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1739001 Alberta Ltd. (DBA "Bitcoin Well")

Management's Discussion and Analysis

For the three months ended March 31, 2021

(Expressed in Canadian Dollars)

1739001 Alberta Ltd. (DBA "Bitcoin Well")
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ending March 31, 2021 and 2020

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements and notes thereto for the three months ended March 31, 2021 ("Financial Statements"), and the audited consolidated financial statements and notes thereto for 1739001 Alberta Ltd. (DBA "Bitcoin Well"). Such interim condensed consolidated financial statements have been prepared in accordance with IAS 34, and the audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). "Bitcoin Well, "the Company", "we", "us", and "our" in this MD&A refers to 1739001 Alberta Ltd. and our consolidated subsidiaries. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Bitcoin Well was incorporated under the laws of Province of Alberta on March 28, 2013. Its registered office is located at 2500 Stantec Tower, 10220 - 103 Avenue NW Edmonton, AB T5J 0K4.

This MD&A is prepared as of June 17, 2021.

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.

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; and (ii) 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 or directors and conflicts of interest, sources of income to generate cash flow, risks relating to maintenance of required licences, potential transaction and legal risks, risks relating to regulation and sale of cryptocurrency; 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.

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.

NON-GAAP MEASURES

References to Adjusted EBITDA in this MD&A refer to the non-GAAP ("Generally Accepted Accounting Principles") financial measure reconciled below. Adjusted EBITDA is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that Adjusted EBITDA is an alternative measure in evaluating the Company's business performance. Readers are cautioned that Adjusted 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 Adjusted EBITDA may differ from methods used by other Companies and, accordingly, the Company's Adjusted EBITDA may not be comparable to similar measures used by any other Company.

Throughout this MD&A, the following terms are used, which do not have a standardized meaning under IFRS.

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.
- "Adjusted EBITDA" represents EBITDA adjusted to exclude share-based compensation, unrealized gain or loss on the revaluation of digital assets, unrealized gain or loss on the fair value adjustment of cryptocurrency loans and derivative instruments, impairment of goodwill, and costs associated with one-time transactions (such as listing fees or acquisition-related costs).
- "Adjusted EBITDA Margin" represents Adjusted EBITDA as a percentage of revenue.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are used to show ongoing profitability without the impact of non-cash or non-recurring items. We believe that Adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. However, Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP.

BUSINESS OVERVIEW AND OUTLOOK

We offer convenient, secure and reliable ways to buy and sell bitcoin through a trusted Bitcoin ATM network and suite of web-based transaction services. As of the date of this MD&A, we owned and operated over 140 cryptocurrency ATMs throughout Canada.

For the past eight years, we have been focused on placing and acquiring profitable bitcoin ATMs throughout Canada. In 2014, we became the first company to deploy bitcoin ATMs in Alberta and Saskatchewan. Since then, we have developed strong relationships with payment processors, secured cash in transit companies, and other partners which have helped successfully grow the Company. We also recently expanded our ATM portfolio into the United Kingdom. Our current team is focused on strong financial results. We have the ability to significantly expand our ATM fleet without the need for significant additional personnel.

Furthermore, we are continuing to expand our service offering online to include additional support for bill payments and interact-sell, point of sale systems, and gift cards. Our expansion plans are facilitated by a strategic partnership with a related party software group that our competitors do not have access to (see "Related Party Transactions").

We intend to consolidate a fragmented market through our ability to execute on our purchase and roll-up strategy. The primary factors affecting the successful execution of this strategy will be:

i) The sourcing and acquiring of profitable ATMs; and
ii) Integrating acquired ATMs into the Company's network on a cost-effective basis.

