

GLOBALBLOCK DIGITAL ASSET TRADING LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE NOTED)

GLOBALBLOCK DIGITAL ASSET TRADING LIMITED
Management's Discussion & Analysis
(Expressed In Canadian Dollars Unless Otherwise Noted)
Three and Six Months Ended June 30, 2022

Introduction

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of GlobalBlock Digital Asset Trading Limited (the "Company" or "GBDAT") constitutes management's review of the factors that affected the Company's financial and operating performance for the six months ended June 30, 2022 and 2021. 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 annual consolidated financial statements of the Company for the years ended December 31, 2021 and 2020, together with the notes thereto and the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2022. Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as of 29th August, 2022 unless otherwise indicated.

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") in preparing the aforementioned financial statements of the Company.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors of the Company (the "Board"), 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 Company's common shares; (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, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

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 statements 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.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned the assumptions underlying such statements may prove to be incorrect. 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.

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

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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.

2022 Corporate Highlights and Subsequent Events

In July 2021, the Company completed its acquisition of GlobalBlock Limited ("GlobalBlock UK" or "GB UK"), cementing the Company's focus and providing a roadmap for growth and development within the digital asset space. In addition, during the six months ended June 30, 2022, the Company's highlights included:

- The Company completed transition of its digital asset brokerage business to the European Union and has been onboarding new clients and counterparties to its European Union based and Lithuanian incorporated subsidiary, GlobalBlock Europe, UAB.
- As at June 30, 2022, the Company had \$1.4 million in working capital (Dec 31, 2021 - \$4.3 million) and cash on hand of \$1.4 million (December 31, 2021 - \$3.1 million); and
- Earned revenues of \$899,445; using cash in operations of \$6,650,285 and having a net loss for the six months ended June 30, 2022 of \$3,486,587.
- Repositioned the technology team with commitments from high quality, reliable out-sourced developers led by consultant Cynan Rhodes. Cynan is well known to the management team and has a long track record of delivery.
- The GlobalBlock mobile trading app went live for internal testing, with subsequent release to Apples' app store and Google's Play store in early August 2022.
- The Company's technology plans have made significant progress in terms of their flexibility and scope by the design and implementation of the GlobalBlock Engine. This platform enables cross channel reporting and risk management. Its data aggregation and reporting abilities can enable both accurate and timely financial reporting alongside incorporating new crypto asset classes and trading partners and Version 1 became internally functional during this period.
- Despite earlier interest in Decentralised Finance (DeFi) from mainly professional trading clients, the Company decided against engaging in yield strategies until more clarity was available.
- The Company's brand awareness grew with increasing press coverage across both crypto and mainstream media publications.

Description of Business

GBDAT is a publicly traded holding company (TSX Venture: BLOK) whose wholly owned subsidiary, GlobalBlock Europe UAB ("GBE" or "GlobalBlock Europe") is a Lithuania based digital asset broker that provides a personalised telephone brokerage service, trading platform and mobile app. Established by an experienced team of financial services professionals, GBE acts as a trusted agent serving the digital asset needs of individuals, corporates, institutional financial firms and intermediaries, providing best execution trading and safe custody of digital assets.

Outlook

In conjunction with the acquisition of GlobalBlock UK's brokerage business and the transition of that business to GlobalBlock Europe, the Company's focus continues towards the development and adoption of digital assets, services, and platforms. The digital asset bear market of 2022, that may have seen capitulation in Q2, is showing signs of relenting. This has been an optimal time to focus on the Company's technology and operations. Management remains of the view that any tradeable asset will eventually be transacted via crypto platforms or rails. This presents an exciting opportunity for the future, opening the door to an infinite marketplace. GlobalBlock Europe now offers over 100 digital assets to trade via the phone and secure messaging along with a mobile app and is reconfiguring its web-based platform to include

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API access that will present further integrational opportunity with new partners and technology. GlobalBlock Europe owns 100% of the IP for its new mobile app, launched in early August 2022. Continuing momentum to build out the infrastructure to support growth in 2022, alongside maintaining its commitment to regulation, security and transparency will be key to leveraging the Company’s marketing program. The soft-launched “refreshingly human” campaign of 2021 into 2022 has been developed to accentuate the ease of onboarding and access to real service with a human touch, via the app. More upgrades to this app are planned throughout H2 2022. The Company is developing its own data engine (the GlobalBlock Engine) that will power reporting across transactional data and finance. This is already in operation and will develop over time to manage all data and tech integrations. It is anticipated the IP associated with this software will become ever more valuable, especially for public company reporting in the digital asset sector where the multitude of non-homogenous data sources and service providers presents unique challenges. The Company’s brand and presence continues to grow, with ever increasing exposure across both mainstream media and crypto-specific media channels. The team constantly builds on its extensive knowledge in digital assets, and this is conferred to mainstream media outlets where the business’s share of voice gets ever louder.

