

## SQUIRE MINING LTD.

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### MANAGEMENT'S DISCUSSION & ANALYSIS for the twelve months ended October 31, 2018

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**Date of Report:** December 31, 2018

The following Management's Discussion & Analysis ("MD&A") for Squire Mining Ltd. ("Squire" or the "Company") should be read together with the interim unaudited financial statements and accompanying notes for the twelve months ended October 31, 2018 and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). Readers should also refer to the Company's audited financial statements and accompanying notes for the year ended October 31, 2017 and the Company's accompanying annual MD&A dated February 9, 2018. All amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A includes certain statements that may be deemed "forward-looking statements". Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

#### **Change in Fiscal Year End**

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Following the Company's recently completed change of business (from mineral resource exploration to the development, operation and manufacture of data mining infrastructure and system technology to support global enterprise blockchain applications, including ASIC chips and next generation mining rigs to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies and in order to better align the Company's fiscal year end with industry norms in the blockchain and cryptocurrency industries, the Company has changed its fiscal year end from October 31 to December 31, commencing December 31, 2018. Accordingly, the financial statements for the twelve months ended October 31, 2018 are unaudited.

#### **Nature of Business and Overall Performance**

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The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 23, 2011 under the name "0906251 B.C. Ltd.". The Company changed its name to "Squire Mining Ltd." effective January 13, 2015. The Company is listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "SQR". Effective April 5, 2018, the Company's common shares commenced trading on the Frankfurt Stock Exchange in Germany under the symbol "9SQ". Effective September 19, 2018, the Company's common shares commenced trading on the OTCQB Venture Marketplace in the United States under the symbol "SQRMF".

The Issuer is engaged in the business of developing and operating data mining infrastructure and system technology to support global blockchain applications in the mining space. The Issuer is currently developing its initial next generation ASIC chip and mining rig to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies and anticipates completing the initial manufacture and assembly of a pilot production test run of such chip and rig by the second quarter of 2019.

Management would like to highlight that towards the end of 2018, there has been significant volatility in the global crypto-asset and blockchain technology sector and that differences in planned Capex and Operational forecasts are a direct result of ongoing business adjustments based on market conditions. These adjustments are most evident in potential reductions to the scale of the development and production of the initial ASIC chips and rigs. This is to ensure that the Company is able to release a competitive product that can be assessed by the market at a time where deployment can be scaled rapidly. This will likely occur when general market conditions improve in the crypto-asset and blockchain sector.

As part of the operational diversification strategy, the Company is allocating previously reserved funds to the establishment of low cost mining operations to build a sustainable operating business over the ensuing 12 months. This is currently dependent on the CoinGeek transaction (described in detail below) closing. Additionally, this change in use of funds is dependent on the formal approval of each of the purchasers in the C\$25,000,000 private placement financing. Management is actively reviewing other crypto mining opportunities that may be available for acquisition.

### ***Change of Business***

In March 2018, Squire began investigating opportunities in the blockchain and digital asset sectors in the belief that recent rapid growth in such sectors presented opportunities for new providers developing next generation data mining infrastructure and system technology including application specific integrated circuit (ASIC) chips and mining rigs for Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies; one of the central foundations underpinning the cryptocurrency industry. Such investigation resulted in the Company entering into an agreement with Peter Kim, a business executive with extensive experience in, among other things, chip design and system architecture, to undertake, on an exclusive basis, the joint development of ASIC chips to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies. Since that time, the Company has undergone a change of business from mineral exploration to developing and operating data mining infrastructure and system technology to support global enterprise blockchain applications in the mining space, including next generation ASIC chips and mining rigs to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies (the “**Change of Business**”) and successfully completed the milestones set forth below.

In March 2018, Squire formed Aracore Technology Corp. (“**Aracore**”) as a joint venture company with Peter Kim to develop ASIC chips to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies, pursuant to which the Company owns 75% with Peter Kim owning the remaining 25%.

In May 2018, Squire completed non-brokered private placement financing of 13,174,500 units (the “**First Units**”) at a price of \$0.25 per First Unit for gross proceeds of \$3,293,625 to fund the design and development of next generation ASIC chips. Each First Unit consisted of one common share and one-half (1/2) of a share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of \$0.50 for a period of two years. Finder's fees totaling \$180,600 cash, 115,815 First Units and 838,215 finder's warrants, on the same terms as the warrants forming part of the First Units, were paid to certain finders in connection with this private placement.