Equity Financing

On June 8, 2021, we completed a private placement raising gross proceeds of $7.0 million. Pursuant to the private placement, we issued 2,800,000 subscription receipts of Bitcoin Well at a price of $2.50 each. Each subscription receipt entitled the holder thereof to receive, without payment of any additional consideration or further action on the part of the holder, one unit of Bitcoin Well (a "Unit"), comprised of a common share and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Upon closing of the qualifying transaction (see "Going Public Transaction" below) all of the common shares and Warrants comprising the Units were adjusted on a ten for one basis in each case, resulting in an effective issue price of $0.25 per common share and effective exercise price of $0.375 per Warrant.

We intend to use the net proceeds from this private placement to increase our working capital inventory and accelerate global expansion through organically increasing the number of deployed ATMs, along with pursuing highly synergistic asset or corporate acquisition opportunities.

Going Public Transaction

On June 11, 2021, we completed our previously announced arm's length qualifying transaction (the "Transaction") with Red River Capital Corp. ("Red River"). The Transaction, which constitutes our "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") Corporate Finance Manual), was completed by way of a three-cornered amalgamation, pursuant to which 2283971 Alberta Ltd., a wholly owned subsidiary of Red River, amalgamated with Bitcoin Well to form a newly amalgamated company ("Amalco"), which now holds the assets of Bitcoin Well, as a wholly-owned subsidiary. Amalco shall operate under the name "Bitcoin Well Inc.". Contemporaneous with the Transaction, Red River also changed its name to "Bitcoin Well Inc".

Upon completion of the Transaction (after giving effect to the conversion of the subscription receipts), Bitcoin Well Inc. had 162,879,500 shares issued and outstanding on a non-diluted basis, with approximately 96% held by existing Bitcoin Well shareholders and approximately 4% held by former Red River shareholders.

We have received conditional approval for the Transaction from the TSXV and our common shares are expected to commence trading on the TSXV under the ticker symbol "BTCW" during the week of June 21, 2021.

KEY HIGHLIGHTS OF THE QUARTER

Financial and Growth Metrics:

- Revenue increased by over 342% to $27.5 million in Q1 2021 over Q1 2020. Growth was due largely to an increase in active ATMs, rising bitcoin and other cryptocurrency prices leading to more media coverage and an increase in our over-the-counter ("OTC") sales.

- Gross profit in Q1 2021 grew approximately 368% year-over-year to $2.3 million, representing a gross profit margin of 8%.

- We generated Adjusted EBITDA of $828,365 in Q1 2021, over $840,000 higher than in Q1 2020.

- Our average revenue generated per machine in Q1 2021 was over $83,000 with an average transaction size per machine of just under $1,100 (2020 - $113,940 per machine, and an average transaction size of $582). This decrease was largely due to access to certain machines being limited due to COVID 19 related restrictions.

- Bitcoin Well recorded a net operating income, before other items, of $462,326 for Q1 2021 (loss of $144,013 – Q1 2020), which includes $97,571 in going-public transaction costs, and $268,469 in depreciation and accretion.

Operational Metrics:

- In January 2021 Bitcoin Well deemed their pilot program successful, in which it operated ghostATM (a cryptocurrency sales technology developed for multi-functional traditional ATM machines) in partnership with RapidCash ATM, one of Canada's largest independently owned ATM networks. The proven capability of this technology enables Bitcoin Well to operate on additional multi-functional ATMs in Canada with little capital requirement. The Company notes that ghostATM is a product developed by Ghostlab (see "Related Party Transactions") for which Bitcoin Well licenses.

- We also announced in February 2021 the development of a new corporate headquarters that will be a staple in the City of Edmonton. Our office will provide 35,000 square feet of collaborative workspace for Bitcoin Well to build community, inspire learning and innovation and be able to house our ongoing growth. The Company's headquarters will be a safe and inviting space for people to come and learn about bitcoin.

- A total of 38 new ATMs were added to our portfolio through Q1 2021, which contributed to a total of 124 machines installed across Canada as of March 31, 2021.

- Subsequent to March 31, 2021, we acquired a cryptocurrency ATM operator in the United Kingdom, which added an additional 26 ATMs to our portfolio.

