

## INTRODUCTION

The following management’s discussion and analysis (“MD&A”) of the financial condition and results of the operations of Blockmate Ventures Inc. (or the Company) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the year ended June 30, 2022. This MD&A was written to comply with the requirements of National Instrument 51-102—*Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2022 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Information contained herein is presented as of June 30, 2022, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the common shares of the Company; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the board of directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available at the Company’s offices or on SEDAR at [www.sedar.com](http://www.sedar.com).

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company’s ability to protect its proprietary technology; the Company’s ability to meet its working capital needs at the current level for the period ending June 30, 2022; the plans, costs, timing and capital for future development of the Company’s assets, including the costs and potential impact of complying with existing and proposed laws and regulations; management’s outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, changes in debt and equity markets,

timing and availability of external financing on acceptable terms, increases in costs, interest rate and exchange rate fluctuations, as well as those risk factors listed in the “Risk Factors” section below. Readers are cautioned that the foregoing list is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for the Company’s development of its assets; operating costs; the Company’s ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## HIGHLIGHTS

For year ended June 30, 2022 the Company recorded revenue of \$435,779 with the following business highlights:

- Gross margin of 46.83%
- Basic and Diluted Loss per share of \$0.08 and \$0.06

On January 17, 2022, the Company announced the success from the seasonal promotion offer which saw fixed low fees for all existing and new clients and resulted in increased monthly transaction volumes and new client engagement in the month of December which preceded the number of new client registrations in the previous 6 months.

On the same day, the Company noted that they continue to work on finalizing the launch of the CAD, USD, EUR, and GBP virtual accounts as they are entering the live transaction testing phase, to deliver another level of utility to current and prospective Midpoint clientele.

On March 15, 2022, the Company announced the completion of acquiring Blockchain World Ltd “BWL” as previously announced on December 14th, 2021. In consideration for the Transaction, the Company issued 10,000,000 common shares (the “Consideration Shares”) to the existing shareholders of BWL (collectively, the “Vendors”). The Consideration Shares are subject to restrictions on resale until September 14, 2022.

## BUSINESS OVERVIEW

Blockmate Ventures Inc. (Formerly Midpoint Holdings Ltd.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX V") Policy 2.4. The principal business of the Company was to negotiate an acquisition or participation in a business subject to acceptance by regulatory authorities and, in certain cases, shareholder approval (the "Qualifying Transaction") which it completed on April 11, 2013.

The Company now operates through its wholly owned subsidiaries in the United Kingdom and Hong Kong, Blockchain World Ltd. ("BWL"), Midpoint & Transfer Ltd. ("MPNT") and Midpoint Hong Kong Limited. ("MPHK"). BWL owns the premium domain names Blockchain.eu (Europe), Blockchain.com.au (Australia) and Hivello.com. MPNT is a web-based enterprise that matches buyers and sellers of foreign currency and transfers the funds to their desired location through an intermediary third-party payment provider. The Company receives fees from all parties for matching the currency exchanges and transferring the funds.

The Company's head office is 505 Kootenay Street, Nelson British Columbia, V1L 1K9.

For the year ended June 30, 2022 and as at the date of this MD&A, MPNT generates most of revenue within the group.

MPNT is the originator of the peer-to-peer ("P2P") foreign exchange ("FX") business concept. It creates a central marketplace where buyers and sellers of foreign currency can match their offsetting needs and it matches those counterparties at the midpoint of the relevant currency pair interbank rate for a fee. MPNT subscribes to an independent third-party real-time market data feed which it uses to ascertain the mid-point each time a match is found. This ensures that both buyer and seller get the fairest rate possible at the time when they are matched. It also ensures that the process is totally transparent and auditable. The P2P business model eliminates the bid-offer spread and other, often excessive, service fees that are normally incurred by the client when using other traditional competitors.

Interest in the P2P space is growing across a wide range of financial instruments including the FX space but MPNT differentiates itself from competitors in several ways.

First, it bifurcates the international exchange of obligations from the payment settlement component (clearing house). MPNT provides both the regulated marketplace and the software to match multiple buyers and sellers across multiple currencies via its patented netting engine.

Second, MPNT holds US patent 7,194,481 in 2007 - a computerized business method patent which allows buyers and sellers to be efficiently matched. Authorized users place an order for their currency requirements on the system which then identifies matching trade(s) which are priced and settled at the mid-point of the interbank rate. The system is able to identify complex chains of multi-party, multi-currency matches enabling MPNT to offset multiple counterparties transacting in multiple currencies, thereby dramatically increasing the efficiency of the matching process. The patent is valid until March 2020.

This proprietary, disruptive and highly scalable intellectual property allows MPNT to not only support its direct web portal "organic" business, but also to white-label and license its disruptive platform into larger B2B flows.

Third, the business method also eliminates the risk management costs associated with MPNT warehousing any currency or taking a principal position thereby facilitating even greater spread compression than its competitors can offer.