The Company’s focus is to provide market leading service to its existing and growing client base whilst increasing market share. As the regulatory regime in Europe develops with Market in Crypto Assets Regulation (MiCA) and its currently scheduled readiness for 2024, the Company looks forward to meeting those requirements and developing its European client base. There are unknown risks as to the details of MiCA and how this may affect the business, but management remains confident these challenges can be met.

Discussion of Operations

Financial Performance

The results for the six months ended June 30, 2022 are not comparable to the same periods in the prior year given the Company’s significant acquisition of GlobalBlock UK in July 2021; prior to this date, GBDAT’s operations primarily consisted of holding costs, such as legal, accounting and audit and general and administrative.

For the six ended June 30, 2022, the Company incurred a net loss of \$3,486,587 (2021 - \$444,108). For the three months ending June 30, 2022 the Company incurred a net loss of \$1,765,177 (2021 - \$198,537) and the significant components included the following:

	6 Months ended June 30, 2022	<i>Explanation</i>
<i>Revenue</i>	\$899,445	<ul style="list-style-type: none"> - Revenue earned from brokering services since the acquisition of GB UK in July 2021 - Includes over 1619 trades, indicating an average value per trade for the period of Jan – June 2022 of \$40,513
<i>Wages & payroll</i>	\$1,647,405	<ul style="list-style-type: none"> - Compensation includes new management - Team in UK includes over 23 employees, including a sales team prepared for outreach

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	6 Months ended June 30, 2022	Explanation
<i>General & admin</i>	\$1,294,581	<ul style="list-style-type: none"> - Includes legal, accounting and audit professional fees of \$307,450 for operating in three jurisdictions, stock listed obligations and compliance. - D&O insurance costed \$85K based on accrual accounting. - Includes \$74,817 of IT operations to support the platform and mobile app, as well as a customer relationship management system and other integrations - \$175,788 was spent in consulting for GB Canada entity - \$151,722 was rent cost for London office. - G&A also includes rent, insurance, listing fees, and other administrative items
<i>Sales & marketing</i>	\$209,334	<ul style="list-style-type: none"> - \$95K was spent on PR activity and \$50k was expensed for hiring Head of Marketing in London office. - Includes fees to update Company's websites, branding, and media, and development of marketing campaign
<i>Share-based payments</i>	\$411,363	<ul style="list-style-type: none"> - Share-based payments relates to the vesting of options granted throughout Q1 and Q2 2022

	3 Months ended June 30, 2022	3 Months ended June 30, 2021	Variance	Explanation
<i>Revenue</i>	\$428,775	\$0	\$428,775	Revenue earned from brokering services since the acquisition of GB UK in July 2021 Includes over 766 trades, indicating an average value per trade for the period of Apr – June 2022 of \$42,067
<i>Wages & payroll</i>	\$905,277	\$31,651	\$873,626	Compensation includes new management Team in UK includes over 23 employees, including a sales team prepared for outreach
<i>General & admin</i>	\$708,038	\$198,320	\$509,718	Includes legal, accounting and audit professional fees of \$105,070 for operating in three jurisdictions, stock listed obligations and compliance. D&O insurance costed \$40K based on accrual accounting. Includes \$45,115 of IT operations to support the platform and mobile app, as well as a customer relationship management system and other integrations \$87,887 was spent in consulting for GB Canada entity \$75,861 was rent cost for London office. G&A also includes rent, insurance, listing fees, and other administrative items

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	3 Months ended June 30, 2022	3 Months ended June 30, 2021	Variance	Explanation
<i>Sales & marketing</i>	\$71,609	\$0	\$71,609	\$72K was spent on PR activity and \$50k was expensed which includes fees to update Company's websites, branding, and media, and development of marketing campaign
<i>Share-based payments</i>	\$214,861	\$0	\$214,861	Share-based payments relates to the vesting of options granted throughout Q2 2022. No options granted or vested in the three months ended June 30, 2021