In August 2018, the Company:

- Entered into a design service agreement (the “**Design Service Agreement**”) with an arm’s length design fabrication company for back-end design, testing and mass production test run of initial next generation ASIC chip for mining Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies.
- Completed a \$25,500,000 financing of 63,750,000 units (the “**Second Units**”) at a price of \$0.40 per Second Unit to fund the Change of Business and development and manufacture of next generation ASIC chips and mining rigs (the “**Change of Business Financing**”). Each Second Unit consisted of one common share and one-half (1/2) of a share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.80 on or before August 10, 2020. Each purchaser of Second Units was also granted the right to participate, on a pro rata basis, in any future private placement or public financing of equity or convertible debt securities of the Company or any material subsidiary or joint venture company of the Company until the later of (a) August 10, 2021, and (b) for so long as such purchaser owns 10% or more of the issued and outstanding shares of the Company from time to time. In addition, APMS Investment Fund Ltd. (“**APMS**”), as lead purchaser under the Change of Business Financing, has the right to appoint of one nominee to the board of directors of the Company (the “**Board**”) and each material subsidiary or joint venture company of the Company until the later of (a) August 10, 2021, and (b) for so long as APMS owns 10% or more of the issued and outstanding shares of the Company from time to time. The Company also issued 956,250 Second Units to an arm’s length third party as a finder’s fee in connection with the Change of Business Financing.
- Received CSE approval of the Change of Business and filed a Form 2A Listing Statement dated July 31, 2018 (the “**Listing Statement**”) with the CSE and on SEDAR. Refer to the Listing Statement for further details of the Change of Business and a description of certain material agreements entered into by the Company in connection therewith.
- On August 10 2018, Squire entered into an exclusive worldwide distributor agreement with an associate of CoinGeek.com (the “**Distributor**”), the world’s largest miner of Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies. Upon completion of the development and manufacture of the Company’s initial ASIC chip and mining rig, the Distributor will have the exclusive worldwide right to market, promote, solicit, sell and distribute the chip and mining rig to Bitcoin and other alt coin miners under the CoinGeek.com brand, subject to certain minimum purchase requirements.
- On August 14 2018, Squire formed a new joint venture company, Arasystems Technology Corp. (“**Arasystems**”), with Future Farm Developments Ltd. (“**Future Farm**”), a Hong Kong based technology company, to manage the development, manufacture and assembly of the Company’s next generation mining systems to be sold globally under the CoinGeek.com brand. The Company owns 75% of Arasystems with Future Farm owning the remaining 25%.

Pursuant to a Design Service Agreement, announced on September 27, 2018, Gaonchips is the Company’s design house and Samsung Electronics is the chosen foundry partner to manufacture the Company’s ASIC chips in Korea.

On October 3, 2018, the Company announced that with executives and board members from the Company, Future Farm, CoinGeek, Gaonchips and Samsung Electronics in attendance, Peter Kim, President of Aracore, and his team of front-end microchip engineers and programmers, unveiled and

tested a working prototype mining system comprised of a newly engineered FPGA (field programmable gate array) ASIC microchip that will be converted into Aracore's first ASIC chip utilizing 10 nanometer technology for mining Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies. The initial test results provided early experimental performance specifications indicating that the ASIC chip may potentially be capable of delivering a potential hash rates of 18terahash per second (TH/s) with potential energy consumption of between 700 and 800 watts. The performance has not yet been verified and will likely change in the ongoing design and commercialization process.

By News Release issued October 11, 2018, the Company announced Ennoconn Corporation ("**Ennoconn**") as the Company's hardware manufacturer for next generation mining systems to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies. Ennoconn is a leading industrial motherboard designer and total hardware system solution provider headquartered in Taipei, Taiwan and listed on the Taiwan stock exchange (TPE:6414). In 2007, Foxconn Technology Group, the largest "Electronic Manufacturing Service" company in the world, became the majority shareholder of Ennoconn, forming a strong strategic alliance in embedded system and electronic manufacturing.