SELECTED QUARTERLY FINANCIAL INFORMATION

Three months ended March 31	**2021**	**2020**
Revenue	$ 27,525,181	$ 6,221,445
Cost of coins	(25,222,020)	(5,729,308)
Gross profit	**2,303,161**	**492,137**
Gross profit margin	**8%**	**8%**
Operating expenses	(1,474,795)	(373,922)
Going public transaction costs	(97,571)	-
Depreciation and accretion	(268,469)	(262,228)
Net operating income (loss)	**$ 462,326**	**$ (144,013)**
Fair value change - cryptocurrency	(5,253,618)	5,334
Gain (loss) on debt settlement	4,975	(43,362)
Share based compensation	(75,181)	-
Current income tax expense	(109,178)	-
Deferred income tax recovery	604,730	
Other	2,481	-
Net income (loss)	**$ (4,363,465)**	**$ (182,041)**
As at	**March 31, 2021**	**December 31, 2020**
Cash	5,217,483	4,054,551
Working capital	7,828	(2,936,197)
Total assets	21,117,066	12,124,150
Shareholders' equity (deficit)	1,775,005	(872,198)
Long-term financial liabilities	494,863	207,207

Three months ended March 31		2021	2020
Net loss	$	(4,363,465)	(182,041)
Going public transaction costs		97,571	61,221
Depreciation and accretion		268,469	70,941
Fair value change - cryptocurrency inventory		(4,903)	(5,334)
Fair value change - cryptocurrency loans		5,258,521	-
Foreign exchange		(2,481)	-
Income tax recovery		(495,552)	-
Share based compensation		75,181	-
Loss (gain) on debt settlement		(4,975)	43,362
Adjusted EBITDA		828,366	(11,851)
Adjusted EBIDTA Margin		3.0%	-0.2%

RESULTS OF OPERATIONS FOR Q1 2021

Revenue during the three months ended March 31, 2021 increased to $27.5 million compared to $6.2 million for the three months ended March 31, 2020, representing a 342% increase. Gross profit increased to $2.3 million compared to $0.5 million during the three months ended March 31, 2020, representing an increase of 368%. Both increases are a result of the Company deploying additional ATMs, an increase in the amount of over-the-counter (OTC) transactions, as well as an improved margin on the cost of coins sold.

Cost of coins represents the value of cryptocurrency inventory used to facilitate sales throughout the year. We sell cryptocurrency at a controlled spread, which provides for a consistent expected gross margin on sales. We also maintain a lean inventory policy for coins used in the inventory turnover cycle, with the remaining coins held as digital assets.

Total operational expenses were $1.8 million in Q1 2021 compared to $0.6 million in Q1 2020. The increased operating expenses related primarily to the expansion of our headcount, as well as an investment in the ongoing costs of going public. Of these operating expenses, $0.3 million (Q1 2020 - $70 thousand) related to capital asset depreciation and interest accretion and $98 thousand (Q1 2020 - $nil) of costs were incurred related to our public listing process.

Non-operating costs incurred in the three months ended March 31, 2021 included a loss on the revaluation of the cryptocurrency loans in the amount of $5.3 million (March 31, 2020 – nil) that resulted from an increase in the value of Bitcoin during the quarter. IFRS requires that we revalue our cryptocurrency loans at fair value at the end of each reporting period with the change recognized as a gain (loss) in the Statement of Income and Comprehensive Income. While this mark-to-market accounting treatment recognizes the unrealized gain or loss at a specific moment in time, it does not reflect an actual or realized gain or loss.

Conversely, we also revalue our digital assets at fair value at the end of each reporting period with increases in value recognized in other comprehensive income, but decreases in value recognized in profit or loss. During the three months ended March 31, 2021, we recognized a revaluation gain on digital assets, net of tax, of $6.9 million. This gain also related to the increase in the value of Bitcoin during the quarter. However, unlike the loss on revaluation of the cryptocurrency loans, which is recognized in profit or loss, the gain on revaluation of our digital assets must be recognized outside profit or loss in other comprehensive income.