Other items for the six months ended June 30, 2022 included:

- *Fair value adjustments \$210,649* this relates to fair value adjustments on the digital assets held and converted, which are collected as revenue for brokering services.
- *Impairment of intangible asset (\$150,000)* – Management assessed the patents acquired, and in light of the GlobalBlock UK acquisition, determined there was significant uncertainty on the future recoverability of the value of the patents. The Company plans to maintain and continue to advance patents, subject to available resources and expertise.
- Foreign exchange loss of 292,852.
- Cumulative translation adjustment of 635,854. This relates to revaluation differences between monetary and non-monetary balances. Average Fx rate CAD to GBP for the quarter is 1.6045 & Fx rate at as 30 June 2022 is 1.5663

Other items for the three months ended June 30, 2022 included:

- *Fair value adjustments \$294,462* this relates to fair value adjustments on the digital assets held and converted, which are collected as revenue for brokering services.
- Foreign exchange loss of 11,008.
- Cumulative translation adjustment of 329,404. This relates to revaluation differences between monetary and non-monetary balances. Average Fx rate CAD to GBP for the quarter is 1.6045 & Fx rate at as 30 June 2022 is 1.5663

Liquidity and Financial Position

As at June 30, 2022, the Company held unrestricted cash of \$1,359,270 and had working capital of \$1,365,095. Included in working capital is \$260,851 of digital assets held on account of the Company. For the six months ended June 30, 2022, the Company used cash in operation of \$6,650,285 while cash used in investing activities was \$71,742, and cash provided by financing activities was \$0.

The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations. The Company may need to obtain additional funding from loans or equity financings or through other arrangements. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

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Selected Quarterly Information

Three Months Ended	Revenues (\$)	Net Loss (\$)	Net Loss (Per Share) (\$)
June 30, 2022	428,775	(2,094,581)	(0.02)
March 31, 2022	470,670	2,027,860	(0.02)
December 31, 2021	635,409	(32,472,636)	(0.61)
September 30, 2021	838,433	(3,238,781)	(0.03)
June 30, 2021	nil	(198,537)	(0.00)
March 31, 2021	nil	(245,571)	(0.00)
December 31, 2020	nil	(192,120)	(0.00)
September 30, 2020	nil	(93,730)	(0.00)
June 30, 2020	nil	(161,183)	(0.00)

Related Party Transactions

The amounts in the table below are amounts recognized as expense related to directors and senior officers identified as key management personnel by the Company, which includes the directors, CEO, CFO, COO and T. Bullman, K. Thompson and P. Bullman. The following table is for the six months ended June 30, 2022 and 2021:

	2022	2021
Paid to the Company's CEO	\$ 32,892	72,620
Paid to the Company's COO	28,193	-
Paid to a company controlled by the CFO	39,157	15,000
Paid to key management of GB UK		-
Paid to non-executive directors	75,181	27,500
Paid to a law firm which has a former director as a partner	32,102	69,240
Rent paid to a company controlled by officers of the Company	62,024	-
Share-based compensation	55,414	-

As at June 30, 2022, \$34,993 was due to related parties and included in accounts payable and accrued liabilities.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Share Capital

As of the date of this MD&A, the Company had 104,948,741 issued and outstanding common shares and outstanding dilutive instruments as follows:

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- i) 140,000 agent's options, \$1.50 exercise price, expiring in April 1, 2023
- ii) 650,525 options, \$0.95 exercise price, expiring June 5, 2023
- iii) 300,000 options, \$0.23 exercise price, expiring June 13, 2024
- iv) 1,330,000 options, \$0.82 exercise price, expiring July 22, 2026
- v) 1,000,000 options, \$0.95 exercise price, expiring August 9, 2026
- vi) 500,000 options, \$0.75 exercise price, expiring October 4, 2026.
- vii) 250,000 options, \$0.71 exercise price, expiring December 2, 2026
- viii) 250,000 options, \$0.34 exercise price, expiring March 14, 2027
- ix) 500,000 options, \$0.34 exercise price, expiring May 3, 2027
- x) 50,000 options, \$0.135 exercise price, expiring June 9, 2027

In addition, as of the date of this MD&A, there are 33,915,000 shares in escrow to be released in tranches through to July 2023. Further 800,000 options were issued on August 4, 2022, \$0.25 exercise price, expiring August 4, 2027.