The Company signed a binding Memorandum of Understanding with Ennoconn and funded work to commence Phase 1 design and development of Arasystem's next generation mining system in collaboration with its partners in Taipei, Taiwan and in Seoul, South Korea. Definitive documentation will be entered into following delivery of final specifications and data sheets to Ennoconn.

The Company's engineers are working with Ennoconn to design and develop Arasystem's mining rig which will house the debut ASIC chip currently under development by Aracore, in conjunction with GaonChips and Samsung Electronics. In turn, Ennoconn will be responsible for mass assembly of the mining rig once all design, development and testing work has been completed.

On November 30, 2018 the Company announced a non-binding agreement to acquire specific assets from Bigfoot Holdings Group Ltd. (c.o.b. as CoinGeek Mining & Hardware) (together with its affiliates, "CoinGeek"). The transaction is described in detail below. This transaction is expected to be the first of many that the Squire management team is considering as part of an industry consolidation strategy.

The Company's corporate objectives for 2019 are as follows:

1. Enter into formal development and assembly agreement with global technology assembly-company to design and assemble the Company's initial mining rig.
2. Complete the necessary legal, tax and regulatory work required to complete the transaction in early 2019.
3. Integrate new staff and consultants that will join the Company as part of the transaction.
4. Complete manufacture and assembly of a pilot experimental production test run of initial ASIC chips and mining rigs for Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies by second quarter of 2019 with a view to mass production for worldwide distribution and sales in the third quarter of 2019.
5. Manufacture and sell sufficient quantities of initial ASIC chips and mining rigs to achieve neutral or positive cash flow by year end.

6. Establish necessary infrastructure and support systems to facilitate the distribution of ASIC chips and mining rigs including a network of customer support centers in key markets.
7. Create market presence and establish reputation as a new and innovative supplier of high quality, next generation ASIC chips and mining rigs for Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies .
8. Research and develop one or more subsequent generations of improved ASIC chips and mining rigs to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies .
9. Working with financial advisors to identify potential other favorable transactions either in the crypto mining sector or the ASIC hardware space.

#### ***Proposed Acquisition of CoinGeek.com and 1.0 Million TH/S of Mining Assets***

By news release dated November 30, 2018, Squire announced that it had entered into a non-binding letter of intent (the "*Agreement*") and exclusivity with Bigfoot Holdings Group Ltd. (c.o.b. as CoinGeek Mining & Hardware) (together with its affiliates, "*CoinGeek*") to purchase crypto mining assets owned by CoinGeek and certain of its affiliates representing approximately 1 million terahash/s of computing power (or approximately 960 petahash/s) and other blockchain related assets (the "*CoinGeek Assets*"), for total consideration of approximately CAD\$60.3 million consisting of (i) 114,793,565 common shares of the Company, having a value of CAD\$34.4 million based on the closing price of the Company's common shares on CSE on November 29, 2018 of C\$0.30 per share, and (ii) a vendor-take-back note in the amount of C\$25.8 million, subject to adjustment at closing (the "*CoinGeek Transaction*").

The CoinGeek Assets consist of 62,440 ASIC mining rigs, representing approximately 960,000 terahash/s, or approximately 90.0 MW of power consumption, which, upon closing, would make Squire the largest publicly traded SHA-256 derived crypto-asset mining company globally, as measured by terahash/s. The CoinGeek Assets are all operated by leading hosting providers and allocated across the United States (35,940 rigs), Canada (6,000 rigs) and Kazakhstan (20,500 rigs). The all-in weighted average operational cost across the CoinGeek Assets to be acquired in the CoinGeek Transaction is US\$0.073 per kWh.

As part of the CoinGeek Transaction, the Company would be acquiring the marketing and advertising assets related to the CoinGeek name including the "CoinGeek.com" website and domain, existing prepayments made to and deposits with the respective hosting partners, as well as CoinGeek's outstanding global distribution agreement for the Company's ASIC chips and rigs.

Furthermore, as part of the Transaction, Squire would have a twelve-month right of first refusal to acquire CoinGeek's remaining crypto mining assets.