As a result, changes in the unrealized value of the Company's cryptocurrency loans and digital assets may result in significant swings in net income (loss) which are not indicative of the underlying operational performance of the business. As a result, we present Adjusted EBITDA as the most meaningful metric to assess the health and performance of the underlying operations, as it excludes the 'noise' caused by the revaluations and represents true performance of the business.

Adjusted EBITDA increased significantly in Q1 2021 to $0.8 million, driven by the significant increase in revenue over the past year.

During the three months ended March 31, 2021 we reported a net loss of $4.4 million compared to a net loss of $0.2 million during the three months ended March 31, 2020. The unrealized loss on revaluation of cryptocurrency loans was the cause of the net loss. Conversely, total comprehensive income for the quarter increased to $2.3 million from a loss of $0.2 million in Q1 2020. Other comprehensive income of $6.9 million related to the revaluation of the Company's digital assets more than offset the negative impact of the loss on revaluation of cryptocurrency loans discussed above.

SUMMARY OF QUARTERLY RESULTS

		2019 - Q2		2019 - Q3		2019 - Q4		2020 - Q1
Revenues	$	3,819,201	$	3,787,122	$	4,336,697	$	6,221,445
Cost of coins		(3,409,647)		(3,506,733)		(3,683,521)		(5,729,308)
Gross profit		409,554		280,389		653,176		492,137
Expenses including non-cash items		(247,703)		(301,460)		(755,818)		(674,178)
Income (loss) for the quarter		161,851		(21,071)		(102,642)		(182,041)
EPS - basic	$	1,619	$	(211)	$	(1,026)	$	(0.02)
EPS - diluted	$	1,619	$	(211)	$	(1,026)	$	(0.02)
Common shares outstanding								
Basic		100		100		100		11,101,090
Diluted		100		100		100		11,101,090

		2020 - Q2		2020 - Q3		2020 - Q4		2021 - Q1
Revenues	$	8,267,887	$	14,615,607	$	22,865,643	$	27,525,181
Cost of coins		(7,128,317)		(12,789,565)		(19,030,673)		(25,222,020)
Gross profit		1,139,570		1,826,042		3,834,970		2,303,161
Expenses including non-cash items		(1,102,984)		(2,583,155)		(5,675,421)		(6,666,626)
Income (loss) for the quarter		36,586		(757,113)		(1,840,451)		(4,363,465)
EPS - basic	$	0.00	$	(0.06)	$	(0.16)	$	(0.37)
EPS - diluted		0.00		(0.06)		(0.16)		(0.37)
Common shares outstanding								
Basic		11,101,090		11,677,570		11,677,570		11,698,199
Diluted		11,101,090		11,677,570		11,677,570		11,698,199

Revenue for the three months ended March 31, 2021 increased by 20% to $27.5 million from $22.9 million in the previous quarter ended December 31, 2020. Growth in our active ATM portfolio and higher OTC sales over the past six months were the primary drivers of this increase. Likewise, with the significant expansion of our business over the past two years, we have seen continuous growth in both revenue and gross profit over the past eight operating quarters.

Net loss for the three months ended March 31, 2021 increased to $4.4 million from $1.8 million in Q4 2020. The large loss reported in Q1 2021 was due to the unrealized loss on revaluation of cryptocurrency loans of $5.3 million discussed above.

LIQUIDITY & CAPITAL RESOURCES

We define the capital that we manage as our shareholders' equity, loans payable – cryptocurrency and line of credit. Our objectives when managing capital are:

- Maintaining healthy liquidity reserves and access to capital.
- Ensuring sufficient liquidity to support our corporate and administrative functions as well as being able to execute on strategic initiatives.
- Minimizing the impact of the current market and economic conditions through active capital management.

We manage our capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. However, there can be no assurances that we will be able to obtain debt or equity capital in the future.

We had cash of $5.2 million as at March 31, 2021 (December 31, 2020 - $4.1 million).