Financial instruments and digital asset risk

As at June 30, 2022, the Company's financial instruments consist of cash, cash held for clients, receivables, deposits, accounts payable and accrued liabilities and client deposits liability.

The fair values of financial assets and financial liabilities are characterized using a hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. - as prices) or indirectly (i.e.: derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payments obligations. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and cash on deposit with exchanges and third parties. The Company has no interest-bearing debt. The Company manages its credit risk by using reputable financial institutions. Management believes that the credit risk concentration with respect to cash held at banks is remote since all cash is held with financial institutions of reputable credit.

The Company limits its credit risk of digital assets by placing these assets with counterparties on which the Company has performed internal due diligence procedures. The Company's ongoing due diligence procedures including procedures around on-boarding new counterparties which includes review of counterparty AML and KYC policies, review of market information specifically regarding various counterparties' security and solvency risk, and monitoring balance limits for each counterparty, as well as security processes around custodial private keys. The Company believe that these processes limit its exposure to credit risk with respect to its digital assets.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30 2022, the Company is not exposed to any significant interest rate risk.

(iii) Currency risk

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Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the portion of brokering fee revenues charged in fiat, and the costs that the Company incurs in its operations.

The majority of the Company's expenditures are incurred in the British pound, the functional currency of GlobalBlock UK. GlobalBlock UK most significant denomination of revenue is the British pound, however, it also collects revenue in US dollars, Euro and numerous digital assets. For the Canadian parent, GBDAT, the majority of expenses are incurred in Canadian dollars, which is also the currency in which the Company has historically raised capital and is the functional currency of the entity. While transactions in foreign currencies, and the fluctuation of foreign currencies to each entity's respective functional currency will impact the profitability of the Company, the Company seeks to minimize exposure to currency risk by ensuring revenues and expenses are in the same currency as much as possible.

As of June 30, 2022, the Company's is exposed to USD foreign exchange risk through the financial assets and liabilities denominated in USD with regards to the Company's subsidiary, GB UK. The net monetary position in USD by GB UK as at June 30, 2022 is US\$1,181,099 and a 10% change in the foreign exchange rate would cause a \$120K change in Company's net income before taxes.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. The Company manages cash projections centrally and regularly updates projections for changes in business forecasts and fluctuations caused by changes in digital asset prices and foreign exchange rates. All of the Company's liabilities are short term in nature and mature within 30 days of June 30 2022.

(v) Digital asset risk

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions, as well as general public sentiment. The Company maintains an investment in digital assets as a result of earning revenues denominated in cryptocurrencies which may be subject to significant changes in value and therefore exposed to market risk with the fluctuation in market prices, and in addition, the profitability of the Company is directly related to current and future demand for digital assets. The Company monitors this risk on a daily, weekly and monthly basis to make informed decisions on the degree of exposure the Company has to the volatility of the digital asset market.

(vi) Counterparty risk

The Company holds customers' digital assets through self-custody solutions, Company accounts with crypto asset exchanges and counterparties, and custodians. The Company's custody strategy is designed to support liquidity and efficient trading by ensuring digital assets are readily available to deploy in client requested trades, while ensuring the digital assets are also safeguarded against theft, hacks, or security breaches. The Company continuously monitors its cash and digital asset balances maintained with its various counterparties, as well as monitors the counterparties themselves, evaluating their systems, controls, public disclosures, insurance, reputation and liquidity processes. Based on the Company's ongoing diligence of the counterparties, and the available digital assets that can be held, the Company

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prioritizes holding digital assets at counterparties with external evaluation of their controls (such as SOC reports), self-custody cold storage solutions and counterparties which may offer insurance coverage in certain circumstances.

Digital assets are controllable by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the digital assets are held. The networks require a public key relating to a digital wallet to be published when used in a spending transaction and, if private keys are lost or destroyed, this could prevent trading of the corresponding digital asset. Security breaches, computer malware, and computer hacking attacks have been a prevalent concern in the digital asset exchange markets. The Company has committed to securely store all digital assets it holds on behalf of its users and as such the Company may be liable to its users for losses arising from the theft or loss of user private keys. The Company has no reason to believe it will incur any expense associated with such potential liability because i) it has no known or historical experience of claims to use as a basis of measurement ii) it accounts for and continually verifies the amount of digital assets within its control and iii) it has established security around custodial private keys to minimize the risk of theft or loss.

