SKYCHAIN TECHNOLOGIES INC.
(FORMERLY GREEN VALLEY MINE INCORPORATED)
Management Discussion and Analysis
For the Six Month Period ended September 30, 2018

This management discussion and analysis of the financial position and results of operation (“MD&A”) for Skychain Technologies Inc. (formerly Green Valley Mine Incorporated) (“Skychain” or the “Company”) is prepared as at October 30, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended September 30, 2018 and in conjunction with the audited financial statements for the year ended March 31, 2018.

The unaudited condensed consolidated interim financial statements for the six months ended September 30, 2018, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard (“IFRS”) and with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”).

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. (formerly Green Valley Mine Incorporated) (‘Skychain” or the “Company”) was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange. The Company’s registered office and principal business address is 415 – 1112 West Pender Street, BC.

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. MiningSky was involved in the business of providing services to cryptominers all-in-one solution by offering warehouse space, low-cost electricity, and maintenance and hosting services. The Company also markets and sells its MiningSky 8-GPU Mining Rig (“M8 Rig”), a GPU-based miner to mine Ethereum (“ETH”) and other cryptocurrencies.

The Company was in the junior exploration industry and its principal business activity was the sourcing and exploration of mineral properties. After the acquisition of MiningSky and the change of business, the Company became a Tier 2 Technology Issuer.

BUSINESS ACQUISITION

Acquisition of MiningSky and change of business

On February 9, 2018, the Company entered into a share purchase agreement ("SPA") with 1151152 BC Ltd. ("1151152"), the only voting common shareholder of MiningSky. Pursuant to the SPA, the Company will purchase 100% of the issued and outstanding common shares of MiningSky from 1151152 by paying $20,000 in cash.

On September 10, 2018, the Company entered into a share exchange agreement (the "SEA") with MiningSky and all of the Class A common shareholders of MiningSky. In June 2018, MiningSky completed a non-brokered private placement by issuing 4,181,132 Class A common shares at $0.30 per share for total proceeds of $1,254,340. To acquire all of the issued and outstanding Class A common shares of MiningSky, the Company will issue one common share in exchange for each one Class A common shares of MiningSky. All of the Class A common shareholders of MiningSky will become shareholders of the Company under the transaction.

On September 18, 2018, both the SPA and the SEA transactions were completed and MiningSky became e a wholly-owned subsidiary of the Company.

In total, as consideration for acquiring 100% interest in MiningSky, the Company paid $20,000 in cash to acquire the 1 voting shares and issued 4,181,132 common shares of the Company to the members of MinnigSky to exchange for the non-voting shares on a 1:1 base. The fair value of the shares issued is assumed to be $0.30 per share, for total consideration of $1,254,340.

New directors and officers

In connection with the acquisition of MiningSky, the Company reorganized its board and management team. The following are short biographies of the current members of the Board and management:

Bill Zhang, Director and CEO
Mr. Zhang completed his Bachelor's Degree in Computer Science in Liaoning, China. Upon coming to Canada, he worked in the technology sector and then proceeded to become an executive in container manufacturing. His roles included President and CEO of Mass Containers Ltd. and IT Manager of SCS Steel Containers System Inc. He is passionate about technology and is an experienced executive in IT. From 2015 onwards, Mr. Zhang became the President and CEO of Vling E Business Ltd., a company specializing in cloud infrastructure hosting, colocation and virtualization environment hosting. His breadth of knowledge and experience make his current role, as Director and CEO, a natural fit for his talents.

Andrea Yuan, CFO and Corporate Secretary
Andrea has over 24 years of accounting experience and strong working knowledge of International Financial Reporting Standards and US Generally Accepted Accounting Principles. She has experience in the following industries: junior resource; real estate; technology; biotechnology; commercial products; software; and, oil and gas. After serving as audit principal at Davidson & Company LLP, Andrea started her own consulting company in November 2011. She provides financial and management consulting services primarily to public companies listed on the TSX Venture Exchange, Canadian Securities Exchange, and/or the over-the-counter market. Andrea is a Certified Public Accountant (USA) and a Chartered Professional Accountant (Canada). She earned a Bachelor Degree in Economics from the Shanghai University of Finance and Economics.