Finally, users of the MPNT service take no counterparty credit risk on MPNT, nor are they required to pre-fund an order (unlike with competitive offerings). Once a match is found, a user receives an instruction to remit their contracted funds to a client safeguarded account at one of the many money centre banks in the correspondent bank network used by Currencycloud, MPNT's independent but integrated payment service provider, Actuarial models conducted as part of the business planning process on randomly generated transaction amounts in a six currency operation; show that the most common match is a three way match. At scale, the effect of this is to dramatically lower the amount of additional liquidity costs required and therefore speaks to the unique value proposition that MPNT offers its investors.

The FX market is the largest, most liquid market in the world. It is also highly fragmented due to its international nature. Therefore, while regulators in many jurisdictions are increasingly pushing for financial instruments to be exchange cleared in order to provide transparency to clients, FX has managed to stay largely exempt. However, as regulators increasingly look for alternatives for transparent pricing and clearing, MPNT's transparent central marketplace model should be well positioned.

The Company is a reporting issuer under applicable securities legislation in the provinces of Alberta, British Columbia and Ontario and its outstanding shares are listed on the TSX-V under the symbol "MPT" and cross-listed on the Frankfurt Stock Exchange under the symbol "8MH".

## ACQUISITION OF SUBSIDIARY

On March 15, 2022, the Company completed its Qualifying Transaction and acquired all of the issued and outstanding Blockchain World Ltd. shares. The Company issued a total of 10,000,000 common shares. As a result of the transaction, the Company obtained 100% of the common shares of the entity. Only the assets, liabilities, and the results of operations of Blockchain World Ltd. after March 15, 2022 are included in these consolidated financial statements.

Since the Company issued shares to Blockchain World Ltd. shareholders with a value in excess of the assets received, the difference is assigned to premium on acquisition of subsidiary of \$2,250,000 which is the difference between fair value of the consideration and the net identifiable assets at the time of acquisition.

At the date of issuance of the equity instruments, a synergy was obtained through the acquisition of executive leadership from BWL, which did not qualify for recognition as an asset, therefore was immediately recognized as an expense. The \$2,250,000 attributed to the executive leadership is recorded as consideration paid in excess of net assets acquired from acquisition in the consolidated statement of net loss and comprehensive net loss.

The premium of acquisition of subsidiary of \$2,250,000 are a non-cash expense item that represents the excess fair value associated with the shares issued on Closing of the Qualifying Transaction over the fair value of the net assets acquired by the accounting acquirer. Prior to Closing the net asset value of the Company was \$nil.

## STRATEGY AND OUTLOOK

The Company's business objective is to continue to build sales across multiple markets and jurisdictions while continuing to offer exceptional customer service and improving the platform for customers. The online and largely virtual nature of

the Company allows the business to be driven through multiple channels thereby amortizing its operational costs as it scales.

There are five different economic models that Midpoint is currently seeking to exploit: (1) organic; (2) referrals; (3) co-branded white-label solution; (4) a pure white-label solution; and (5) licensing.

The Company continues to work on its application program interface (“API”) development. This is one of the strategies that will enable the Company to deliver a white labelled multi-party netting FX exchange solution to large corporations as well as to direct access referrals. This development will also be used in the development of mobile applications.

Finally, the Company continues to work on virtual bank accounts, multi-currency prepaid debit cards which will expand the universe of possible clients. The cards would allow users to fund in and transfer between currencies on their card at the MPNT rate, unlike with other competitive travel cards in the market. The Company has identified program managers and issuer’s banks that have expressed interest in working with it on this initiative.

The Company continues to maintain a five-star rating on Trustpilot, an independent rating platform and continues to accumulate good customer testimonials and referrals.

### **Operations**

A significant effort continues to be deployed into the ongoing technical development of the Company’s website and administrative platform. The customer registration and on-boarding has been re-developed and streamlined to include auto authorization to allow for great scalability whilst remaining compliant.

The Company currently offers 32 currencies and plans to introduce new currencies over time. The Company continues to invest in R&D to develop an enterprise grade solution.

The Company no longer primarily relies on outsourced software development and has brought software development and engineering inhouse. The Company has completely rebuilt the MPNT platform and is currently working on its third major release which will incorporate virtual accounts. The new platform provides a far greater level of scalability and introduces:

- Full treasury system with multi-currency e-Wallets
- Mass pay-out functionality
- Multiple users for both personal and business accounts
- Improved beneficiary management
- Multiple beneficiary payments from a single FX conversion
- Multiple FX conversions consolidated into a single currency beneficiary payment
- Integration with Xero cloud accounting software
- Real-time fees and indicative rates calculator

The Company has implemented continuous delivery model with rapid software release cycles and continues to focus on leveraging both patented technology and existing platform in developing the new products outlined in the section above.

### **Regulatory Compliance**

The Company is regulated by the Financial Conduct Authority in the UK as a Payments Institution. Regulation is an extremely important part of the Company's activities. In addition to its work with the regulators, the Company periodically reviews its internal processes and procedures in the area of Know Your Client (KYC) and Anti Money Laundering (AML). The Company recognizes the importance of regulatory compliance and is fully committed to continuously monitoring developments within the industry to ensure its ongoing compliance. These standards and practices require constant attention as regulators around the world increase the requirements and demands on payment institutions.

The Company has also incorporated a dedicated Canadian operating subsidiary in anticipation of launching a second office. This entity has been registered with Fintrac, the Canadian regulator as a Money Service Business allowing it to potentially offer a new business model for its Canadian clients.