(vii) Permits and licenses

Certain operations of the Company and its operating subsidiaries, GlobalBlock UK and GlobalBlock Europe, require licenses and permits from various governmental authorities. GlobalBlock UK formerly operated as a digital asset broker in the United Kingdom under the consent of the Financial Conduct Authority in the United Kingdom until May 25, 2022. GlobalBlock Europe was incorporated for the purpose of transitioning the digital asset broker business to Lithuania and becoming a European based Virtual Asset Service Provider (being a virtual currency depository wallet operator and virtual currency exchange operator). While this transition occurred on May 25, 2022, GlobalBlock Europe is not a licensed financial services provider and is not supervised by the Bank of Lithuania. GlobalBlock Europe, UAB is supervised by the Financial Crime Investigation Service under the Ministry of Interior of the Republic of Lithuania within the scope of the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania and other legislation stemming thereof.

Failure or delays in obtaining necessary approvals for licenses and permits, could have a materially adverse effect on the Company's financial condition and result of operations. Should the Company seek to expand its business, it will need to comply with the laws and regulations of each jurisdiction in which it carries on such business. There is no assurance that the Company (through its operating subsidiaries) will be able to comply with the laws and regulations of each jurisdiction in which it seeks to expand.

Custody and Safekeeping of digital currencies

As of the date of this MD&A, GlobalBlock Europe, UAB only accepts United Kingdom and Lithuania resident clients or customers for its digital asset broker or trading services. To be specific, measures (including comprehensive AML/KYC procedures) have been implemented to prevent residents in the provinces and territories of Canada and the United States from becoming clients or customers owing to regulatory restrictions. The Company aims to conduct business to the highest industry standards and within the constantly developing global, regulatory environment with regards to digital assets.

The Company holds clients' digital assets primarily through self-custody solutions including the Qredo platform (<https://www.qredo.com/>), cold storage, and the Company's accounts with exchanges and liquidity providers ("Trade Providers"). The Company's custody strategy is designed to support liquidity and efficient trading by ensuring digital assets are readily available to deploy in client requested trades, while ensuring digital assets are safeguarded against theft, hacks or security breaches.

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The Company prioritizes holding digital assets with Qredo, however, the need for liquidity requires the Company to maintain accounts with exchanges, liquidity providers and hot and cold storage, and Qredo is currently limited in the breadth of currencies it supports. Private keys for hot and cold storage are maintained by officer and director of the Company, while third parties require various levels of authorizations, and where possible, multiple levels of authorization. Settlement procedures by the Company seek to minimize balances held at Trade Providers and ensure that digital assets are settled back within the Company's MPC wallet with Qredo, or where the digital asset is not yet supported by Qredo, the Company's cold storage, a single signatory solution, or at times, select Trade Providers that have robust security procedures, including implementation of MPC. The Company's Trade Providers are primarily located in United Kingdom and the United States and the Company has a due diligence program it maintains on an on-going basis, for all Trade Providers which includes assessing security, reputation, liquidity levels in applicable digital assets, capitalization, management and ownership, internal control and operational practices, as well as legal and regulatory status. The Company maintains certain IT security protocols to ensure secure access and oversight of Trade Providers and the Company platform to ensure appropriate movement of digital assets.

Significant Accounting Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. See Note 3 of the consolidated financial statements for the six months ended June 30, 2022 for a detailed discussion of significant estimates and critical judgements.

Risks Factors

Permits and licenses

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Failure or delays in obtaining necessary approvals for licenses and permits, could have a materially adverse effect on the Company's financial condition and result of operations. Should the Company seek to expand its business, it will need to comply with the laws and regulations of each jurisdiction in which it carries on such business. There is no assurance that the Company (through its operating subsidiaries) will be able to comply with the laws and regulations of each jurisdiction in which it seeks to expand.

Management experience and dependence on key personnel, employees and third party providers

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The Company's success is currently largely dependent on the performance of its directors and officers, and key management and employees of its operating subsidiaries. The management team and key employees have specialized expertise within the cryptocurrency industry. The experience of these individuals is a factor which will contribute to the Company's continued success and growth. The amount of time and expertise expended on the Company's affairs by each of its management team, key management and employees of its operating subsidiaries and the directors will vary according to the Company's needs. The loss of any of these individuals could have a material detrimental impact on the Company's business. The Company does not intend to acquire any key man insurance policies for any of its current executives and key employees, and therefore there is a risk that the death or departure of any key member of management, a director, or employee or consultant could have a material adverse effect on the Company's future. Investors who are not prepared to rely on the Company's management team and board of directors should not invest in the Company's securities.