Joanne Yan, Director
Ms. Yan has more than 20 years of experience in advising and managing public companies and has played a significant role in the financing and business development strategies of several North American and China-based companies. Ms. Yan is currently the President of Joyco Consulting Services Inc., a consulting firm, a position that

she has held since September 1994. She is a director of Hanwei Energy Services Corp., a TSX listed company that manufactures and sells high-pressure fibreglass reinforced plastic pipes for international oil & gas and infrastructure industries in addition to producing oil & gas in Canada. She is also a director of Sunshine Oilsands Ltd., a Hong Kong Stock Exchange listed company. From June 2006 to November 2013, she served as the President and a director of Brazilian Gold Corporation (formerly Red Dragon Resources Corp.), a TSX Venture Exchange listed company that was involved in gold exploration and development in Brazil. She is a former founding director of Golden China Resources Corp and CPAC (Care) Holdings Ltd.

Scott Young, Director

Since 2000, Scott has been acting as a corporate governance and communications consultant to publicly-traded technology, mining and pharmaceutical companies. From 2006 to 2011 he consulted to the 2010 Olympic Games Infection Control sponsor Alda Pharmaceuticals. Recently he acted as the managing director of Sonoma Resources which completed a RTO with Element Lifestyle Retirement. Over the last year he has managed the due-diligence process for Green Valley reviewing numerous opportunities to move the Company forward.

Robert Ferguson, Director

Mr. Ferguson has over 30 years of experience in communications, finance and marketing. He has served on numerous boards as both officer and director for the Company, Orsa Ventures, Cassidy Gold and Sonoma Resources Inc. Mr. Ferguson has also acted as an advisor to companies such as Eldorado Gold Corporation, Timmins Gold, Grayd Resources Inc., Euromax Resources Ltd., and China Minerals Mining Corporation. Over the course of his career, he has helped companies raise more than $250 million. Mr. Ferguson has an extensive network of contacts covering the globe.

Walson Wang, Director

With over 15 years of experience in management roles, Walson has developed a wide skill set which includes overseeing business operations, negotiating with vendors, developing lasting business relationships, and achieving sales and revenue goals. Walson has been the President of It Asset Partners Inc. (“ITAP”) since 2013. As President of ITAP, Walson designed a custom enterprise resource planning (“ERP”) system, which helped to improve the flexibility and efficiency of operation. In addition, Walson led the cloud server management team and played a vital role in forging relationships and obtaining contracts with Lenovo, Nintendo, Acer, Avnet, Sprint and Time Warner Cable.

PROPOSED ASSET ACQUISITION

On October 17, 2018, the Company entered into a purchase agreement to acquire cryptocurrency mining assets (“RPC Assets”) including the assignment of a lease for a property near Port Melon, BC from Renewable Power Corp. (“Renewable”) valued at $650,000 in total. The Company has agreed to issue 2,166,666 common shares to Renewable at a deemed price of $0.30 per share.

On October 18, 2018, the Company has also entered into a non-arm’s length purchase agreement to acquire cryptocurrency mining assets (“VEL Assets”) from Vling E-Business Ltd. (“Vling”), which is a company controlled by Bill (Ningtao) Zhang, the President and CEO of the Company. The Company has agreed to issue 3,732,186 common shares to Vling at a deemed price of $0.30 per share for a total valuation of $1,119,656.

Both transactions are subject to regulatory approval.

EXPLORATION AND EVALUATION ASSETS

Wood Mining Group

The Company holds a 100% interest in the Wood Group of mineral claims, consisting of approximately 6,508 hectares located in the Kamloops Mining Division of British Columbia. During the year ended March 31, 2016 and

2015, the Company wrote the Wood Mining Group claims down to $1 to reflect the uncertainty related to its economic value.