The Company has incorporated a wholly owned subsidiary in Hong Kong, Special Administrative Region (SAR), China. MPNT Hong Kong Ltd received its Money Service Operator License from the Hong Kong Custom and Excise in December 2017. In February 2019, the Company secured money service banking services with DBS Bank, Hong Kong, SAR, China.

### **Sales & Marketing**

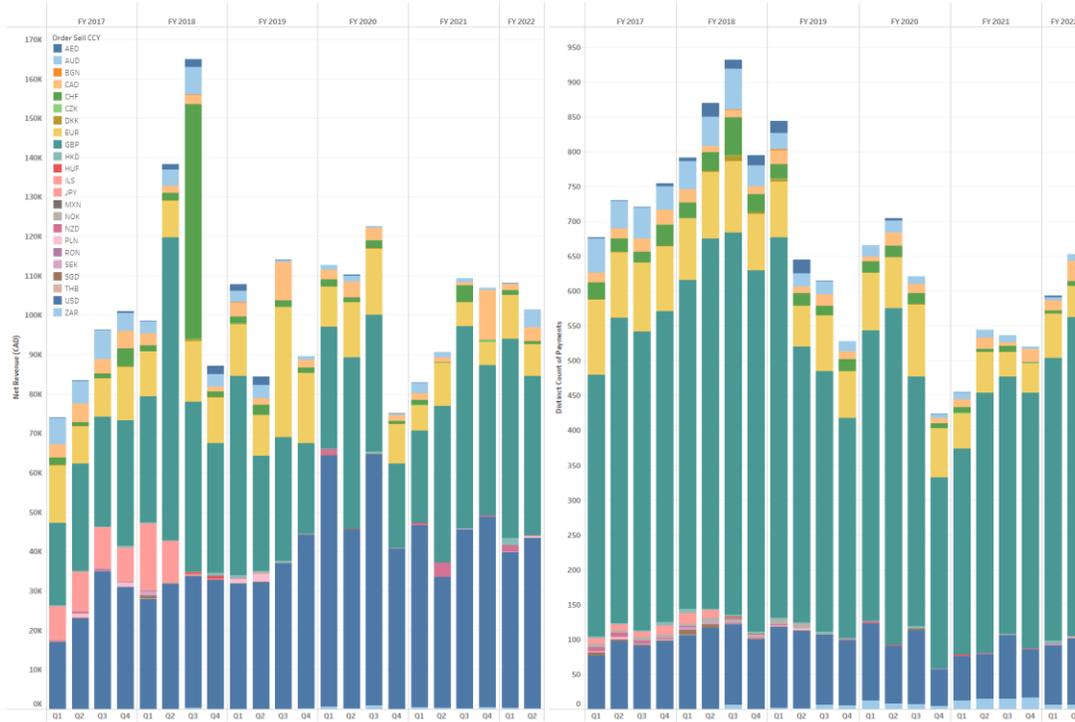
The target client base for the business includes both Small and Medium sized Enterprises (SMEs) and individuals. These are the two client segments that traditionally find it difficult to access competitive foreign exchange services. MPNT targets industry sectors which engage in frequent foreign exchange transactions, including leisure & tourism, accountancy practices & IFAs, software & tech companies, foreign homeowners, migrant workers and expats.

# BLOCKMATE VENTURES INC. (FORMERLY MIDPOINT HOLDINGS LTD.)

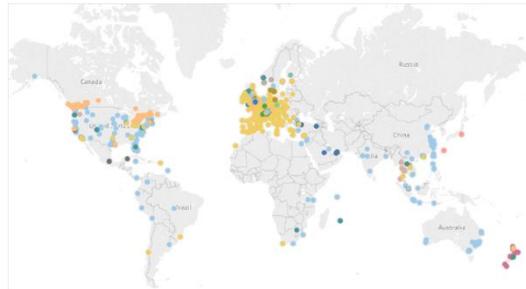
MANAGEMENT DISCUSSION & ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021  
DISCUSSION DATED: OCTOBER 26, 2022



