

**BLOCK ONE CAPITAL INC. (formerly
“Essex Angel Capital Inc.”)
Form 51-102F1**

Management's Discussion & Analysis
For the nine months ended May 31, 2018

1.1 Introduction

Corporate structure and background

The following management's discussion and analysis (“MD&A”), prepared as of April 30, 2018, 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 unaudited interim financial statements for the nine months ended May 31, 2018 and the 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 nine months ended May 31, 2018, the Company has continued to make strategic investments on behalf of the investors of the Company. In addition to the strategic investments, the Company has entered into the blockchain space, please see subsequent and significant events below.

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)
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
November 30, 2017	\$16,858	\$(75,795)	\$(0.00)
February 28, 2018	\$16,858	\$(168,824)	\$(0.00)
May 31, 2018	\$18,859	\$(293,474)	\$(0.00)

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.

1.5 Results of Operations

Discussion of Operating Results - six months ended February 28, 2018

During the nine months ended May 31, 2018, the Company recorded a gain of \$539,863 on the sale of securities as well as a loss of \$52,503 from the fair value adjustment of its investments. Operating expenses in the current period were \$781,803 during the nine months ended May 31, 2018 compared to \$16,175 during the nine months ended May 31, 2017. The increase in the operating expenses was due to the Company engaging new consultants including a new advisory board as well as a new CEO. In addition, the Company pivoted into the Block Chain space with several investments and incurred marketing costs related to building awareness around its investments.

1.6 and 1.7 Liquidity and Capital Resources

At May 31, 2018, the Company had a working capital of \$6,581,236 with a cash balance of \$5,023,686. At August 31, 2017, the Company had working capital \$252,204 with a cash balance of \$146,170. The increase in working capital and cash during the period was due to the use of proceeds received from financing activities during the period 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 \$8,558,884 at May 31, 2018.

During the period ended May 31, 2018, the Company received \$12,450,000 from a private placement that closed in October and December 2017 and April 2018; \$776,000 share subscriptions towards the exercise of warrants; and, \$100,000 upon the exercise of 400,000 in stock options at \$0.25 per share.

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 period ended May 31, 2018, the Company:

- (a) Incurred professional fees of \$27,030 (2017 - \$6,411) payable to the the Chief Financial Officer of the Company as well as the Company's corporate counsel.

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, 2017 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 May 31, 2018, 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 May 31, 2018, for more information.

1.13 Additional Information Outstanding Share Data as at May 31, 2018 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 May 31, 2018	64,548,333	Common Shares issued and outstanding
	27,890,000	Issuable pursuant to outstanding warrants
	<u>2,500,000</u>	Issuable pursuant to outstanding options
	<u>94,938,333</u>	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.

19,240,000 warrants are exercisable at \$0.10 per share and 6,400,000 warrants are exercisable at

\$1.50 per share.

1.14 Significant and subsequent events

Significant and subsequent to May 31, 2018, the Company had the following events:

- (a) On June 15, 2018, the Company announced announce that it has entered into a definitive agreement with Affirmation Technology Group LLC to acquire 30% of the New York, USA based developer of decentralized anti-money laundering (“AML”), know your customer (“KYC”) and Accredited Investor solutions . Under the terms of the definitive agreement, the Company has acquired 30% of the blockchain technology company, with an option to acquire an additional 10% for \$400,000USD.

1.15 Officers and Directors

Sothi Thillairajah, CEO
David Berg, Chief Investment Officer, Director
Christopher Cherry, CFO, Director
Julie Zhu, Director
Aman Thindal, Director
Arnold Spangler, Director