Our ability to continue as a going concern and realize our assets and discharge our liabilities in the normal course of business is dependent upon maintaining sustained profitability and maintaining our cryptocurrency loans in good standing.

The majority of our cryptocurrency 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 our operations including, but not limited to, the liquidity of bitcoin and other cryptocurrencies, our ability to keep our digital assets and physical machine assets secure, and our ability to maintain the host relationships required to execute our business plan.

Our 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. However, given the limitations embedded within the financial markets, it may be difficult to raise traditional financing when needed. We have structured host location contracts extending up to 12-months into the future, which supports our ability to execute the business plan required to maintain adequate cash flows.

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 our investors exposure to the transactional side of the industry, which provides stability against any volatile swings of cryptocurrency. This has proved advantageous to the Company, as volatility can lead to increased speculative buying and selling of cryptocurrencies which provides us with additional revenue opportunities. We are non-custodial in that all inventory held is owned by the Company, and once bitcoin and other cryptocurrencies are sold to the consumer, we immediately transfers ownership of those bitcoin or other cryptocurrencies to the consumer.

We had a working capital surplus of $8 thousand as at March 31, 2021 (December 31, 2020 – working capital deficit of $2.9 million). The variance in working capital is primarily a result of the revaluation of cryptocurrency loans and digital assets, which are measured at their respective fair values at the end of each reporting period.

Subsequent to March 31, 2020, we completed a private placement raising gross proceeds of $7.0 million (see "Equity Financing"). Completion of the private placement equity financing resulted in a significant improvement in our cash and working capital positions. Accordingly, there does not exist a material uncertainty about the Company's ability to continue as a going concern.

Convertible Debenture

The convertible debenture with GT Crypto Ltd., was amended in March 2021 to be repayable in monthly installments beginning on November 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. However, upon completion of the Transaction, the outstanding balance of the convertible debenture was converted into common shares at a price equal to the deemed price per Class I Share offered in connection with the going-public transaction.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Our related party transactions include:

- As at March 31, 2021, we had loans payable – cryptocurrency valued at $7,432,163 outstanding with the Chief Executive Officer of the Company.
- As at March 31, 2021, we had a $750,000 shareholder loan due to the Chief Executive Officer of the Company.
- We have entered into a Software License Agreement with Ghostlab Inc. ("Ghostlab") that provides for support and licensing fees as well as the payment of expenses on behalf of Ghostlab. Ghostlab is a related company controlled by the Chief Executive Officer and Chief Revenue Officer of the Company.

Further details of all these related party transactions, and their financial impact is provided in the Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Unless otherwise noted, it is management's opinion that we are not exposed to significant interest rate, currency or credit risks arising from the financial instruments. The fair values of all of the financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments, except for the loans denominated in cryptocurrency, which are revalued at their fair value using the market rate using CoinMarketCap.com. Refer to Note 3 (f) of our audited consolidated financial statements for the year ended December 31, 2020, for further information on the Company's financial instruments.

RISK MANAGEMENT

We may be exposed to risks of varying degrees of significance which could affect our ability to achieve our strategic objectives. The main objectives of our 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 we are exposed are described below.

a) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. Financial instruments that potentially subject us to a concentration of credit risk consist primarily of cash and related party receivables. We limit our exposure to credit loss by placing our cash with high credit quality financial institutions. The related party receivable is from a corporation who is heavily integrated in the business and is controlled by the Chief Executive Officer and a director of the Company, as such, management's assessment of our exposure to credit risk is low.

In order to protect our shareholders, we do not hold our bitcoin assets with any counterparty, as to avoid any counter-party risk. Instead, we have implemented rigorous levels of internal controls to ensure the safety and security of our 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 we are not able to meet our financial obligations as they fall due. Specific liquidity risk is discussed in the Financial Statements.

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. Specific market risk is discussed in the Financial Statements.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

As of the date of this MD&A, subsequent to completion of the Qualifying Transaction, Bitcoin Well Inc. has issued and outstanding 162,879,500 common shares, 5,346,018 options to purchase common shares, 14,569,000 warrants to purchase common shares, and a shareholder loan ($750,000) which is convertible into 6,250,000 common shares.

