SKYCHAIN TECHNOLOGIES INC.
Management Discussion and Analysis
For the Nine Months Ended December 31, 2021

This management discussion and analysis of the financial position and results of operation ("MD&A") for SkyChain Technologies Inc. ("SkyChain" or the "Company") is prepared as at March 1, 2022 and is intended to assist in the understanding and assessment of trends and significant changes in the results of operations and financial condition of the Company. As such, it should be read in conjunction with the audited financial statements for the year ended March 31, 2021, and the unaudited interim consolidated financial statements for the nine months ended December 31, 2021 which were prepared in accordance with the International Financial Reporting Standards ("IFRS").

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

FORWARD-LOOKING STATEMENT

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to internet and social media industry (see section "Business Risks" herein) Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

DESCRIPTON OF BUSINESS

SkyChain Technologies Inc. ('SkyChain" or the "Company") was incorporated in British Columbia and is a public company with its common shares listed for trading on the TSX Venture Exchange (TSX.V). The Company's registered office and principal business address is 500 – 1112 West Pender Street, Vancouver, British Columbia.

On September 18, 2018, the Company completed the acquisition of MiningSky Technology Ltd. ("MiningSky") and the change of business process. MiningSky was incorporated under the Business Corporations Act (British Columbia) on November 10, 2017. On March 7, 2018 MiningSky incorporated a wholly-owned subsidiary MiningSky USA, Inc. ("MiningSky USA") in Washington, United States. On March 27, 2020, Skychain incorporated its wholly owned subsidiary MiningSky Technologies (Manitoba) Inc. in the province of Manitoba ("MiningSky Manitoba"). MiningSky and MiningSky Manitoba are involved in the business of providing cryptominers with all-in-one solution with warehouse space, low-cost electricity, and maintenance and hosting services.

On April 26, 2021, the Company and a joint venture partner jointly incorporated Skyrendering Technologies Inc. ("Skyrendering") under the laws of British Columbia to establish a rendering farm and data center. On June 29, 2021 the Company and the JV Partner signed an investment agreement whereby the Company and the JV Partner make a capital investment of $600,000 and $600,001 respectively in exchange for 600,000 and 600,001 common shares respectively of Skyrendering common shares. At any time after October 26, 2023, the JV Partner has the option to require the Company to repurchase all of the JV Partner's common shares of Skyrendering at $1.00 per share, for which the Company has the option to issue common shares of the Company subject to approval of the TSX.V.

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

During the nine months ended December 31, 2021, the Company incurred a net loss of $2,835,467 and as at December 31, 2021, the Company had an accumulated deficit of $12,844,870, which has been funded primarily by the issuance of equity, convertible loans and advances from related parties. Management has estimated that the Company will require additional financing in order to meet its obligations and commitments for the next fiscal year. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company must secure sufficient external funding to meet its obligations and commitments as they come due to pay ongoing general and administrative costs. This external funding may be achieved in a number of ways, including, but not limited to, the issuance of new debt or equity instruments. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue as a going concern.

BUSINESS UPDATE

The Company currently has the following projects:

Manitoba

Birtle Project

In June, 2020, the Company entered into a lease agreement to lease a property on which to construct and operate a 12-megawatt cryptocurrency mining hosting facility (the “Birtle Facility”) in Birtle, Manitoba. The funding for the Birtle Facility was secured in June 2021. As at December 31, 2021, the Company expended $2,280,724 and $379,290 on purchasing equipment and developing the site, respectively. Further, the Company signed a hydro infrastructure construction agreement with Manitoba Hydro for which the Company incurred total cost of $1,758,261 as at December 31, 2021. In December 2021, the Company received a notification from the local municipality in Birtle for additional permitting requirements in respect of the design of the Birtle Facility. Due to this permit application process, the Company anticipates achieving commercial operation of the Birtle Facility in the second half of 2022.

Other Projects

During the nine months ended December 31, 2021 the Company entered into multiple agreements to purchase properties in Manitoba with the goal to develop crypto miner hosting sites, and is in the process of developing other potential sites in Alberta and the United States.