## FINANCIAL PERFORMANCE



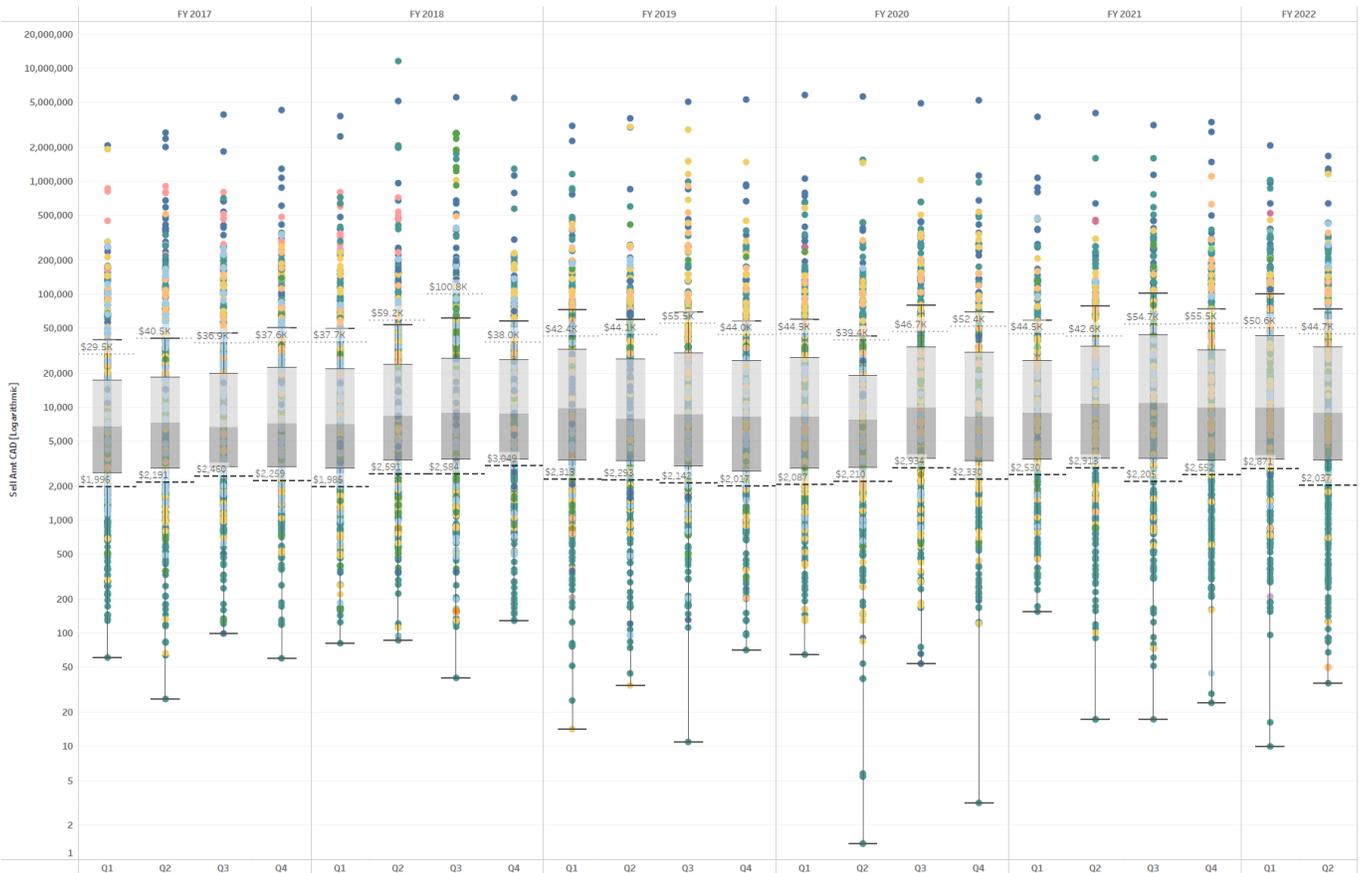
Clients from over 55 countries



Payout to over 80 countries

**BLOCKMATE VENTURES INC. (FORMERLY MIDPOINT HOLDINGS LTD.)**

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During the year ended June 30, 2022, the Company expensed \$2,292,958 (for the year ended June 30, 2021 — \$1,075,089).

As at June 30, 2022, the Company had working capital of \$386,176 (June 30, 2021— \$2,874,965). The Company had cash and cash equivalents of \$740,389 at June 30, 2022 (June 30, 2021—\$2,984,005).

During this period the Company was trading on the website and incurring expenses which were financed with available cash. As a result, the working capital and cash and cash equivalents were reduced by operating activities.

To date, the Company has invested in a foreign subsidiary. The Company receives no income from that investment currently. The Company’s current strategy is to scale its business in new currencies, geographies and industry silos. The Company maintains direct ownership of the patents and IT platform. All licensing agreements with the current subsidiary and future subsidiaries will be directly with the Company creating a revenue stream in the future. Dividends from the subsidiaries will also create revenues for the Company in the future. Risks related to operating in the financial services industry largely revolve around increased regulation and compliance legislation and associated costs.

## HISTORY OF THE COMPANY

The Company was incorporated under the *Business Corporation Act* (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (“TSX-V”) Corporate Finance Manual. The principal business of the Company was to identify and evaluate companies, assets or businesses with a view to completing a Qualifying Transaction (as defined in Policy 2.4). The common shares of the Company were initially listed on the TSX-V with the trading symbol “JRL.P”.

On April 11, 2013 the Company completed its Qualifying Transaction (the “Transaction”) with BuyFX Ltd. (“BuyFX”) and concurrent financing whereby the Company acquired all issued and outstanding securities of BuyFX in exchange for the issuance of securities of the Company. For accounting purposes, this share exchange is treated as a reverse takeover (“RTO”) with BuyFX being the accounting acquirer.

BuyFX was a private company incorporated pursuant to the laws of Bermuda. Until its acquisition pursuant to the Transaction, BuyFX operated a P2P foreign exchange matching platform through its wholly owned UK subsidiary, Midpoint & Transfer Ltd (“MPNT”). The platform allows any registered and authorized individuals or companies to conduct foreign exchange transactions for a transparent fee at the interbank midpoint or mid-market rate. On December 9, 2013 BuyFX made and received application to discontinue in Bermuda and continued to the Province of British Columbia. On May 20, 2014 BuyFX and the Company amalgamated to form one company as Midpoint Holdings Ltd.

