

ESSEX ANGEL CAPITAL INC.
Form 51-102F1

Management's Discussion & Analysis
For the year ended August 31, 2017

1.1 Introduction

Corporate structure and background

The following management's discussion and analysis ("MD&A"), prepared as of December 27, 2017, is a review of operations, current financial position and outlook for Essex Angel Capital Inc. (the "Company"). Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2017. Those financial statements were prepared in accordance with IFRS. Amounts are reported in Canadian dollars, unless otherwise specified.

The Company was incorporated on February 10, 2010 pursuant to the *Canada Business Corporation Act* and on February 17, 2017, the Company was continued into British Columbia under the *British Columbia Business Corporation Act*. The Company completed its initial public offering on December 7, 2010. On November 9, 2017 the Company changed its name to "Block One Capital Inc." and is listed on the TSX-V as a Tier 2 Investment Issuer under the symbol "BLOK". The Company's stated business goal is to build a portfolio of investments, with a view to participating in income and capital growth from the ultimate sale or other disposal of those investments.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

Risks and Uncertainties

The Company's assets include cash, advances receivable, notes receivable, loans receivable, and investments. It has not paid any dividends, and may never pay dividends. Readers should refer to the risk factors disclosed in the Company's Filing Statement dated July 6, 2011 filed on SEDAR.

Additional Risk Factors

In addition to the risk factors disclosed in the Company's Filing Statement, there are risks relating to the reported value of the Company's investments. As described in the notes to the audited financial statements, although the Company's active investments are comprised mostly of publicly traded shares, there is no guarantee that the market would be able to absorb sale of the number of shares held by the Company without a drop in the share price, should the Company attempt to realize its investments within a very short timeframe. The reported fair value does not necessarily reflect the value that would be obtained should the Company sell its investments in an arm's-length transaction.

1.2 Overall Performance

The Company was incorporated under the *Canada Business Corporations Act* on February 10, 2010. On December 7, 2010, the common shares of the Company began trading on the TSX-V under the ticker symbol "EXC.P". On July 15, 2011, the Company completed its Qualifying Transaction and is now listed on the TSX-V as a Tier 2 Investment Issuer. Pursuant to the Qualifying Transaction, the Company entered into agreements to acquire debt and equity securities of various companies. On November 9, 2017 the company changed its name to "Block One Capital Inc." and is listed on the TSX-V as a Tier 2 Investment Issuer under the symbol "BLOK".

During the year ended August 31, 2017, the Company has continued to make strategic investments on behalf of the investors of the Company.

1.3 Selected Annual Information

The following provides a summary of selected financial information, derived from the Company's audited financial statements for the years ended August 31, 2017, 2016 and 2015:

	Years ended August 31		
	2017	2016	2015
	\$	\$	\$
Total revenues	56,599	6,929	-
Net Income (loss) and comprehensive income (loss) – total	262,852	948	98,211
Net income (loss) and comprehensive income (loss) – per share	0.01	0.00	0.01
Total assets	2,495,359	1,302,576	696,146
Total liabilities	743,180	323,484	216,702

The financial information presented in the table above for the years ended August 31, 2017, 2016 and 2015 are from the Company's financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

1.4 Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the Company's most recently completed eight quarters:

Quarter ended:	Total revenue (1)	Total net income (loss)	Earnings (loss) per share (actual and fully-diluted) (2)
August 31, 2015	\$10,814	(225,042)	(\$0.02)
November 30, 2015	\$-	817,974	\$0.08 ³
February 29, 2016	\$-	(936,348)	\$(0.09)
May 31, 2016	\$-	(16,022)	\$(0.00)
August 31, 2016	\$6,929	135,344	\$0.00
November 30, 2016	\$11,201	(194,368)	\$(0.01)
February 28, 2017	\$13,826	\$59,345	\$0.00
May 31, 2017	\$13,826	\$(152,504)	\$(0.00)
August 31, 2017	\$17,746	\$550,379	\$0.02

Notes:

(1) Excludes adjustments to fair value of investments.

(2) Based on weighted average shares outstanding in the relevant period, therefore total for each group of four quarters does not agree to annual total reported in relevant audited financial statements.

(3) Fully diluted \$0.04 per share.

1.5 Results of Operations

Discussion of Operating Results - three months ended August 31, 2017

During the year ended August 31, 2017, the Company recorded income of \$262,852 compared to net income of \$948 during the year ended August 31, 2016. The difference is primarily due to the adjustment of fair value of investments. During the current period, the Company recorded a gain of \$445,315, while in the previous year, the Company recorded a gain of \$207,354. Operating expenses in the current period decreased to \$93,940 from \$116,338 during the comparative period, the decrease was due to a reduction in general and administrative expenses as the Company conserves cash and was offset by an increase in share-based compensation for incentive stock options that were issued to management and officers of the Company during the year.

1.6 and 1.7 Liquidity and Capital Resources

At August 31, 2017, the Company had a working capital of \$252,204 with a cash balance of \$146,170. At August 31, 2016, the Company had working capital \$109,767 with a cash balance of \$82,072. The increase in working capital and cash in fiscal 2017 was due to the use of proceeds received from financing activities during the year to invest in new loan receivables or advances to public companies for future investments.

In addition to the above, the Company also has holdings of investments in publicly traded shares and share purchase warrants, that are accounted for as fair value through profit and loss basis, which had a market value of \$1,574,975 at August 31, 2017.