Vancouver, British Columbia

In March, 2021 the Company together with its strategic technology partners successfully conducted a PoC (Proof of Concept) testing for a new cloud gaming platform in Vancouver. As the next step for the cloud gaming project, the Company will launch a commercial cloud gaming platform at scale to serve Quebec and the greater Toronto and Vancouver regions in different phases. SkyChain expects this rollout will provide a boost to the Canadian innovative digital content industry. Development for this project will continue for the next two to three years.

In April, 2021 the Company established SkyRendering Technologies Inc. (“SkyRendering”) to provide premier visual effects (VFX) rendering services to the film and entertainment industry. SkyRendering expects to conduct its business from a rendering farm and data center located in the province of British Columbia, Canada.

On July 5, 2021, the Company incorporated MiningSky Container Ltd. (“MiningSky Container”) under the laws of the province of British Columbia to be engaged in the business of manufacturing and marketing containers for use in cryptocurrency mining. In accordance with MiningSky Container’s shareholder investment agreement executed on

August 6, 2021 the Company would make a total capital investment of $250,000 in exchange for 25% of the total common shares issued and outstanding. As at December 31, 2021, the Company made capital investment of $159,550, representing 25% of the total share capital of Miningsky Container.

The Company provides production services for Miningsky Container. As at December 31, 2021 the Company had a balance of $15,483 advanced by Miningsky Container for services. From Miningsky Container's inception in July, 2021 to December 31, 2021 the Company recorded product sales of $36,000 to Miningsky Container.

Houston, British Columbia

In March, 2018 MiningSky entered into a lease agreement with West Point Rail and Timber Co. Ltd. to lease a parcel of land at West Point Rail's Houston, B.C. property where MinigSky built a cryptocurrency miner hosting facility and office space (the "Houston Facility"). The lease expired on March 31, 2020 and operations on Houston Facility ceased in July, 2020.

Sherbrooke, Quebec

Upon expiration of the Houston Facility lease, in August, 2020 the Company signed a Letter of Intent to purchase a 20MW crypto mining hosting facility in Sherbrooke, Quebec and migrated all its miners to the facility. No definitive agreement was signed in accordance with the Letter of Intent. The Company ceased to provide miner hosting services at the Sherbrooke site upon termination of the Letter of Intent.

SELECTED FINANCIAL DATA

The following selected financial information is taken from the unaudited consolidated financial statements for the nine months ended December 31, 2021 and audited consolidated financial statements for the years ended March 31, 2021 and 2020, and should be read in conjunction with those financial statements.

	Nine Months Ended December 30, 2021 $ (Unaudited)	Year Ended March 31, 2021 $ (Audited)	Year Ended March 31, 2020 $ (Audited)
Operations:			
Revenue	42,197	2,565,131	2,746,936
Net loss	(2,835,467)	(1,240,591)	(1,341,997)
Basic and diluted loss per share	(0.16)	(0.09)	(0.17)
Balance Sheet:			
Working capital deficiency	(1,944,694)	(2,546,597)	(1,330,322)
Total assets	11,256,095	1,518,446	1,740,603
Total long-term liabilities	2,546,957	31,306	187,483

SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited selected financial information for each of the recent eight quarters ended December 31, 2021 in accordance with IFRS.

	Three Months Ended December 31, 2021	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021
Total assets	11,256,095	$ 6,597,241	$ 5,190,082	$ 1,518,446
Working capital deficiency	(1,944,694)	(651,144)	478,412	(2,546,597)
Shareholders' equity (deficiency)	3,338,956	2,009,670	1,096,151	(1,171,992)
Net loss	(1,034,278)	(1,273,070)	(529,740)	(672,898)
Net loss attributable to equity holders of the Company	(1,001,022)	(1,251,875)	(502,406)	(672,898)
Basic and diluted loss per share	(0.05)	(0.07)	(0.03)	(0.05)