CoinGeek would receive 114,793,565 common shares of the Company as partial consideration for the Assets. CoinGeek has agreed to enter into a voluntary one-year lock up on the common shares received. In addition, CoinGeek will receive an unsecured vendor-take-back ("*VTB*") with a face value of C\$25.8 million, a one-year term and a coupon of 15.0%. The principal amount of the VTB will be adjusted at closing of the CoinGeek Transaction (the "*Closing*") to reflect any prepayments or prepaid deposits made in respect of the CoinGeek Assets between the signing of the Agreement and the Closing and by the amount (multiplied by C\$0.45 per common share) by which the common shares to be issued would have exceeded the common share issued pursuant to the CoinGeek Transaction. In connection with a change of control, CoinGeek would be able to convert the VTB into common shares of the Company, with the number of common shares being equal to the principal amount and any accrued interest payments of the

VTB divided by the then market price of the Company's common shares (based on a 30 day volume-weighted average), subject to a discount equal to the lesser of (i) 25%, and (ii) the maximum discount permitted under the policies of the CSE (or such other exchange as the Company's common shares may then be listed).

In addition to the negotiation and execution of definitive agreements between Squire and CoinGeek, the CoinGeek Transaction would be subject to a number of conditions, including, among others, (i) the Company being satisfied, in its sole and absolute discretion, with the results of its due diligence review in respect of the CoinGeek Assets, (ii) receipt of the conditional approval of the CSE, (iii) the CoinGeek Transaction not being subject to shareholder approval, (iv) receipt of required consents; and (v) execution of third party software licensing agreements in respect of the CoinGeek Assets. The Agreement is non-binding and there is no assurance that the CoinGeek Transaction contemplated by it will be completed as proposed or at all.

The parties will seek close the CoinGeek Transaction on or about January 31, 2019. In conjunction with the CoinGeek Transaction, Squire intends to change its name to CoinGeek Technologies Ltd. and its fiscal year end from October 31 to December 31. The parties have agreed to an exclusivity period in the letter of intent ending on December 31, 2018, or such other date as the parties may mutually agree.

Canaccord Genuity Corp. is acting as exclusive financial advisor to the Company in respect of the CoinGeek Transaction.

### ***Investment Assets***

In January 2018, the Company acquired, on an arm's length basis, an 18% minority interest in an exclusive 8 year license (the "**Dahrwin License**") to commercially exploit a patented communications technology designed to create fully autonomous wireless communication networks without the need to connect to the internet, cellular or other communications infrastructure solely for commercial applications within the mining resource industry worldwide. The purchase price for the 18% interest was \$225,000. Under the terms of the assignment, the vendor must incur, within one year, a minimum of \$50,000 in qualified expenditures to develop mining related uses for the technology, failing which the Company's interest in the license, as it relates solely to resource mining applications, will automatically increase to 25%. At such time as the vendor has incurred its minimum expenditure, the parties will reassess the technology and, if warranted, determine a mutually agreeable plan to further fund and advance its development.

In February 2018, the Company purchased 430,000 units of Universal mCloud Corp. ("**mCloud**") at \$0.35 per unit for a total subscription price of \$150,500. In May 2018, the Company purchased a further 300,000 units of mCloud at \$0.35 per unit for an additional subscription price of \$105,000. Each unit consisted of one common share and one-half (1/2) of one common share purchase warrant. Each whole warrant entitles the Company to purchase an additional common share at \$0.45 exercisable for 36 months, subject to early acceleration by mCloud if the 10 day weighted average trading price of mCloud's common shares is at any time greater than \$0.80 per share. mCloud is a technology company building the next generation IoT platform for asset and smart energy management listed on the TSX Venture Exchange (symbol – MCLD). The Company purchased the units of mCloud for investment purposes only and has no present intention to acquire further securities of mCloud, although the Company may in the future increase or decrease its investment in mCloud by acquiring or disposing of securities of mCloud through the market, privately or otherwise, depending on market conditions and any other relevant factors.

## Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

|                                  | Q4          | Q3          | Q2        | Q1        | Q4       | Q3       | Q2        | Q1       |
|----------------------------------|-------------|-------------|-----------|-----------|----------|----------|-----------|----------|
|                                  | Oct. 31,    | July 31,    | April 30, | Jan. 31,  | Oct. 31, | July 31, | April 30, | Jan 31,  |
|                                  | 2018        | 2018        | 2018      | 2018      | 2017     | 2017     | 2017      | 2017     |
|                                  | \$          | \$          | \$        | \$        | \$       | \$       | \$        | \$       |
| Total revenues                   | -           | -           | -         | -         | -        | -        | -         | -        |
| Loss before other items:         |             |             |           |           |          |          |           |          |
| Total                            | (2,419,504) | (835,064)   | (422,887) | (766,504) | (84,616) | (75,054) | (4,905)   | (54,987) |
| Net Loss and Comprehensive Loss: |             |             |           |           |          |          |           |          |
| Total                            | (5,745,844) | (1,671,525) | (401,387) | (766,504) | (86,616) | (75,054) | (2,242)   | (54,987) |
| Basic and diluted loss per share | (0.05)      | (0.05)      | (0.01)    | (0.02)    | (0.00)   | (0.00)   | (0.00)    | (0.00)   |

The Company's net loss and comprehensive loss from operations rose sharply in the three months ended October 31, 2018 compared to the three months ended October 31, 2017 as a result of the Change of Business that was completed during the twelve months ended October 31, 2018. As a result of increased activity related to the Change of Business, there was a significant increase in consulting fees to \$129,448 from \$27,500 in fiscal 2017, legal fees of \$112,362 from \$9,466 for fiscal 2017, \$563,062 for marketing and advertising from \$1,638 in fiscal 2017, rent of \$57,954, compared to \$3,000 for fiscal 2017, and travel of \$41,541 compared to \$Nil for fiscal 2017. In addition, during the three months ended October 31, 2018, the Company incurred share based payments of \$672,000, compared to \$10,000 for fiscal 2017 and paid management fees of \$784,902, compared to \$22,500 for fiscal 2017. The management fees paid during the three months ended October 31, 2018 relate to severance costs with respect to the recent change in management.

## Results of Operations

The Company has yet to generate any revenue from its planned operations and has, to date, incurred net losses from operating and administrative expenses.

*Three and twelve month periods ended October 31, 2018 (unaudited) compared to three and twelve month periods ended October 31, 2017 (audited).*

The Company incurred significantly higher net losses and comprehensive losses of \$5,745,844 and \$8,585,259 respectively, for the three and twelve month periods ended October 31, 2018 ("Q4 2018") (unaudited) compared to net and comprehensive losses of only \$86,616 and \$218,899, respectively, for the corresponding three and twelve month periods ended October 31, 2017 ("Q4 2017") (audited).

The much higher losses in Q4 2018 resulted from the Company actively investigating and pursuing its Change of Business from mineral exploration to the development of data mining infrastructure and system technology to support global blockchain applications in the mining space including next generation ASIC chips and mining rigs to mine Bitcoin and other cryptocurrencies. The largest increases related to higher management fees/bonuses, consulting fees, project investigation costs, travel expenses and legal fees associated with the Change of Business. The Company also incurred significant share-based compensation expense in Q4 2018.

The following table detail changes in major expenditures between the three month periods ended October 31, 2018 (unaudited) and October 31, 2017 (audited):

