

**Predator Blockchain Capital Corp.**  
(A Capital Pool Corporation)

**Managements Discussion and Analysis**

For the Period from Date of Incorporation January 25, 2018 to December 31, 2018  
(In Canadian Dollars)

## MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis (“MD&A”) of Predator Blockchain Capital Corp. (“Predator” or the “Company”) should be read in conjunction with Predator’s financial statements for the period from date of incorporation January 25, 2018 to December 31, 2018 (the “Financial Statements”). This MD&A is dated May 22, 2019.

### Forward Looking Statements

*This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify forward-looking information or statements.*

*Although Predator believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Predator cannot give any assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the technology industry in general as well as general economic conditions, stock market volatility; and the ability to access sufficient capital. We caution that the foregoing list of risks and uncertainties is not exhaustive.*

*In addition, the reader is cautioned that historical results are not necessarily indicative of future performance. The forward-looking statements contained herein are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise unless expressly required by applicable securities laws.*

*Certain information set out herein may be considered as “financial outlook” within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding reasonable expectations of Predator as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.*

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

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**SELECTED INFORMATION**

**For the period from date of  
incorporation January 25, 2018 to  
December 31, 2018**

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Revenue	\$	-
Net loss for the period	\$	(125,554)
Net loss per share (basic and fully diluted)	\$	(0.03)
Total assets	\$	581,081
Total liabilities	\$	73,402

**COMPANY BACKGROUND**

Predator Blockchain Capital Corporation ("the Company" or "Predator") was incorporated under the Alberta Business Corporations Act on January 25, 2018. Predator is a Capital Pool Corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The Company closed its IPO and began trading on April 6, 2018 under the symbol "PRED.P". Prior to the QT, which closed on January 23, 2019 as described below, the proceeds raised from the issuance of share capital were only available for use to identify and evaluate assets or businesses for future investment, with the exception that up to \$210,000, may be used for purposes other than evaluating businesses or assets.

According to the Exchange, any compensation or remuneration to management, the board, or any non-arm's length parties was prohibited. The equity proceeds raised by the Company were only be used to identify and evaluate assets or businesses and obtain shareholder approval for the proposed QT, including valuations, technical assessments, fees for legal, accounting service, broker commissions and share issue costs. These restrictions apply until completion of the QT by the Company, as defined under the policies of the Exchange. The Company was required to complete its QT on or before two years from the date the Company received regulatory approval.

On January 23, 2019, the Company completed a QT with a Highwood Oil Company Ltd. ("Highwood") and began trading on the TSX Venture exchange under the symbol "HOCL" on January 30, 2019.

The head office and the registered head office of the Company are located at Suite 1000, 250 – 2nd Street Avenue SW, Calgary, Alberta, T2P 0C1.

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

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**Highlights**

Pursuant to the prospectus dated March 20, 2018, the Company offered sell and issue 4,000,000 common shares at \$0.10 per share for total gross proceeds of \$400,000 for the initial public offering ("IPO"). The IPO closed and the symbol "PRED.P" began trading on April 6, 2018.

The Company entered into an agreement with Haywood Securities Inc., as agent to raise \$400,000 in connection with the Company's IPO. The Company paid the agent of 10% commission on the gross proceeds and granted options to the agent to acquire 10% of the common shares issued in the offering at an exercise price of \$0.10 per common share, exercisable for a period ending twenty-four months from the date the IPO ("agent's options"). The Company also paid a corporate finance fee of \$10,000 plus tax upon the closing of the IPO and reimbursed the agent's legal fees and other reasonable expenses incurred pursuant to the IPO.

At the closing of the IPO, the Company granted 1,000,000 stock options to officers and directors. Each stock option, which expires five years from the date of grant, is entitled to acquire a common share of the Company at an exercise price of \$0.10 per share each.

**FINANCIAL SUMMARY**

<b>Period ended</b>	<b>December 31, 2018</b>
Revenue	-
Expenses	\$ (125,554)
<b>Net Loss</b>	<b>\$ (125,554)</b>

**SHARE INFORMATION**

	<b>Number</b>	<b>Amount</b>
Issuance of common shares at \$0.05 each (i)	6,000,000	\$ 300,000
Issuance of common shares at \$0.10 each (ii)	4,000,000	\$ 400,000
Share issue costs		\$ (106,767)
<b>Balance, December 31, 2018</b>	<b>10,000,000</b>	<b>\$ 593,233</b>

(i) On February 6, 2018, the common shares issued were recorded at the fair value of the consideration received at \$ 0.05 per common share on the date of issuance.

(ii) On April 6, 2018, the common shares were issued for a gross consideration of \$0.10 per common share.

On April 6, 2018, the company granted 1,000,000 stock options to officers and directors. Each stock option, which expires five years from the date of grant, is entitled to acquire a common share of the Company at an exchange price of \$0.10 per share each.