Competition from other digital asset / cryptocurrency companies

In the cryptocurrency industry, there exist multiple exchanges and brokers offering online trading and wallets. In contrast, the Company (through its operating subsidiaries) delivers best execution for every customer by providing a more personalised platform whereby customers are able to gain access through the telephone brokerage service, trading platform and mobile app of the Company's operating subsidiaries. Other market participants in the cryptocurrency industry include investors and speculators, retail users transacting in cryptocurrencies, and service companies that provide a variety of services including buying, selling, payment processing and storing of cryptocurrencies.

There are material risks and uncertainties associated with the Company's anti-money-laundering ("AML"), "know your customer" ("KYC") and other protocols to detect and deter illegal activity on the Company's platforms

The Company seeks to implement and maintain anti-money-laundering, "know your customer" and other policies and procedures that are consistent with applicable United Kingdom and non-UK law and regulation and with financial services industry best practices. Nonetheless, the Company may not be able to prevent illegal activity from occurring on or through its platforms, including the unauthorized use of a validly opened account. The use of cryptocurrencies or other digital assets for illegal purposes on or through the Company's platforms, or allegations or investigations with respect to potential such use, could result in significant legal and financial exposure to the Company and damage to the Company's reputation. Similarly, failure to meet applicable AML/KYC legal and regulatory requirements could result in regulatory fines, sanctions or restrictions, which in each case could materially and adversely affect the Company's reputation, financial condition, trading execution, and asset value and the value of any investment in the Company. Furthermore, the Company will use and rely on third-party service providers to complete key aspects of AML/KYC screenings. Although the Company will perform due diligence on such providers, there can be no assurance that in all events such providers will detect all potential illegal activity or comply with all aspects of applicable law and regulation. If such a provider were to fail to perform to agreed standards or maintain full compliance, it could have a material and adverse effect on the Company's business and operations.

The Company's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk

The Company's investment strategy may rely heavily on the use of proprietary and non-proprietary software, data and intellectual property of the Company and third parties in the digital asset sector. The reliance on this technology and data is subject to a number of important risks. First, the operation of any element of the cryptocurrencies or digital assets network or any other electronic platform may be severely and adversely affected by the malfunction of its technology and the technology of third parties. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force,

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or as result of a design flaw in the design and operation of the network or platform. Furthermore, if the Company's software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the assets of the Company could be materially and adversely affected. Cybersecurity breaches and other systems and technology problems may materially and adversely affect the Company.

Additional Funding Requirements

Further expansion of the Company's business outside of the United Kingdom and Lithuania will require additional capital; and the ongoing costs of operations may not generate positive cash flow for the near or long term. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares from treasury, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Market Risk for Securities

There can be no assurance that an active trading market for the Company's shares will be sustained. The market price for the Company's shares may be subject to wide fluctuations. Factors such as government regulation, cryptocurrency price fluctuations, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Foreign Exchange Risk

The Company is a Canadian company, and most of its fund raising is done in Canadian dollars. Most of the expenses and revenues of the Company's subsidiaries are denominated in British Pounds or Euro. As a result, the Company is subject to foreign exchange risks relating to the relative value of the British Pound or Euro as compared to the Canadian dollar.

Limited operating history

The Company (and its operating subsidiaries) has a relatively limited history of operations in the digital asset / cryptocurrency sector. The Company (and its operating subsidiaries) will be subject to many risks common to start-up enterprises and its viability must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of development in new and rapidly evolving markets such as the digital asset / cryptocurrency market. This includes, without limitation, under-capitalization, cash shortages, limitations with respect to personnel, and lack of revenues and/or other resources (financial or otherwise). The Company does not generate significant revenue from operations, and there is no assurance that it will develop its business profitably, and the likelihood of success of the Company must be considered in light of the Company's early stage of operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment.