RISK FACTORS

Our business, operating results and financial condition could be adversely affected by any of the risks outlined and discussed in the Financial Statements.

We are also exposed to the risk of increased competition in the bitcoin ATM industry. We have addressed this risk by developing proprietary software for its ATMs, which operationally set them apart from our competitors, offering a superior customer experience, as well as partnering and contracting with top-tier hosts to place ATMs in the best possible locations, with exclusivity terms.

The regulatory environment in which we operate is always changing and presents new challenges. We have established ourself as a leader in regulatory understanding and compliance, and through our strategic partnerships with industry leading compliance and regulatory experts, we understand the regulatory landscape and the expected changes to the playing field. This proactive approach allows us to plan ahead and adapt our service offerings accordingly. Having invested time and resources in understanding this risk has allowed us to operate at a significant advantage over any of the competition in the bitcoin ATM industry.

ADDITIONAL FUNDING REQUIREMENTS

Further expansion of our 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 we have adequate funds to operate for the next 12 months, there is no assurance that we will be successful in obtaining the required financing for these or other purposes, including for general working capital. Our 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 we will be successful in our 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, we may be required to scale back our current business plan or cease operating.

MARKET RISK FOR SECURITIES

The market price for our common 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 our 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. There also can be no assurance that an active trading market for our common shares will be sustained in the future.

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 us. 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 our business.

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, our ability 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 us.

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 our common shares. Such a restriction could result in us having to liquidate our cryptocurrency inventory at unfavorable prices and may adversely affect our 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 us 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 us.

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 our 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 our 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 us.

UNINSURABLE RISKS

We intend to insure our operations in accordance with technology industry practice. However, given the novelty of the proposed business, such insurance may not be available, uneconomical, or the nature or level may be insufficient to provide adequate insurance coverage. We 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 we do not carry insurance may have a material adverse effect on our 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, we have our investments highly concentrated in a single cryptographic asset, bitcoin. This risk exposure is mitigated in part, but having our loans payable – cryptocurrency also denominated 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.

SUBSEQUENT EVENTS

Details around the financial impact of any subsequent events are discussed in the Financial Statements. We also note that on April 24, 2021, we appointed Alice Reimer and Michele McCarthy as independent directors of the Company.

Alice Reimer is a successful tech entrepreneur and dedicated community mentor and leader. She co-founded Calgary-based Evoco, leading the innovative software firm from initial concept through to a 2012 acquisition. Most recently, Alice was the CEO of Chaordix, a pioneering software leader in the crowdsourcing and open innovation space, with global clients including LEGO, Procter & Gamble, KPMG and IBM.

Michele McCarthy is a Senior Executive in C-Suite roles as well as a bilingual practicing lawyer with global financial services companies (Deutsche Bank AG, UBS AG and GMAC LLC) and with nationally significant transportation infrastructure, both airports and ports. Her directorship experience over the past 20 years has included TSX and TSX-V listed companies.

On May 7, 2021, we completed the acquisition of a cryptocurrency ATM operator in the United Kingdom. Consideration paid at closing consisted of a cash payment of £100,000 (CAD $180,195) and the issuance of 600,000 Class I common shares valued at £879,817 (CAD $1,486,979). The share purchase agreement also includes deferred consideration, which shall be based on the future operating performance of the acquired business.

On June 14, 2021, the market price of bitcoin averaged $48,376. This is a decrease of $25,654 from the average price of $74,030 on December 31, 2020. We note that the same gross margin percentage is earned for a bitcoin sale, regardless of the price, and the decrease may encourage potential customers to enter the bitcoin ecosystem at a lower price. This is expected to increase the sales at ATMs, but will have a negative impact on gross margins as presented due to higher weighted average cost of inventory being sold. We expect the cash flow impact of these changes to be immaterial to the Company.