	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020
Total assets	$ 1,662,460	$ 1,882,205	$ 1,799,941	$ 1,740,603
Working deficiency	(1,491,252)	(1,612,882)	(1,384,317)	(1,330,322)
Shareholders' deficiency	(495,644)	(482,244)	(232,291)	(238,768)
Net loss	(13,400)	(240,284)	(304,711)	(598,734)
Net loss attributable to equity holders of the Company	(13,400)	(240,284)	(304,711)	(598,734)
Basic and diluted loss per share	(0.00)	(0.02)	(0.03)	(0.05)

RESULTS OF OPERATION

During the nine months ended December 31, 2021 the Company's financial position and operation results include those of the Company and its 100% owned subsidiaries MiningSky, MiningSky USA and MiningSky Manitoba and its 50% owned but controlled SkyRendering.

During the year ended March 31, 2021 the Company's financial position and operation results include those of the Company and its 100% owned subsidiaries MiningSky, MiningSky USA and MiningSky Manitoba.

All inter-company transactions and balances are eliminated upon consolidation.

Nine months ended, 2021 in comparison to nine months ended December 31, 2020

During the nine months ended December 31, 2021, the Company incurred net loss of $2,837,088 (nine months ended December 31, 2020 - $579,554).

In the nine months ended December 31, 2021, the Company generated no hosting services, recognized income of $6,197 for warranty expired during the period, and manufactured and sold cryptocurrency mining container parts at $36,000 to Miningsky Container for which the Company recorded cost of goods sold of $29,033. During the nine months ended December 31, 2020, the Company generated hosting service revenue of $2,338,607, incurred operating cost of $2,491,591 and recorded amortization costs of $143,941 related to equipment, containers, transformers and leasehold improvement at Houston site.

Total operating expenses increased from $573,462 in the nine months ended December 31, 2020 to $3,203,050 in the nine months ended December 31, 2021, as the Company expanded its operations to Manitoba, searched for business opportunities in other locations in North America, moved equipment from its Houston, BC site, commenced its SkyRendering operation, enhanced its research and development effort on Edge Computing technologies and cryptocurrency hosting related technologies, issued option-based compensation for the first time under its option plan, thus incurred higher expenditures as follows.

		Nine Months Ended December 31, 2021		Nine Months Ended December 31, 2020
EXPENSES				
Accounting fees	$	49,735	$	60,430
Accretion and interest		174,027		34,390
Amortization of property and equipment		5,867		4,464
Depreciation of right-of-use assets		47,456		66,026
Consulting fees		180,283		12,571
Legal fees		169,074		11,734
Marketing and corporate communication		313,566		9,860
Office and administration		194,407		108,177
Filing and listing fees		67,216		5,575
Salary and benefits		943,115		246,790
Transfer agent fees		4,201		5,226
Equipment relocation costs		15,000		8,219
Option based compensation		744,819		-
Reaserch and development		144,759		-
Business development		101,905		-
Travel		47,620		-
	$	3,203,050	$	573,462

During the nine months ended December 31, 2021 the Company received $280,387 from the federal government of Canada as assistance during the outbreak of the COVID-19 pandemic, recorded gain on sale of assets of $48,491, and gain on debt settlement of $36,606. During the nine months ended December 31, 2020 the Company recorded gain on subleasing the office of $44,829 and gain on sale of assets of $180,000. These items were recorded as other income during their respective periods.

The Company owns 50% equity interest of Skyrendering. The following summarizes the financial information of Skyrendering at 100% prior to elimination upon consolidation.

		December 31, 2021
Current assets	$	610,856
Non-current assets		433,944
Total Assets	$	1,044,800
Current and total liabilities		5,127

	Nine Months Ended December 31, 2021
Expenses	160,327
Net loss and comprehensive loss	(160,327)

Skyrendering's current assets as at December 31, 2021 includes amounts receivable from the Company of $468,676.