Changes in the value of digital assets / cryptocurrencies may affect trading

The markets for digital assets / cryptocurrencies have experienced much larger fluctuations than other markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of cryptocurrency declines, the value of an investment in the Company will likely decline. Several

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factors may affect the price and volatility of cryptocurrency including, but are not limited to: (i) global cryptocurrency demand, depending on the acceptance of cryptocurrency by retail merchants and commercial businesses; (ii) the perception that the use and holding of cryptocurrency is safe and secure, and the related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) conversely, heightened regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between cryptocurrency and fiat currency; (vii) fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges; (viii) interruption of services or failures of major cryptocurrency exchanges; (ix) general governmental monetary policies, including trade restrictions, currency revaluations; (x) global or regional political, economic or financial events and situations, including increased threat or terrorist activities; and/or (xi) self-fulfilling expectations of changes in the cryptocurrency market. As well, momentum pricing is typically associated with assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Momentum pricing of cryptocurrency may result in speculation regarding future appreciation in the value of cryptocurrency. As a result, changing investor confidence could adversely affect an investment in the Company.

The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in digital assets / cryptocurrencies is subject to a variety of factors that are difficult to evaluate

The use of digital assets / cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect the Company's operations. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of digital assets / cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of digital assets / cryptocurrencies generally.

Acceptance and/or widespread use of digital assets / cryptocurrency is uncertain

Currently, there is relatively small use of digital assets/ cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability. As relatively new products and technologies, cryptocurrency has not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's business.

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Misuse of cryptocurrencies and malicious actors

Since the existence of cryptocurrencies, there have been attempts to use them for speculation or malicious purposes. Although lawmakers increasingly regulate the use and applications of cryptocurrencies, and software is being developed to curtail speculative and malicious activities, there can be no assurances that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology could lead to a malicious actor being able to alter the blockchain on which cryptocurrency transactions rely. In such circumstances, the malicious actor could control, exclude or modify the ordering of transactions, or generate new cryptocurrency or transactions using such control. Such changes could adversely affect an investment in the Company.

The emergence of DeFi subjects us to evolving risks and uncertainties

We have held and may at any point hold investments in select DeFi protocols, both for the company and on behalf of some professional clients. These protocols achieve their investment purposes through self-executing smart contracts that allow users to invest crypto assets in a pool from which other users can borrow without requiring an intermediate party to facilitate these transactions. These investments effectively earn interest to the investor by earning tokens for supplying liquidity to the protocol selected. These tokens fluctuate in their market price and the effective interest earned is dependent upon this price. These investments can generally be withdrawn with no restrictions. However, these DeFi protocols pose heightened regulatory concerns and are subject to various risks, including the risk that the underlying smart contract is insecure, the risk to lenders that excessive market moves could obliterate collateral held against these loans and that the investor will not be able to recover their initial investment, the risk that any token rewards may experience significant volatility, and the risk that fees build into the protocols can fluctuate and impact returns. If any of these risks materialize, investments in these DeFi protocols may be adversely impacted and all such investments may be lost.

DeFi refers to a variety of blockchain-based applications or protocols that provide for peer-to-peer financial services using smart contracts and other technology rather than such services being offered by central intermediaries. There are numerous DeFi applications and protocols, each with its own unique risks and uncertainties. Common DeFi applications include borrowing/lending digital assets and providing liquidity or market making in digital assets. DeFi applications and ecosystems are demonstrating how public blockchains and smart contracts can revolutionize financial services, but the nascent technology comes with several risks that could materially and adversely affect investments and trading strategies. It is difficult to quantify the amount of leverage that exists within the DeFi ecosystem and price volatility can result in deleveraging that moves asset prices dramatically. In addition, smart contracts may contain bugs which put funds at risk of theft or loss. Furthermore, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls. The complexity and interconnectedness of digital asset networks, applications, and economic systems enables new forms of malicious attacks that leverage a feature or vulnerability of one system to attack another. Such an attack may take the form of a temporary manipulation of the price of certain digital assets that trigger second order behaviors, such as automatic collateral liquidations on decentralized applications or digital asset trading platforms. Such an attack could adversely affect investments. A malicious actor can exploit the structure of one or a series of smart contracts or applications in ways that do not technically constitute exploitation of a "bug" or flaw in the smart contract or application.

Uninsured or Uninsurable Risks

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure

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because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

Pandemics and COVID-19

The Company cautions that current global uncertainty with respect to the spread of COVID-19 and its effect on the broader global economy may have a significant negative effect on the Company. The rapid spread of COVID-19 may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure 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, results of operations and cash flows of the Company, as of the date of and for the periods presented.

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 Company uses the Venture Issuer Basic Certificate, which 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 this 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 office are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this 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.