MPNT was registered in London, UK with the Financial Services Authority (“FSA”) and subsequent to March 2013 with the Financial Conduct Authority (“FCA”), the regulatory body for payment services in the UK. MPNT currently offers its service in 24 currencies with over 244 payout countries available. MPNT’s operations and technology platforms have been designed and built to scale as volumes grow and further currencies are added. The initial currencies are used in most global FX and payment transactions.

## SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the unaudited quarterly consolidated financial statements of the Company for the year ended June 30, 2022, 2021 and 2020. Note that all financial data for 2022, 2021 and 2020 are stated in Canadian dollars.

**BLOCKMATE VENTURES INC. (FORMERLY MIDPOINT HOLDINGS LTD.)**

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	Three months June 30, 2022 (\$CAD)	Three months June 30, 2021 (\$CAD)	Three months June 30, 2020 (\$CAD)	Year ending June 30, 2022 (\$CAD)	Year ending June 30, 2021 (\$CAD)	Year ending June 30, 2020 (\$CAD)
Total revenues	\$81,522	\$107,733	\$74,010	\$435,779	\$388,314	\$427,531
Total Income (loss)	\$(1,301,916)	\$(244,040)	\$(374,124)	\$(4,590,247)	\$(786,544)	\$(1,158,067)
Net income/(loss) income per share - basic	(0.02)	\$(0.01)	\$(0.04)	\$(0.08)	\$(0.02)	\$(0.04)
Net income/(loss) income per share - diluted	(0.01)	\$(0.01)	\$(0.04)	\$(0.06)	\$(0.02)	\$(0.04)
Total assets	\$794,219	\$3,067,206	\$814,330	\$794,219	\$3,067,206	\$814,330
Total non-current liabilities	\$nil	\$nil	\$nil	\$nil	\$nil	\$123,524
Dividends distributed/declared	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil

- The net loss for the period ended June 30, 2022, consisted primarily of professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative, and website and software operating costs.
- The net loss for the period ended June 30, 2021, consisted primarily of, professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative, website and software operating costs, and value added tax repaid.
- The net loss for the period ended June 30, 2020, consisted primarily of professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, website and software operating costs, and settlement accretion expenses.
- The net loss for the year ended June 30, 2022 consisted primarily of professional fees, wages, depreciation and amortization, marketing, filing fees, rent, general and administrative expenses, and website and software operating. Also, the Company incurred impairment losses on intangibles and equipment, and premium on acquisition of BWL.
- The net loss for the year ended June 30, 2021, consisted primarily of professional fees, wages, depreciation, marketing, filing fees, rent, general and administrative expenses, website and software operating costs, and settlement accretion expenses.
- The net loss for the year ended June 30, 2020, consisted primarily of professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, website, and settlement accretion expenses.

The following table sets forth selected financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending June 30, 2022.

	Three months ended Jun 30, 2022 (\$CAD)	Three months ended Mar 31, 2022 (\$CAD)	Three months ended Dec 31, 2021 (\$CAD)	Three months ended Sep 30, 2021 (\$CAD)
Total revenues	\$81,522	\$253,458	\$100,799	\$107,591

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MANAGEMENT DISCUSSION & ANALYSIS  
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Total Income (loss)	\$(1,301,916)	\$(2,948,259)	\$(396,377)	\$(268,243)
Net income/(loss) per share—basic	\$(0.0210)	\$(0.0559)	\$(0.0069)	\$(0.005)
Net income/(loss) per share—diluted	\$(0.0159)	\$(0.0446)	\$(0.0069)	\$(0.005)
Total assets	\$794,219	\$2,471,733	\$2,440,402	\$2,816,513

	Three months ended Jun 30, 2021 (\$CAD)	Three months ended Mar 31, 2021 (\$CAD)	Three months ended Dec 31, 2020 (\$CAD)	Three months ended Sep 30, 2020 (\$CAD)
Total revenues	\$107,733	\$108,556	\$90,449	\$81,576
Total Income (loss)	\$(224,040)	\$(207,116)	\$(214,934)	\$(140,454)
Net income/(loss) per share—basic	<b>\$(0.018)</b>	\$(0.0050)	\$(0.0052)	\$(0.030)
Net income/(loss) per share—diluted	<b>\$(0.018)</b>	\$(0.0036)	\$(0.0052)	\$(0.030)
Total assets	\$3,067,206	\$3,383,622	\$611,797	\$988,195

**SUMMARY OF QUARTERLY RESULTS**

	Total Assets (\$CAD)	Profit or Loss (\$CAD)	Basic & Diluted Earnings (Loss) Per Share (\$CAD)
2022—June 30, 2022	\$794,219	\$(1,301,916) <sup>(1)</sup>	\$(0.02) & (0.02)
2022—March 31	\$2,471,733	\$(2,948,259) <sup>(2)</sup>	\$(0.06) & (0.04)
2021—December 31	\$2,440,402	\$(396,377) <sup>(3)</sup>	\$(0.01) & (0.01)
2021—September 30	\$2,816,513	\$(268,243) <sup>(4)</sup>	\$(0.01)

## Notes:

- (1) The net loss of \$1,301,916 consisted primarily of professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, and software development and website costs.
- (2) The net loss of \$2,948,259 consisted primarily of transaction costs, professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, and software development and website costs.
- (3) The net loss of \$396,377 consisted primarily of professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, and software development and website costs.
- (4) The net loss of \$268,243 consisted primarily of professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, website expenses and software operating costs, and settlement accretion expense.