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

The summary for stock options is as follows:

	Number of Options	Weight Average Exercise Price	Weight Average Remaining Life
Granted	1,000,000	\$ 0.10	4.25
<b>Balance, December 31, 2018</b>	<b>1,000,000</b>	<b>\$ 0.10</b>	<b>4.25</b>

On April 6, 2018, the company granted 400,000 agent warrants to the agent. Each warrant option, which expires two years from the date of grant, is entitled to acquire a common share of the Company at an exchange price of \$0.10 per share each.

The summary of agent warrants is as follows:

	Number of Warrants	Weight Average Exercise Price	Weight Average Remaining Life
Granted	400,000	\$ 0.10	1.25
<b>Balance, December 31, 2018</b>	<b>400,000</b>	<b>\$ 0.10</b>	<b>1.25</b>

## LIQUIDITY

Since incorporation, the Company has had share issuances for a total of \$700,000 for the period ended December 31, 2018.

## RISK AND UNCERTAINTIES

The following information describes certain significant risks and uncertainties inherent in the Company's business. This section does not describe all risks applicable to Predator, its industry or its business, and it is intended only as a summary of certain material risks. If any of such risks or uncertainties actually occurs, the Company's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements included in this MD&A.

### *Commodity Prices and World Financial Markets*

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels, have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have negatively impacted credit markets and caused stock markets to experience significant volatility. While there are signs of economic recovery, these factors have negatively impacted valuations and are likely to continue to impact the performance

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

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of the global economy going forward. These factors may impact the Predator's future ability to obtain equity, debt or bank financing on terms favourable to the Company, or at all.

## **FINANCIAL RISK MANAGEMENT**

a) Fair value

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle the financial assets and liabilities at the reporting date. The fair value of cash, accounts receivable, and related party loans approximates carrying amounts due to the short-term nature.

b) Risk management framework

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the directors have overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash consists of bank balances. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity will be impacted by various external events and conditions.

## **OFF BALANCE SHEET ARRANGEMENTS**

As at the date hereof, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial conditions of the Company, including, without limitation, such considerations as liquidity and capital resources.

## **CAPITAL RESOURCES**

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes shareholders' equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the identification and evaluation of a QT. To secure the

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

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additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of the QT by the Company as defined under the Exchange policy 2.4.

## **RELATED PARTY TRANSACTIONS**

The Company engaged a law firm, of which a director is a partner of, to provide legal and advisory services. An amount of \$17,970 related to these legal fees have been recorded for the period ended December 31, 2018, which are included in share issue costs.

There was no remuneration paid to management personnel during the period ended December 31, 2018.

## **CRITICAL ACCOUNTING ESTIMATES**

Management of Predator is responsible for the accounting estimates included in the condensed interim financial statements. Estimates, and the related judgments and assumptions, are based on Management's knowledge of the business and past experience. Certain accounting estimates are particularly sensitive because they involve a significant degree of judgment and may have a range of possible outcomes.

## **FINANCIAL INSTRUMENTS**

Financial assets and liabilities, including derivatives, are recorded on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company's cash and accounts receivable are classified as financial assets measured at amortized cost using the effective interest rate method. The Company's accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

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that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets are measured at their fair values at the end of the subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. Fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The Company will apply the simplified approach which requires expected lifetime credit losses to be recognized from initial recognition of any accounts receivables.

#### **PROPOSED TRANSACTIONS**

Other than as set out in the subsequent events, the Company does not have any proposed asset or business acquisition or disposition as at the date hereof.

#### **DISCLOSURE OF OUTSTANDING SECURITY DATA**

As at the date of this MD&A, the Company has nil Common Shares issued and outstanding as a result of the Qualifying Transaction that occurred on January 23, 2019.

#### **QUARTERLY RESULTS**

	Q1-2018	Q2-2018	Q3-2018	Q4-2018
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	(24)	(44,156)	(549)	(80,825)
Net loss per share (basic and fully diluted)	0.00	0.00	0.00	(0.02)

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#### **SIGNIFICANT ACCOUNTING POLICES**

The financial statements of the Company have been prepared in accordance with International Accounting Standard using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. The presentation and functional currency of the Company is the Canadian dollar.

**Predator Blockchain Capital Corp.**  
**Management's Discussion and Analysis**  
**December 31, 2018**

(amounts in Canadian dollars)

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In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

**SUBSEQUENT EVENTS**

Prior to December 31, 2018 the Company entered into a non-binding letter of intent with a private company, Highwood, whereby the Company would acquire all the issued and outstanding common shares of Highwood for the purposes of completing the Company's Qualifying Transaction.

Subsequent to period end the Company completed an amalgamation transaction with Highwood and received common shares at an exchange ratio of 53:1, resulting in the Company's shareholders receiving 188,879 common shares of the 5,940,483 common shares issued by the resulting issuer. As a director of the Company is also a director of Highwood the acquisition constituted a Related Party Qualifying Transaction.