The continuity of the non-controlling interest is as follows:

Contribution to capital at inception on April 26, 2021	$	600,000
Allocation of net loss and comprehesive loss		(80,164)
Balance, December 31, 2021	$	519,836

Three months ended December 31, 2021 in comparison to three months ended December 31, 2020

In the three months ended December 31, 2020, the Company recorded hosting service revenue of $902,383, hosting operating cost of $1,058,980 and recorded amortization costs of $13,712 related to equipment, containers, transformers and leasehold improvement at the Houston site. During the three months ended December 31, 2021 the Company recognized sales of $6,197 for warranty expired during the period, total government assistance of $59,976, gain on debt settlement of $17,119 and gain on asset sale of $428.

Total operating expenses increased from $249,975 in the three months ended December 31, 2020 to $1,100,451 in the three months ended December 31, 2021. Operating expenditures were higher in the current period because the Company has been developing the site in Manitoba and other locations in North America, commenced its SkyRendering operation, developed other business opportunities, enhanced its research and development efforts, and issued stock options fair valued at $293,905. The details of operation expenses are as follows.

		Three Months Ended December 31, 2021		Three Months Ended December 31, 2020
EXPENSES				
Accounting fees	$	3,325	$	45,470
Accretion and interest		90,685		14,128
Amortization of property and equipment		5,593		1,516
Depreciation of right-of-use assets		2,881		40,465
Consulting fees		14,605		5,237
Legal fees		33,393		4,767
Marketing and corporate communication		47,619		1,941
Office and administration		76,914		45,466
Filing and listing fees		21,213		2,550
Salary and benefits		329,170		87,458
Transfer agent fees		2,782		273
Option based compensation		293,905		-
Reaserch and development		76,496		-
Business development		77,215		-
Travel		24,655		704
	$	1,100,451	$	249,975

Year ended March 31, 2021 in comparison to year ended March 31, 2020

During the year ended March 31, 2021, the Company incurred net loss of $1,240,591 (2020 - $1,341,997). The losses are mainly comprised of the following items:

- The Company generated hosting service revenue of $2,529,131 (2020 - $2,580,164) and incurred operating cost of $2,719,654 (2020 - $2,530,756) and $154,572 (2020 - $793,629) of amortization costs related to equipment, containers, transformers and leasehold improvement at Houston site;
- The Company also generated revenue from the sales of goods of $36,000 (2020 - $161,772) and consulting income of $Nil (2020 - $5,000). The costs of the goods sold was $48,792 (2020 - $85,497);
- Accounting and audit fees of $133,420 (2020 - $96,478) included $34,500 (2020 - $27,952) paid to a company controlled by the current CFO, and the remaining amount were audit and tax preparation fees;
- The Company recorded accretion and interest of $54,129 (2020 - $43,541) on loans and lease liabilities;
- Legal fees of $30,825 was mainly related to the corporate matters of the Company in the year ended March 31, 2021, compared to a total of $98,787 on litigation and corporate matters in the year ended March 31, 2020;
- Marketing and corporate communication fees of $53,415 increased from $3,509 in the year ended March 31, 2020 included, as the Company started to increase its presence in the market during the year;
- Office and miscellaneous of $41,634 (2020 - $46,633) was for office telephone, internet, supplies, meals & entertainment, and rent;
- Salary and benefits of $681,687 increased from $223,059 during the year ended March 31, 2020 as the Company expanded its operations in the current year;
- Registration and filing fees increased to $14,553 from $5,770 in 2020 as the Company had more reportable transactions during the current year;
- Transfer agent fees decreased to $6,791 from $11,406 in the previous year as the Company had fewer equity transactions in the current year; and
- Travel expenses of $22,796 (2020 - $25,041) were mainly for trips between Vancouver and Houston site and MiningSky USA, and trips to investigate new potential sites.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares and loans convertible into the Company's common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

Net cash generated from operating activities for the nine months ended December 31, 2021 was $1,334,908, compared to net cash used in operation of $383,041 in the nine months ended December 31, 2020.

During the nine months ended December 31, 2021 and 2020 net cash of $5,108,778 and $87,382 was used in investing activities, respectively.

During the nine months ended December 31, 2021 and 2020 net cash of $6,875,870 and $372,451 was raised from financing activities, respectively.