During the year ended August 31, 2017, the Company received \$175,000 from the exercise of warrants and \$290,000 share subscriptions towards a private placement that closed in October 2017.

Ongoing working capital requirements are limited to those necessary to maintain the Company's ongoing public reporting obligations, and support the Company in its identification and completion of further potential investment and fund raising opportunities. Should the Company not be able to attract additional debt or equity financing, management of the Company is able to raise funds as needed through sales from its investment portfolio.

The Company has not pledged any of its assets as security for loans or otherwise, and is not subject to any debt covenants.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the year ended August 31, 2017, the Company:

- (a) Incurred professional fees of \$19,590 (2016 - \$3,938) to the Chief Financial Officer of the Company.
- (b) During the year ended August 31, 2016, the Company issued 3,500,000 units at \$0.02 per unit for proceeds of \$70,000 to the Chief Executive Officer of the Company and his spouse.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount agreed upon by the transacting parties.

1.10 Other Events

None during the period

1.11 Changes in Accounting Policies

See Note 2 to the Company's audited financial statements for the year ended August 31, 2016 for a description of the Company's accounting policies and new accounting standards that have been issued but are not yet effective with respect to the Company's financial statements.

1.12 Financial Instruments and Other Instruments

At August 31, 2017, the Company's financial instruments consist of cash and cash equivalents, investments, accounts payable and accrued liabilities, and note payable. See the notes to the unaudited financial statements for the period ended August 31, 2017 for more information.

1.13 Additional Information Outstanding Share Data as at August 31, 2017 and the Report Date

Authorized

The Company is authorized to issue an unlimited number of Common Shares.

Issued and issuable under warrants or options

As at August 31, 2017	37,588,333	Common shares issued and outstanding
	23,250,000	Issuable pursuant to outstanding warrants
	400,000	Issuable pursuant to outstanding options
	61,238,333	Fully diluted
As at December 27, 2017	62,538,333	Common shares issued and outstanding
	26,900,000	Issuable pursuant to outstanding warrants
	2,500,000	Issuable pursuant to outstanding options
	91,938,333	Fully diluted

2,000,000 Stock options are exercisable at \$0.25 until November 7, 2019 and 500,000 Stock options are exercisable at \$0.70 until November 30, 2020.

21,500,000 warrants are exercisable at \$0.10. 5,400,000 warrants are exercisable at \$1.50

1.14 Subsequent Events

Subsequent to August 31, 2017, the Company:

- (a) On October 13, 2017, the Company closed a non-brokered private placement. The Company issued 6,000,000 units at a price of \$0.075 per unit for gross proceeds of \$450,000, of which \$290,000 was received as of August 31, 2017. Each unit consisted of one common share of the Company and one share purchase warrant. Each share purchase warrant is exercisable into one additional common share of Company at a price of \$0.10 per common share for a period of five years from the closing date.
- (b) In November, 2017, the Company issued 2,000,000 incentive stock options to certain directors, officers and consultants. The stock options are exercisable at \$0.25 per share and expire in November 2018. The Company also issued 500,000 stock options exercisable at \$0.70 per share that expire in November 2019.
- (c) On November 30, 2017, the Company signed a binding term sheet to acquire 90% of the equity of TG12 Ventures Inc. ("TG12"), a private company engaged in cryptocurrency mining. Under the binding term sheet, the Company is to invest up to US\$2,300,000 to acquire up to 90% of TG12. The investment is to be made over a 12-month period and will be based on various milestones. The first investment is scheduled to be made immediately, pursuant to which the Company will acquire a 40% interest in TG12 for a US\$250,000 investment.
- (d) On December 6, 2017, the Company signed a binding term sheet (the "Term Sheet") to acquire 40% of the equity of New York based Finzat LLC ("Finzat"), a private company engaged in creating a blockchain system to create a streamlined, digitized mortgage process that is more compliant and SAFE: simpler, auditable, fault tolerant and efficient. Pursuant to the Term Sheet, the Company is to invest US\$600,000 to acquire up to 40% interest of Finzat. The Company shall make an additional milestone payment of US\$80,000 upon Finzat meeting certain conditions set forth in the Term Sheet. The Company and Finzat intend to enter into a definitive agreement to set out the terms and conditions of the acquisition. In the event that no agreement is entered into, the Term Sheet will act as the definitive agreement.
- (e) On December 22, 2017, the Company issued 10,000,000 units at a price of \$1.00 per unit for gross proceeds of \$10,000,000. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable at \$1.50 per common shares for a period of two years from the closing date. In the event that the Company's common shares trade at a closing price greater than \$2.50 per share for ten consecutive trading days, the Company may accelerate the expiry date of the share purchase warrants to 30 days from the date of notice of acceleration. As part of the private placement, the Company issued 800,000 units as a finder's fee, with each unit comprising the same terms as the private placement.
- (f) Subsequent to August 31, 2017, the Company issued 7,750,000 common shares at \$0.10 per share for proceeds of \$775,000 for the exercise of share purchase warrants, and issued 400,000 common shares at \$0.25 per share for proceeds of \$50,000 for the exercise of stock options.

1.15 Officers and Directors

David Berg, CEO, Director
Christopher Cherry, CFO, Director
Julie Zhu, Director
Nick Watters, Director