## DISCUSSION OF OPERATIONS

### Three Months and Year Ended June 30, 2022 compared with the Three Months and Year Ended June 30, 2021.

The Company's net loss totalled \$1,301,916 for the three months ended June 30, 2022, with basic and diluted loss per share of \$(0.0210) and \$(0.0159). This compares with a total net loss of \$224,040 with basic and diluted loss per share of \$(0.005) & (0.005) for the three months ended June 30, 2021, an increase of \$1,033,494 in net loss principally due to an increase in filing fees, general and administrative, professional and consulting, software development and wage expenses.

The Company's net loss totalled \$4,590,247 for the year ended June 30, 2022, with basic and diluted loss per share of \$(0.0826) and \$(0.0609). This compares with a total net loss of \$786,544 with basic and diluted loss per share of \$(0.018) & (0.018) for the three months ended June 30, 2021, an increase of \$3,803,703 in net loss principally due to an increase in filing fees, general and administrative, professional and consulting, software development and wage expenses.

## LIQUIDITY AND FINANCIAL POSITION

The activities of the Company were financed through equity transactions such as equity offerings.

There is no assurance that the Company's business will result in future profitable operations. The business is subject to risk, market conditions, supply and demand, and competition. The Company currently has cash available to meet its administrative overhead and maintain its assets. The recoverability of amounts shown in assets is dependent on several factors. These factors include the ability of the Company to obtain financing to complete the planned growth, reduction of operating expenses, and future cashflow from the Company's business.

However, there can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position. Current liabilities increased to \$385,177 at June 30, 2022, compared to \$156,083 at June 30, 2021; this was due to increases in accounts payable and accrued liabilities. The Company's cash and cash equivalents at June 30, 2022, are sufficient to pay these liabilities.

As of June 30, 2022, the Company had 63,501,660 common shares issued; all options granted had not been exercised and had hence expired. The Company has issued 13,025,000 Warrants exercisable at \$0.20 per Warrant in a Private Placement dated February 5, 2020; these Warrants expire three years from the closing of the Private Placement. The Company has issued 1,250,000 Warrants exercisable at \$0.20 per Warrant in a Private Placement dated July 9, 2020; these Warrants expire two years from the closing of the Private Placement.

The Company's operating subsidiary has revenues from sales but must utilize its current cash reserves, funds obtained from the exercise of stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. Given that the Company has sufficient funds on hand to meet its current anticipated expenditures, it only anticipates raising additional funds opportunistically. See "Risk Factors" below.

Cash used in operating activities was \$1,693,016 for the period ended June 30, 2022. Operating activities were affected by a net increase in non-cash working capital balances of \$245,173 because of a decrease in accounts receivable and prepaid

expenses of \$311 and an increase in accounts payable and accrued liabilities of \$222,844 and an increase in due to directors of \$6,250.

To date, the cash resources of the Company are held with one major Canadian and UK chartered bank. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short term and non-interest bearing.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its wages and marketing to drive and manage its growth in revenue.

The Company had working capital of \$386,176 as of June 30, 2022.

The ability of the Company to obtain necessary financing to market its platform, and fund on-going sales and administrative expenses is uncertain. The ability of the Company to generate sales revenue to offset the expenses and maintain profitability is uncertain. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing from time to time, which it intends to obtain through the issue of common shares. While the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

## MANAGEMENT OF CAPITAL

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives; and
- To maximize shareholder return.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets.

The capital structure is reviewed by management and the board of directors on an ongoing basis. The Company considers its capital to be equity, comprising of share capital, warrant and option reserves, contributed surplus, accumulated other comprehensive loss and deficit which as at June 30, 2022, totaled \$409,042 and as of June 30, 2021, totaled \$2,911,123.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operating activities. Selected information is provided to the board of directors. The Company's capital management objectives, policies and processes have remained unchanged during the year ended June 30, 2022.

The Company is not subject to any capital requirements imposed by a lending institution or any other external capital requirements. The UK operating subsidiary ("MPNT") is subject to FCA regulatory capital adequacy requirements under which it is required to maintain a share capital balance in excess of accumulated deficit plus 10% of fixed operating costs from the previous year. The Company currently meets this requirement.

## SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. As of the date of this MD&A, the Company had 63,501,660 common shares outstanding.

As of the date of this MD&A, there were no stock options outstanding.

## RISK FACTORS

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors described below.