The Company will need to raise funds through debt or equity offerings in order to have sufficient working capital to sustain its operations for the next 12 months.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management compensation

The Company has identified its directors and certain senior officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company, as key management personnel. Key management personnel compensation is comprised of the following:

		Nine Months Ended December 31, 2021		Nine Months Ended December 31, 2020
Salaries and bonus, former CEO	$	226,250	$	96,000
Salaries and bonus, CFO		84,316		33,700
Salaries and consulting fees, a director		60,600		-
Total	$	371,166	$	129,700

Other transactions

During the nine months ended December 31, 2021 and 2020 the Company incurred expenditures of $4,500 for internet service through Vling E Business ("Vling"), a company controlled by the former CEO. As of December 31, 2021, the balance of $111,436 (March 31, 2021 - $127,956) owing to Vling is included in due to related parties.

During the nine months ended December 31, 2021 the Company advanced $6,000 from a private company controlled by a director and of which the former CEO is a shareholder. As of December 31, 2021 the balance of $9,000 (March 31, 2021 - $3,000) owing to this private company is included in due to related parties. An additional $32 was owed to the Director on December 31 and March 31, 2021.

The above amounts due to related parties are unsecured, non-interest bearing, and have no specific term of repayment.

Related party loans

During the year ended March 31, 2021, the Company extended a promissory note of $250,000 from the former CEO of the Company, which bears a simple annual interest rate of 6%, is unsecured, and repayable upon demand. During the nine months ended December 31, 2021 interest expense of $2,711 was recorded on the loan. As at December 31, 2021, the total loan principal and accrued interest of $253,205 was repaid with no balance outstanding.

During the year ended March 31, 2021, the Company extended a promissory note of $63,300 from a director of the Company, which bears a simple annual interest rate of 4%, is unsecured, and repayable upon demand. During the nine months ended December 31, 2021 an interest expense of $548 was recorded on the loan and the total loan principal and accrued interest of $63,890 was repaid with no balance outstanding.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity (deficiency). The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and purse its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

Fair Values and Classification of Financial Instruments

As at December 31, 2021, the Company's financial instruments comprised cash, receivables, accounts payable, due to related parties, long-term loan, government loan, and lease liabilities. With the exception of cash, which is measured at FVTPL, all financial instruments held by the Company are measured at amortized cost.

Financial instruments measured at fair value on a recurring basis are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

At December 31, 2021, cash of $3,104,619 (March 31, 2021 - $2,926) was classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the period.

Currency risk

A minor portion of the Company's expenses are incurred in United States dollars and financial instrument balances are held in these currencies. A change in the currency exchange rates between the Canadian dollar relative to the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows. However, as the Company does not maintain significant cash balances in foreign currencies and settles any transactions in foreign currencies quickly, its exposure to currency risk is considered insignificant as at December 31, 2021.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is limited to its cash. The Company limits exposure to credit risk by maintaining its cash with large Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2021, the Company had a cash balance of $3,104,619 to settle current liabilities of $5,370,182. The Company needs to raise additional funds to sustain its operation for the next 12 months. As described in Note 1 to the financial statements, the Company's access to financing is always uncertain. There can be no assurance of continued access to adequate equity funding.

Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2021 are as follows:

	<1 year	2 - 4 Years	Total
Accounts payable and accrued liabilities	$ 1,761,770	$ -	$ 1,761,770
Due to related parties	120,468	-	120,468
Lease liabilities	311,962	1,598,972	1,910,934
Government loan	40,000	-	40,000
Convertible loan	-	2,000,000	2,000,000
	$ 2,234,200	$ 3,598,972	$ 5,833,172

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting estimates and policies are included in Notes 3 and 4 to its audited consolidated financial statements for the year ended March 31, 2021.

OFF BALANCE SHEET ARRANGEMENT

The Company has no off-balance sheet arrangements.

COMMITMENTS

The Company leases offices for a monthly total lease amount of $21,325 commencing until July 31, 2022.

The Company leases the hosting site in Manitoba at $25,000 per month until July 1, 2023 and at $40,000 per month from August 1, 2023 to July 1, 2026.