During the year ended March 31, 2018, the Company continued to monitor claims in the area and planned to make additional acquisitions when and if the claims are considered to be strategic or otherwise beneficial to the Company. During current fiscal year, the Company did not add any new claims to its portfolio and expended $Nil on exploration costs. In January 2018, the Company sold the northern portion of the Wood Mining Group claims (claims 1038487, 1038488 and 1038489) to New Gold Inc. for $75,000. As the carrying value was written down in a prior year due to impairment, the Company recorded a reversal of impairment on exploration and evaluation assets of $75,000.

As at March 31, 2018, the Company holds 100% interest in the mineral claims which cover approximately 1,766 hectares.

During the year ended March 31, 2018, the Company wrote the remaining Wood Mining Group claims down to $nil to reflect the uncertainty related to its economic value.

OVERALL PERFORMANCE

The Company is developing a business to provide cryptomining support services to clients wishing to mine cryptocurrencies. The Company aims to offer cryptominers an all-in-one solution, by offering them warehouse space, low-cost electricity, and maintenance and hosting services. The Company offers cryptominers all the services and equipment they need to rapidly build up and/or expand their current operations.

The Company currently has the following projects:

Houston, British Columbia

In March of 2018, MiningSky entered into a lease agreement (the "West Point Rail Lease") with the West Point Rail and Timber Co. Ltd. to lease a portion of land, building and office space at West Point Rail's Houston, B.C. property (the "Houston Facility"). The Houston Facility started operating commercially in May 2018 and generate about $150,000 revenue per month.

The Company would like to expand it electrical capacity at the Houston Facility. The site is currently able to supply 2.5 MW's of electricity. The Company is trying to secure access to a private power transmission line that runs past the Houston Facility. The Company would need to expend approximately $300,000 to acquire a transformer in order to be able connect to that private transmission line.

With respect to the Houston Facility, The Company has currently entered into hosting service agreements with several customers. The Company requires customers pay a deposit (the "Deposit") upon signing a hosting services agreement. Customers are charged a hosting fee per MW of power provided. The amount of the Deposit is equal to at least two month's hosting fees. The Deposit will be applied to the first month's hosting service fee and to the final month's hosting fee. Any amount remaining will be returned to the customer at the end of the hosting service term.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited selected financial information for each of the last eight quarters ended June 30, 2018, all in accordance with IFRS.

	Three Months Ended September 30, 2018*	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended December 31, 2017
Total assets	$ 4,811,227	$ 1,526,759	$ 1,612,387	$ 50,241
Working capital (deficiency)	364,744	1,460,953	1,398,913	(8,110)
Goodwill	1,851,483	-	-	-
Shareholders' equity (deficiency)	3,506,214	1,495,953	1,433,913	6,891
Net Income (loss)	(260,981)	(71,306)	(13,974)	(19,640)
Earnings (loss) per share	(0.02)	0.00	0.00	0.00

	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016
Total assets	$ 66,991	$ 41,135	$ 65,010	$ 73,478
Working capital (deficiency)	(11,530)	(5,081)	19,892	(595,572)
Shareholders' equity (deficiency)	(26,531)	(30,928)	35,740	(579,716)
Net Income (Loss)	(4,382)	(13,591)	(46,013)	(18,341)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)

* The Company completed the acquisition of MiningSky on September 18, 2018 and became a Tier 2 technology issuer.

RESULTS OF OPERATOIN

The Company completed its acquisition of MiningSky and the change of business process on September 18, 2018. The Company was in the junior exploration industry, and currently is a Tier 2 technology issuer. The Company obtained the control of MiningSky as of September 18, 2018; therefore, the Company's consolidated statement of loss and comprehensive loss for the three and six months ended September 30, 2018 included MiningSky's revenue, costs and expenses from September 19 to September 30, 2018. The operation results for three and six months ended September 30, 2018 and 2017 are therefore not comparable.

For the six months ended September 30, 2018 and 2017.