| <b>Nature of Expenses</b>                      | <b>Three Months ended October 31, 2018</b> | <b>Increase from Three Months Ended October 31, 2017 (audited)</b> | <b>Explanation for Change</b>                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consulting fees                                | \$129,448                                  | \$101,948                                                          | Increase due to hiring of additional executive officers and increased fees paid in connection with Change of Business and significantly more corporate activities associated therewith.                                                                                                                                                                                                                                                                                   |
| Equity in loss of joint operation              | \$3,210,065                                | \$3,210,065                                                        | Costs incurred in connection with the investigation and preliminary design of the Company's initial next generation ASIC chip to mine Bitcoin Cash, Bitcoin and other cryptocurrencies. 75% interest in Aracore and Arasystems losses accounted in Squire books and booked as equity loss of joint venture in the income statement and same amount decreased the investment in Aracore and Arasystems account in the balance sheet for the period ended October 31, 2018. |
| Travel                                         | \$41,541                                   | \$41,541                                                           | Increase due to numerous trips by management to Asia, Europe and other destinations for chip and rig development and capital raising activities in connection with Change of Business.                                                                                                                                                                                                                                                                                    |
| Marketing and advertising                      | \$563,062                                  | \$561,424                                                          | Increase in connection activities related to Change of Business and Change of Business Financing as well as investor relations activities that were undertaken in Q3 of 2018.                                                                                                                                                                                                                                                                                             |
| Legal fees                                     | \$112,362                                  | \$102,896                                                          | Increase due to higher legal fees associated with drafting material agreements in connection with Change of Business, Change of Business Financing, and Listing Statement for CSE and regulatory approvals.                                                                                                                                                                                                                                                               |
| Administrative, rent, office and miscellaneous | \$81,209                                   | \$78,014                                                           | Increase due to higher office expenses and administration services as part of Change of Business                                                                                                                                                                                                                                                                                                                                                                          |
| Share-based compensation                       | \$672,000                                  | \$662,000                                                          | Increase due to stock options granted to newly appointed executive officers, directors and consultants during the current quarter.                                                                                                                                                                                                                                                                                                                                        |
| Management fees                                | \$784,902                                  | \$762,402                                                          | As a result of the change of management in October, severance payments were made to certain outgoing management personnel.                                                                                                                                                                                                                                                                                                                                                |

The following table detail changes in major expenditures between the twelve months period ended October 31, 2018 (unaudited) and October 31, 2017 (audited):

| Nature of Expenses                             | Twelve Months ended October 31, 2018 (unaudited) | Increase from Twelve Months ended October 31, 2017 (audited) | Explanation for Change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management bonuses                             | \$368,000                                        | \$368,000                                                    | Increase due to increased corporate activities during fiscal 2018 associated with investigation of new business opportunities and hiring of additional executive officers and increased fees paid thereto in connection with Change of Business and significantly increased activities associated therewith. Such increase also included management bonuses (including signing bonuses) paid to certain executive officers.                                                                                        |
| Consulting fees                                | \$341,931                                        | \$291,931                                                    | Increase due to hiring of additional consultants to assist in the investigation of new business opportunities and due diligence and implementation of Change of Business.                                                                                                                                                                                                                                                                                                                                          |
| Equity loss of joint venture operation         | \$4,154,737                                      | \$4,154,737                                                  | Costs incurred in connection with the investigation and preliminary design of the Company's initial next generation ASIC chip to mine Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies. 75% interest in Aracore and Arasystems losses accounted in Squire books and booked as equity loss of joint venture in the income statement and same amount decreased the investment in Aracore and Arasystems account in the balance sheet for the period ended October 31, 2018 |
| Travel                                         | \$248,273                                        | \$245,860                                                    | Increase due to investigation of potential new business opportunities including numerous trips by management to Asia, Europe and other destinations for chip and rig development and capital raising activities in connection with Change of Business.                                                                                                                                                                                                                                                             |
| Legal fees                                     | \$294,561                                        | \$269,204                                                    | Increase due to legal fees associated with and drafting material agreements in connection with Change of Business, Change of Business Financing, Listing Statement for CSE and regulatory approvals                                                                                                                                                                                                                                                                                                                |
| Administrative, rent, office and miscellaneous | \$157,614                                        | \$150,848                                                    | Increase due to higher office expenses and administration services associated with increased corporate activities and Change of Business                                                                                                                                                                                                                                                                                                                                                                           |
| Share-based compensation                       | \$1,321,632                                      | \$1,311,632                                                  | Increase due to stock options granted to newly appointed executive officers, directors and consultants during the period.                                                                                                                                                                                                                                                                                                                                                                                          |

| <b>Nature of Expenses</b> | <b>Twelve Months ended October 31, 2018 (unaudited)</b> | <b>Increase from Twelve Months ended October 31, 2017 (audited)</b> | <b>Explanation for Change</b>                                                                                              |
|---------------------------|---------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Management fees           | \$905,202                                               | \$860,202                                                           | As a result of the change of management in October, severance payments were made to certain outgoing management personnel. |

As a result of the foregoing, the Company incurred a basic and diluted loss per share of \$0.05 and \$0.14, respectively, for the three and twelve months periods ended October 31, 2018, compared to a loss of \$0.00 and \$0.01 per share for the corresponding three and twelve month periods ended October 31, 2017.