SHARE CAPITAL

Authorized

Unlimited common shares without par value

As at the date of the report, 26,835,601 (March 31, 2021 – 14,783,007) common shares were issued and outstanding.

Share subscription repayable

During the year ended March 31, 2021 the Company received $286,729 as subscription for 301,820 private placement units at $0.95 per unit. This private placement was cancelled. The amount was included in accounts payable and accrued liabilities on March 31, 2021 and returned to the subscribers during the nine months ended December 31, 2021.

Share issuance

From April 1, 2021 to the date of this report, the Company carried out the following common share transactions.

1) Closed a non-brokered private placement by issuing 2,631,579 units at $0.76 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at $1.22 for three years from June 3, 2021. Gross proceeds from this private placement of $2,000,000 were allocated to share capital and $Nil to warrants using the residual method. The Company paid finders' fee of $120,000 related to the private placement.

2) Issued 386,447 common shares to settle debt of $290,000 with arm's length creditors of the Company and recorded a gain on debt settlement of $29,487.

3) Issued 34,285 common shares to settle debt of $24,000 with an arm's length creditor of Skyrendering and recorded contributed surplus of $2,400.

4) Issued 25,000 common shares for warrants exercised at $0.30 per share.

5) Closed a private placement by issuing 516,395 units at $0.78 per unit for gross proceeds of $402,788 of which $316,602 was allocated to share capital and $86,186 was allocated to warrants using the residual method. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common shares of the Company at $1.50 per share for six months from the closing.

6) Closed a private placement by issuing 619,500 units at $0.80 per unit for gross proceeds of $495,600, of which $458,430 was allocated to share capital and $37,170 was allocated to warrants using the residual method. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common shares of the Company at $1.20 per share for two years from the closing.

7)Closed a private placement by issuing 320,006 units at $0.70 per unit for gross proceeds of $224,004, of which $217,604 was allocated to share capital and $6,400 was allocated to warrants using the residual method. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common shares of the Company at $1.20 per share for one year from the closing.

8) Closed a private placement by issuing 4,761,905 common shares of the company at $0.42 per share for gross proceeds of $2,000,000.

9) Closed a private placement by issuing 2,757,475 common shares of the company at $0.42 per share for gross proceeds of $1,158,140.

During the year ended March 31, 2021, The Company:

10) Issued 1,580,000 common shares for warrants exercised at $0.06 per share for gross proceeds of $94,800 of which $40,800 was received during the year ended March 31, 2020.

11) Closed a non-brokered private placement by issuing 1,250,000 units of the Company at $0.20 per unit. Each unit consists of one common share and half a common share purchase warrant (the "Warrant"), with two Warrants entitling the holder thereof to purchase one common share of the Company at an exercise price of $0.30 per share for a period of one year. Gross proceeds from this private placement of $250,000 were allocated to share capital and $Nil to warrants using the residual method. The Company paid $73 in legal fees related to the private placement.

Escrow shares

In connection with the acquisition of MiningSky completed during the year ended March 31, 2019, the Company entered into an Escrow Agreement dated September 18, 2018, whereby 2,086,658 post-consolidation common shares were held in escrow and are scheduled for release in accordance with the terms of the Escrow Agreement. As at December 31, 2021 and the date of this report, all escrow shares were released and there were no common shares in escrow.

Stock options

The Company has established a stock option plan for directors, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of five years. The vesting periods of stock options issued under the plan are determined at the discretion of the Board of Directors.

There were no stock options outstanding as at March 31, 2021 and no stock option transactions during the year ended March 31, 2021.

On July 8, 2021, the Company granted 950,000 options to directors and officers of the Company. The options are exercisable into the Company's common shares at $0.80 per share for two years. The fair value of $450,914 in respect of this grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 0.47%, expected volatility of 164.47%, an expected option life of 2 years and no expected dividends. All of these options are outstanding on the date of this report.