During the six months ended September 30, 2018, the Company incurred losses of $332,286 (2017 - $9,209). The losses are mainly comprised of the following items:

- The Company generated hosting service revenue of $86,618 (2017 - $Nil) and incurred operating cost of $57,699 (2017 - $Nil) and $14,781 (2017 - $Nil) of amortization costs related to equipment, containers, transformers and leasehold improvement at Houston site;
- Accounting fees of $28,250 (2017 - $2,775) included $27,800 (2017 - $Nil) paid to a company controlled by the CFO;
- Consulting fee of $10,144 (2017 - $4,517) is mainly for maintaining the Company's mineral properties;
- Legal fees of $67,995 (2017 - $879) was mainly related to the acquisition of MiningSky and the change of business;

- Marketing and corporate communication fees of $39,693 (2017 - $9,000) included $39,296 (2017 - $Nil) to a company controlled by a director for preparation of website, news release and other investor relationship work;
- Office and miscellaneous of $2,168 (2017 - $2,243) was for office telephone, supplies, meals & entertainment, and etc.;
- Rent expenses of $120,000 (2017 - $2,400) of current six months was incurred to settle an office lease dispute;
- Salary and benefits of $37,966 (2017 - $Nil) is paid to about 12 MiningSky employees located in Vancouver office including $6,000 (2017 - $Nil) to the CEO;
- Registration and filing fee of $33,031 (2017 - $4,279) increased significantly due to the acquisition of MiningSky;
- During the comparative six months ended September 30, 2017, the Company received a BC mining tax credit of $24,519 related to exploration work completed in prior periods. There is no such income during the current six month period.

For the three months ended September 30, 2018 and 2017.

During the three months ended September 30, 2018, the Company incurred losses of $260,981 (2017 – income of $4,382). The losses are mainly comprised of the following items:

- The Company generated hosting service revenue of $86,618 (2017 - $Nil) and incurred operating cost of $57,699 (2017 - $Nil) and $14,781 (2017 - $Nil) of amortization related to equipment, containers, transformers and leasehold improvement at Houston site;
- Accounting fees of $19,350 (2017 - $1,550) included $18,900 (2017 - $Nil) paid to a company controlled by the CFO;
- Consulting fee of $7,219 (2017 - $1,005) is mainly for maintaining the Company's mineral properties;
- Legal fees of $41,653 (2017 - $879) was related to the acquisition of MiningSky and the change of business;
- Marketing and corporate communication fees of $20,043 (2017 - $4,500) included $19,646 (2017 - $Nil) to a company controlled by two directors for preparation of website, news release and other investor relationship work;
- Office and miscellaneous of $2,168 (2017 - $7,449) was for office telephone, supplies, meals & entertainment, and etc.;
- Rent expenses of $120,000 (2017 - $1,200) of the current three months was incurred to settle an office lease dispute;
- Salary and benefits of $37,966 (2017 - $Nil) is paid to about 12 MiningSky employees located in Vancouver office including $6,000 (2017 - $Nil) to the CEO;
- Registration and filing fee of $21,531 (2017 - $1,779) increased significantly due to the acquisition of MiningSky;
- During the comparative six months ended September 30, 2017, the Company received a BC mining tax credit of $24,519 related to exploration work completed in prior periods. There is no such income during the current six month period.

LIQUIDITY AND CAPITAL RESOURCES

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

The 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.

	September 30, 2018	March 31, 2018
Working capital (Deficiency)	$ 364,744	$ 1,398,913
Deficit	(4,429,078)	(4,096,791)

Net cash used in operating activities for the six months ended September 30, 2018 was $256,022 compared to net cash of $2,574 obtained during the comparative period. The increase of cash used in operating activities is mainly due to the change of business transactions. In the comparative six months ended September 30, 2017, the Company obtained positive cash inflow from operation activities because of the receipt of $24,519 of BC mining tax credit.

Net cash used in investing activities for the six months ended September 30, 2018 was advances of $1,703,000 to MiningSky. On September 18, 2018, when Skychain obtained the control of MinnigSky, MiningSky had a cash balance of $320,147.

During the six months ended September 30, 2018, the Company closed two non-brokered private placements by issuing 8,549,833 shares at $0.30 per share for total proceeds of $2,564,950, of which $1,413,050 was received as of March 31, 2018.