### **Credit Risk, Foreign Exchange Risk, Liquidity Risk, Cybersecurity Risk**

Financial instruments that could expose the Company to credit risk are primarily cash and cash equivalents and accounts receivable. The Company has deposited its cash in financial institutions with good reputations, and management considers the risk of losses to be negligible.

The Company is exposed to currency risk. To date, funds have been raised in Canadian currency (CAD) while expenses are largely in British Pounds (GBP) in the UK operating subsidiary. The Company continues to operate primarily in CAD at the holding level. However, the Company is exposed to foreign exchange risk on a portion of its accounts payable and accrued liabilities and its GBP bank account. Management is actively hedging a portion of that exposure to mitigate this.

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

The Company had cash and cash equivalents of \$740,389 at June 30, 2022 (June 30, 2021—\$2,984,005), to satisfy current liabilities of \$385,177 as at June 30, 2022, and \$156,083 as at June 30, 2021.

The Company is exposed to cybersecurity risks of hacking and data breaches, although the risk is mitigated as it does not hold client funds directly.

### **Competition**

The Company is competing in the online payments markets based in part on the Company's ability to execute its customers' orders at competitive prices, to retain its existing customers and to attract new customers. The Company's competitors range from small venture backed enterprises with limited resources to multi-national banks with larger customer bases, more established name recognition and substantially greater financial, marketing, technological and personnel resources than the Company has. The larger and better capitalized competitors, including commercial and investment banking firms, may have access to capital in greater amounts and at lower costs than the Company will have, and thus, may be better able to respond to changes in the payments industry, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally. The Company may not be able to compete effectively against

these firms, particularly those with greater financial resources, and the Company's failure to do so could materially and adversely affect the Company's business, financial condition and results of operations and cash flows.

### **Management**

The success of the Company is currently largely dependent on the performance of its management. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisers in supervising and providing for the effective management of the Company's business. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the UK Company and its prospects.

The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

### **OFF-BALANCE SHEET ARRANGEMENTS, COMMITMENTS, AND CONTINGENCIES**

As of the date of this MD&A, the Company has not engaged in any off-balance sheet arrangements, such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments, or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company. The Company has no commitments or contingencies.

### **PROPOSED TRANSACTIONS**

As of the date of this MD&A, there is no firm offer that may result in a material transaction being considered by the Company. The Company continues to evaluate offers and assets that it may acquire in the future.

### **RELATED PARTY TRANSACTIONS**

Related parties include the board of directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

- (a) Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).
- (b) The Company entered the following transactions with related parties:

**BLOCKMATE VENTURES INC. (FORMERLY MIDPOINT HOLDINGS LTD.)**

 MANAGEMENT DISCUSSION & ANALYSIS  
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021  
 DISCUSSION DATED: OCTOBER 26, 2022


	Year ended June 30, 2022	Year ended June 30, 2021
C. Comishin & Associates Inc. <sup>(1)</sup>	\$105,000	\$54,600
1018784 B.C. Ltd <sup>(2)</sup>	\$nil	\$25,000
Expadis Ltd. <sup>(3)</sup>	\$nil	\$48,541
John D'Agostino (Dagger Consulting Ltd.) <sup>(4)</sup>	\$nil	\$25,000
Zeus Capital Ltd. <sup>(5)</sup>	\$31,500	\$nil
<b>Total for period</b>	<b>\$136,500</b>	<b>\$153,141</b>

<sup>(1)</sup> For the year ended June 30, 2022, the Company expensed a total of \$105,000 (year ended June 30, 2021—\$54,600) to C. Comishin & Associates Inc. to provide accounting services to the Company. Corbin Comishin is a non-executive director of the Company and an owner of C. Comishin & Associates Inc.

<sup>(2)</sup> For the year ended June 30, 2022, the Company expensed a total of \$nil (year ended June 30, 2021—\$25,000) to 1018784 B.C. Ltd. to provide financial and business consulting services to the Company. Corbin Comishin is a director of the Company and an owner of 1018784 B.C. Ltd.

<sup>(3)</sup> For the year ended June 30, 2022, the Company expensed a total of \$nil (year ended June 30, 2021—\$48,541) to Expadis Ltd to provide business consulting services to the Company. David Wong is a director of the Company and a managing director at Expadis Ltd.

<sup>(4)</sup> For the year ended June 30, 2022, the Company expensed a total of \$nil (year ended June 30, 2021—\$25,000) to Dagger Consulting Ltd. for business consulting services to the Company. John D'Agostino a former director of the Company and an owner of Dagger Consulting Ltd.

<sup>(5)</sup> For the year ended June 30, 2022, the Company expensed a total of \$31,500 (year ended June 30, 2021—\$nil) to Zeus Capital Ltd. for business consulting services to the Company. Konstantin Lichtenwald is the Chief Finance Officer of the Company and an owner of Zeus Capital Ltd.

