoin or other cryptocurrencies declines, the value of an investment in the Company will likely decline. Several factors may affect the price and volatility of bitcoin and other cryptocurrencies including, but are not limited to: (i) global bitcoin and other cryptocurrency demand, depending on the acceptance of bitcoin and/or other cryptocurrencies by retail merchants and commercial businesses; (ii) the perception that the use and holding of bitcoin or other cryptocurrencies is safe and secure, and the related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) conversely, heightened regulatory measures restricting the use of bitcoin and/or other cryptocurrencies as a form of payment or the purchase of bitcoin and/or other cryptocurrencies; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between various cryptocurrencies and fiat currency; (vii) fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges; (viii) interruption of services or failures of major cryptocurrency exchanges; (ix) general governmental monetary policies, including trade restrictions, currency revaluations; (x) global or regional political, economic or financial events and situations, including increased threat or terrorist activities; and/or (xi) self-fulfilling expectations of changes in the bitcoin and/or other cryptocurrency market. As well, momentum pricing is typically associated with assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Momentum pricing of bitcoin or other cryptocurrencies may result in speculation regarding future appreciation in their value. As a result, changing investor confidence could adversely affect an investment in the Company.

RESTRICTIONS ON BANKING

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses which provide cryptocurrency-related services have and may continue to have in finding consistent banking services may decrease the usefulness of cryptocurrencies as a payment system and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services.

ACCEPTANCE OF BITCOIN AND OTHER CRYPTOCURRENCIES

Currently, there is relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability. As relatively new products and technologies, bitcoin and other cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of bitcoin and other cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's business.

MISUSE OF BITCOIN AND OTHER CRYPTOCURRENCIES

Since the existence of cryptocurrencies, there have been attempts to use them for speculation or malicious purposes. Although law makers increasingly regulate the use and applications of bitcoin and other cryptocurrencies, and software is being developed to curtail speculative and malicious activities, there can be no assurances that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which bitcoin and other cryptocurrency transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new cryptocurrency or transactions using such control. The malicious actor or botnet could double spend its own cryptocurrency and prevent the confirmation of other users' transactions for so long as it maintains control. Such changes could adversely affect an investment in the Company.

UNINSURABLE RISKS

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the proposed business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance coverage. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

CONCENTRATION RISK

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Currently, the Company has its investment highly concentrated in a single cryptographic asset, bitcoin. The Company tracks the market price of bitcoin, less the Company's liabilities and expenses, by investing the assets of the company in bitcoin.

SECURITY RISK

Bitcoins are controllable only by the possessor of the private key relating to the local or online digital wallet in which the bitcoin is held. The bitcoin network requires a public key relating to a digital wallet to be published when used in a spending transaction and, if keys are lost or destroyed, this could prevent trading of the corresponding bitcoins. Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the bitcoin exchange market since the launch of the bitcoin network. Any security breach caused by hacking could cause loss of bitcoin investments.

BITCOIN NETWORK RISK

The open-source structure of the bitcoin network protocol means that the core developers of the bitcoin network and other contributors are generally not directly compensated for their contributions in maintaining and developing the bitcoin network protocol. A failure to properly monitor and upgrade the bitcoin network protocol could damage the bitcoin network.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at http://www.sedar.com.

BOARD APPROVAL

The board of directors of the Company has approved this MD&A.

SUBSEQUENT EVENTS

On January 21, 2021, the Company entered into an eight-year lease, commencing on May 1, 2022 and expiring on April 30, 2030, with Midnapore Investments LP to lease a new office facility at 10404 Jasper Avenue, Edmonton, Alberta. The Company made a deposit of $100,342 to execute the lease contract.

On February 11, 2021, the Company entered into an agreement with Canaccord Genuity Corp. to sell up to $7,000,000 in subscription receipts of the Company (the "Subscription Receipts") on a commercially reasonable effort basis (the "Offering"). The Subscription Receipts will be offered in certain provinces of Canada on a private placement basis pursuant to exemptions from the registration requirements of those provinces. The Offering may not close until a minimum total of $6,234,000 is raised. Each Subscription Receipt will be issued at a price of $2.50, and shall automatically convert into units of the Company ("Units") upon the satisfaction or waiver of certain conditions immediately prior to the completion of the Proposed Transaction.

Each Unit shall be comprised of one Class I Share and one-half (1/2) of one Class I common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each whole Warrant shall entitle the holder thereof to purchase one Class I Share at price of $3.75 per share for a period of two years from the date of issuance. The Class I Shares and Warrants issued under the Offering will be exchanged for 10 shares of the Resulting Issuer and 10 warrants of the Resulting Issuer, respectively, upon the completion of the Proposed Transaction.

On February 18, 2021, the Company entered into a purchase agreement for new ATM machines for a total cost of $368,921. The purchase required a deposit of $184,460, with the balance due upon receipt of the machines expected in March 2021. The full cost of the machines will be made with cash on hand.

On March 1, 2021, the Company enhanced its line of credit with the trading and technology firm described in Note 11, to $8,000,000. The line of credit was increased to allow the Company to facilitate further business expansion.