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 2019 fiscal year.

RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2018, the Company had the following transactions and balances:

a) The Company incurred $6,000 (2017 - $Nil) as salaries to the Chief Executive Officer (“CEO”). As of September 30, 2018, an amount of $2,506 owing to the CEO is included in due to related parties.

b) The Company incurred $27,800 (2017 - $Nil) as accounting fees to a company controlled by the Chief Financial Officer (“CFO”). As of September 30, 2018, an amount of $12,600 is included in due to related parties.

c) The Company incurred $39,296 (2017 - $Nil) as marketing and corporate communication expenses to a company controlled by a director of the Company. As of September 30, 2018, $Nil is owed to this company.

d) The Company reimburse rent and internet service to Vling E Business (“Vling”), a company controlled by the CEO. As of September 30, 2018, an amount of $118,313 is included in due to related parties.

e) As of September 30, 2018, the Company owes $61,713 to a director of the Company.

f) As of September 30, 2018, the Company owes $98,087 to 1151152 BC Ltd., a significant shareholder controlled by the CEO and a director.

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

FINANCIAL AND CAPITAL RISK MANAGEMENT

As at September 30, 2018, the Company’s financial instruments comprised cash, receivables, accounts payable, due to related parties, and unearned revenue. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities.

Currency risk

A 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 September 30, 2018.

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 September 30, 2018, the Company had a cash balance of $1,079,521 to settle current liabilities of $1,059,267. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs to raise additional funds to sustain its operation for the next 12 months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Price risk

The Company is providing hosting services to cryptocurrency miners and selling M8 Rigs. Although the Company does not mine cryptocurrency by itself, the fluctuation of cryptocurrency prices will affect the Company's customers and therefore the Company's operation indirectly.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company relies mainly on equity issuances and loans from related parties to raise new capital. In the management of capital, the Company includes the components of shareholders' equity (deficiency). The Company prepares annual estimates of operating expenditures and monitors actual expenditures compared to the estimates in an effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs for the current year. These financing activities may include issuances of additional debt or equity securities.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

SIGNIFICAN ACCOUNTING POLICIES, CRITICAL JUDGEMENTS AND ESTIMATES

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 policies and estimates are included in Notes 3 and 4 of the unaudited condensed consolidated interim financial statements for the six months ended September 30, 2018 and Note 3 of its audited financial statements for the year ended March 31, 2018.

Future Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2018 reporting period. The following new standards have been assessed, but are not expected to have any impact on the Company's financial statements:

(a) IFRS 16, Leases
The new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

SUBSEQUENT EVENTS

On October 17, 2018, the Company entered into a purchase agreement to acquire cryptocurrency mining assets ("RPC Assets") including the assignment of a lease for a property near Port Melon, BC from Renewable Power Corp. ("Renewable") valued at $650,000 in total. The Company has agreed to issue 2,166,666 common shares to Renewable at a deemed price of $0.30 per share.

On October 18, 2018, the Company has also entered into a non-arm's length purchase agreement to acquire cryptocurrency mining assets ("VEL Assets") from Vling E-Business Ltd. ("Vling"), which is a company controlled by Bill (Ningtao) Zhang, the President and CEO of the Company. The Company has agreed to issue 3,732,186 common shares to Vling at a deemed price of $0.30 per share for a total valuation of $1,119,656.

Both transactions are subject to regulatory approval.

OFF BALANCE SHEET ARRANGEMENT

The Company has no off-balance sheet arrangements.

COMMITMENTS

MiningSky entered a lease arrangement in March 2018 for its facility in Houston, British Columbia for a period of 2 years with an option to renew for another 3 years. Pursuant to the terms and conditions of the lease agreement, MiningSky is required to make an annual lease payment of $162,000 plus operating costs.

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of shares issued or issuable
Common shares	31,951,025
Stock options	-
Warrants	-

*On May 4, 2017, the Company completed a share consolidation on the basis of one new common share for every 4.5 old common shares. All share amounts have been retroactively restated in the financial statements and this MD&A Report.

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 shares from 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 a number 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.