On December 30, 2021, the Company granted 1,100,000 options to directors and officers of the Company. The options are exercisable into the Company's common shares at $0.35 per share for five years. The fair value of $293,905 in respect of this grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 0.98%, expected volatility of 148.78%, an expected option life of 2.5 years and no expected dividends. All of these options are outstanding on the date of this report.

As at the date of this report the following options are outstanding:

Number of Options	Exercise Price	Expiry Date
	$	
950,000	0.80	July 8, 2023
1,100,000	0.35	December 30, 2026
2,050,000		

Warrants

A summary of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price $
Balance, March 31, 2020	4,032,000	0.13
Exercised	(1,580,000)	0.06
Expired	(2,452,000)	0.18
Issued	312,500	0.30
Balance, March 31, 2021	312,500	0.30
Exercised	(25,000)	0.30
Expired	(287,500)	0.30
Issued	4,087,480	1.25
Balance, March 1, 2022	4,087,480	1.25

As at the date of this report, the following warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
2,631,579	1.22	June 3, 2024
516,395	1.50	June 16 and February 3, 2022
619,500	1.20	August 20, 2023
320,006	1.20	September 22, 2022
4,087,480		

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Management's responsibility for financial statements

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

BUSINESS RISKS

The Company focuses on developing its hosting services business, providing cryptominers all-in-one solution by offering warehouse space, low-cost electricity, and maintenance and hosting services. The Company's business involves a number of business risks, some of which are beyond the Company's control.

Crypto-currency industry

The further development and acceptance of the crypto-currency industry is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of crypto-currency may adversely affect an investment in the Company. Cryptocurrency may be used, among other things, to buy and sell goods and services which is a new and rapidly evolving industry subject to a high degree of uncertainty.

The factors affecting the further development of the crypto-currency industry include: (i) continued worldwide growth in the adoption and use of crypto-currency; (ii) government and quasi-government regulation of crypto- currency and their use, or restrictions on or regulation of access to and operation of crypto-currency 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, including new means of using fiat currencies; and (v) general economic conditions and the regulatory environment relating to crypto-currency. A decline in the popularity or acceptance of crypto-currency would harm the business and affairs of the Company.

Malicious actors

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to "mining" of the Company, it may be able to alter the blockchain on which crypto-currency transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new crypto-currency or transactions using such control. The malicious actor or botnet could double spend its own crypto-currency 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.

Insufficient miner incentives

If the award of new crypto-currencies for solving transaction blocks declines, crypto-currency miners may not have an adequate incentive to continue mining and may cease their mining operations. Crypto-currency miners ceasing operations would reduce the collective processing power on the crypto-currency network, which would adversely affect the confirmation process for transactions by decreasing the speed at which transaction blocks are added to the blockchain until the next scheduled adjustment in difficulty for transaction block solutions. Any reduction in confidence in the confirmation process or processing power of the crypto-currency network may adversely impact the business and affairs of the Company.

Fluctuations in utility and operating costs associated with cryptomining ventures

Due to the increased electricity consumption needs that cryptomining operations require, anything causing a spike or alteration in the behaviour of the utilities necessary to maintain operations will have an effect the Company's services. Consequently, power outages will have an impact on the Issuer's profitability. Any rising costs in utility associated costs or prices will have an effect on the resources required by MiningSky to supply cryptomining services.

Intellectual property rights claims may adversely affect operations

Third parties may assert intellectual property claims relating to the holding and transfer of crypto-currency and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the crypto-currency network's long-term viability or the ability of end-users to hold and transfer crypto-currency may adversely affect an investment in the Company. As a result, an intellectual property claim could adversely affect the business and affairs of the Company. Regulatory agencies could shut down or restrict exchanges Regulatory agencies could shut down or restrict the use of platforms or exchanges that use virtual currencies. This could lead to a loss of any investment made in the Company and may trigger regulatory action by regulators.

Crypto-currency price fluctuations

The price of crypto-currency has fluctuated widely over the past three years. There is no assurance that crypto-currency will maintain long-term value in terms of purchasing power in the future or that the acceptance of crypto-currency payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of crypto-currency declines, the value of an investment in the Company will likely decline.