(c) Remuneration of directors and key management of the Company was as follows:

Salaries and benefits	Year ended June 30, 2022	Year ended June 30, 2021
Domenic Carosa, President and CEO	\$6,250	\$nil
David Wong	\$261,264	\$95,836
Corbin Comishin, former CFO	\$77,104	\$6,250
Hertz Zhang	\$nil	\$57,818
John D'Agosnito	\$nil	\$6,250
Justin Rosenberg	\$5,960	\$nil
Anthony Zelen	\$nil	\$2,083
Derek Ivany	\$nil	\$6,250
Dr. Georg Hochwimmer	\$25,000	\$6,250
<b>Total for the quarter</b>	<b>\$375,578</b>	<b>\$180,764</b>

**BLOCKMATE VENTURES INC. (FORMERLY MIDPOINT HOLDINGS LTD.)**

MANAGEMENT DISCUSSION & ANALYSIS  
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021  
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No share-based payments have been made to the directors or key management for this quarter or year.

#### ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

General and Administrative Expenses	Three months ended June 30, 2022	Three months ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2021
Amortization and depreciation	\$95,533	\$23,190	\$108,909	\$25,740
Filing and transfer fees	\$7,289	\$3,887	\$24,365	\$29,337
General and administrative expenses	\$91,278	\$27,730	\$278,877	\$120,571
Marketing	\$47,137	\$34,913	\$134,729	\$72,714
Salaries and benefits	\$416,707	\$99,620	\$739,185	\$296,187
Professional and consulting fees	\$224,130	\$101,970	\$771,806	\$393,977
Software Development and Website costs	\$75,821	\$(6,647)	\$233,898	\$136,563
Salaries and benefits	\$416,707	\$99,620	\$740,374	\$296,187
<b>Total</b>	<b>\$957,895</b>	<b>\$284,663</b>	<b>\$2,292,958</b>	<b>\$1,075,089</b>

Other Items	Three months ended June 30, 2022	Three months ended June 30, 2021	Year ended June 30, 2022	Year ended June 30, 2021
Impairment on intangibles	\$88,633	-	\$88,633	-
Impairment on equipment	\$253,157	-	\$253,157	-
Premium on acquisition of subsidiary	\$2,250,000	-	\$2,250,000	-

#### SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2022, the Company had the following events:

On July 6, 2022, the Company announced that its subsidiary, Hivello, has entered into a partnership with Web3 infrastructure company DLTx to expand the Hivello network of Internet of Things (IoT) hotspots.

Based in Oslo and publicly listed on the Oslo Stock Exchange, DLTx specializes in protocols that provide predictable value both in utility and economics with a strong record in identifying growth opportunities in the Web3 space. This includes its involvement in bitcoin mining for many years as an early investor in one of the largest industrial-scale bitcoin mining operations in North America.

By partnering with DLTx, Hivello will secure access to DLTx's suppliers, financiers and management expertise which have been at the forefront of developing and launching 10 of the most important protocols in the blockchain space, including ethereum.

Hivello will issue equity to DLTx which will receive a 40-per-cent stake in Hivello while Blockmate retains the remaining 60 per cent. Both parties will be subject to dilution from new capital on a pro rata basis from Hivello's current \$5-million (U.S.) capital raise through private equity channels. DLTx will also be invited to appoint a representative to Hivello's board of directors.

As one of the blockchain businesses within the Blockmate portfolio, Hivello is expanding the Helium IoT (Internet of things) blockchain network which operates globally, independent of cellular network carriers and with lower power consumption. Helium has more than 880,000 connected hotspots that transfer data from IoT devices to the cloud using the network's LoRaWan protocol and includes customers such as Salesforce and Lime using the network.

Utilizing a proprietary algorithm, Hivello is able to maximize the earning capacity of each hotspot owned within the network, conducting location analysis powered by data science, radio frequency analysis and years of team experience. Once an applicant's location is approved, it can earn passive income by hosting a Hivello hotspot at its premises.

On September 21 2022, the Company announced that its subsidiary Midpoint & Transfer Ltd., has commenced beta testing of a new mobile app developed to provide peer-to-peer foreign exchange (FX) services.

Midpoint Holdings commenced an internal restructure in March 2022 following its acquisition of Blockchain World Ltd. Following that acquisition, the Company was re-named Blockmate Ventures Inc while the Midpoint FX business continued operations and commenced a digital transformation strategy, starting with a business rebrand and the development of a mobile app. Development of the app has now progressed to beta testing where the app provides all services previously offered on the browser-based Midpoint platform, with a more dynamic interface designed for users that primarily use mobile devices for their financial services.

As of August 2022, mobile internet traffic accounted for 59.4% of all global internet traffic which is more than 5x the size in 2012 when accounting for just 10.88% of global internet traffic and 2.94% in 2010 when Midpoint was first launched.

## DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

On November 23, 2007 the British Columbia Securities Commission exempted registered venture issuers, of which the Company is one, from certifying certain disclosure controls and procedures. In contrast to the certificate required for non-venture issuers under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial

reporting (“ICFR”), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s generally accepted accounting principles (IFRS).

The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

#### **CRITICAL ACCOUNTING ESTIMATES**

The Company’s significant accounting policies are presented in Note 2 of the consolidated financial statements for the year ended June 30, 2022.

The determination as to the existence and measurement of any impairment requires management to make significant estimates and assumptions, which includes estimated future cash flows, discount rates and estimated useful life. These significant estimates and judgments could impact the Company’s future results if the current estimates of future performance and fair value change. This could affect the amount of amortization expense and any impairment charges on intangible assets in future periods.