Competition from other crypto-currency companies

While the Miningsky Business is new, Miningsky already has competitors, and an expectation that additional competitors may enter the marketplace. Competition in this industry occurs on many fronts, including developing and bringing new products to market before others, developing new technologies to improve existing products, developing new products to provide the same benefits as existing products at less cost, developing new products to provide benefits superior to those of existing products, and acquiring or licensing complementary or novel technologies from other companies or individuals.

The Company may be unable to contend successfully with current or future competitors which include well capitalized technology companies, many of which are large, well-established companies with access to financial, technical and marketing resources significantly greater than the Company.

The Company's competitors may develop or acquire new or improved products that are similar to those offered by the Company, while not necessarily being direct competitors currently, or may make technological advances that reduce their cost of production so that they may engage in price competition.

Infringement of intellectual property rights

While the Company believes that its intellectual property does not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Company not infringing intellectual property rights of others. A number of the Company's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Company. Some of these patents may grant very broad protection to the owners of the patents.
The Company may become subject to claims by third parties that its technology infringes their intellectual property rights due to the growth of products in its target markets, the overlap in functionality of those products and the prevalence of products.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Company's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Company and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company.

Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, divert management's attention and focus away from the business, subject the Company to significant liabilities and equitable remedies, including injunctions, require the Company to enter into costly royalty or licensing agreements and require the Issuer to modify or stop using infringing technology.

Regulatory changes may result in extraordinary, non-recurring expenses

The Company may be required to comply with regulations that may cause the Company to incur extraordinary expenses, possibly affecting an investment in the Company in a material and adverse manner. Compliance with such regulations may result in extraordinary and non-recurring expenses that may be disadvantageous to the Company.

Expansion risk

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. Any inability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

Technological advancements

The markets for the Miningsky Business are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success will be dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements.

The success of the Company will depend on its ability to secure technological superiority in its services and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product and service offerings of the Company will not be required in order to meet demands or to remain competitive. The future success of the Company will be influenced by its ability to continue to adapt its products and hosting services. Although the Company has committed resources to improve its products and services, there can be no assurance that these efforts will increase profits.

Risk of obsolescence

New developments in technology may negatively affect the development or sale of some or all of the Company's products and services or make its products and services obsolete. The inability of the Company to enhance existing products and services in a timely manner or to develop and introduce new products and services that incorporate new technologies, conform to increasingly regulatory requirements, and achieve market acceptance in a timely manner could negatively impact the Company's competitive position. New product development or modification is costly, involves significant research, development, time and expense, and may not necessarily result in the successful commercialization of any new products.

Additional funding requirements

The Company will require additional financing to implement its business plan. The Company may raise additional funds through gap financing, debt financing and/or subsequent equity financing. The Company may also borrow funds from a financial institution(s) using the assets of the Company as security for said loan(s). The Company may also obtain additional financing through certain government subsidies or tax incentives available in certain geographic areas, if available, at the Company's discretion. Failure to obtain such additional capital on terms acceptable to the Company could restrict its ability to implement its growth plans. Further, a shortage of funds may prevent or delay the Company from getting its products to the marketplace, achieving profitability or enabling the Company to pay distributions to its shareholders. There is no assurance that the Company will have adequate capital to conduct its business or satisfy its financial obligations. The ability of the Company to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of sharesfrom the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. There can be no assurance that the Company will generate cash flow from operations necessary to support the continuing operations of the Company.

Limited operating history

The Issuer and the Target have each incurred losses since their inception. Although the Company expects to generate profit, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Company's ability to reach and then sustain profitability depends on anumber of factors, including the growth rate of the developmental lens industry, the continued market acceptance of the Miningsky Business and the competitiveness of the Company. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

ADDITIONAL INFORMATION

The information provided in this MD&A is not intended to be a comprehensive review of all matters concerning the Company. This MD&A should be read in conjunction with other disclosure documents provided by the Company, which can be accessed at www.sedar.com

No securities commission or regulatory body has reviewed the accuracy or adequacy of the information presented here