The Company's cash outflow from operating activities during the twelve months period ended October 31, 2018 (\$7,445,472) was much higher than the corresponding twelve month period ended October 31, 2017 (\$136,113) due primarily to the Company's increased activities as discussed above, in particular, the Change of Business. Also, the Company's cash flow used in investing activities during the twelve months period ended October 31, 2018 increased to \$2,893,590 compared to \$10,000 for the corresponding period ended October 31, 2017, primarily as a result of the Company's 75% investment in Aracore. Finally, as a result of three financings carried out during the period, the Company's cash flow from financing activities for the twelve month period ended October 31, 2018 was \$29,415,023, compared to \$382,000 for the corresponding twelve month period ended October 31, 2017.

#### *Trends*

The use of Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived 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 Bitcoin SV (BSV), Bitcoin Core (BTC) and other associated SHA-256 derived cryptocurrencies in particular, is subject to a high degree of volatility and uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the demand for Bitcoin Cash, Bitcoin and other cryptocurrencies and consequently the demand for the ASIC chips incorporated into the "mining rigs" used to mine such currencies. Factors affecting further development of the industry include, but are not limited to, continued worldwide growth in the adoption and use of 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 availability and popularity of other forms or methods of buying and selling goods and services and general economic conditions and the regulatory environment relating to digital assets, each of which is beyond the reasonable control of the Company and could materially adversely affect the market for the ASIC chips and mining rigs that the Company is currently developing.

The crypto-asset mining industry is also highly competitive and the Company will be competing with many other companies and entities in the development, manufacture and sale of ASIC chips and mining rigs for Bitcoin SV, Bitcoin Core and other crypto-assets, many of which have vastly greater resources, capital and personnel. The ability of the Company to develop and manufacture ASIC chips and mining rigs in the future will depend not only on its ability to develop, manufacture and sell its initial next generation chip and mining rig, but also on its ability to design, develop, market and sell subsequent generation chips and rigs for Bitcoin SV, Bitcoin Core and other crypto-assets. The trends and risks which are likely to impact the Company are detailed in Item 20 *Risk Factors* of the Company's Form 2A -

Listing Statement dated July 31, 2018 filed with the CSE and on SEDAR.

## Liquidity and Capital Resources

As a result of the Change of Business, the Company's operations now consist primarily of designing, operating and developing data mining infrastructure and system technology (including ASIC chips and mining rigs) to support global blockchain applications in the crypto-asset mining space. The Company's financial success and continuation as a going concern will be dependent on, among other things, the extent to which it can develop and successfully market, distribute and sell its products in sufficient quantities to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

As at October 31, 2018, the Company had current assets of \$19,986,880 consisting primarily of cash and cash equivalents of \$19,609,018, short term investments of \$240,900, and amounts receivable of \$48,475 and prepaid expenses of \$88,487. The Company's working capital as at October 31, 2018 was \$19,930,278 (unaudited).

### Financings

In May 2018, Squire completed non-brokered private placement financing of 13,174,500 units (the "**First Units**") at a price of \$0.25 per First Unit for gross proceeds of \$3,293,625 to fund the design and development of next generation ASIC chips. Each First Unit consisted of one common share and one-half (1/2) of a share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of \$0.50 for a period of two years. Finder's fees totaling \$180,600 cash, 115,815 First Units and 838,215 finder's warrants, on the same terms as the warrants forming part of the First Units, were paid to certain finders in connection with this private placement.

In August 2018, Squire completed the Change of Business Financing comprised of 63,750,000 Second Units at a price of \$0.40 per Second Unit for gross proceeds of \$25,500,000 to fund the Change of Business and ongoing development of the Company's next generation ASIC chips and mining rigs. Each Second Unit consisted of one common share and one-half (1/2) of a share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.80 on or before August 10, 2020. The Company also issued 956,250 Second Units to an arm's length third party as a finder's fee in connection with the Change of Business Financing.

Squire intends to use a portion of its working capital as at October 31, 2018 to fund the design, development and manufacture of the Company's initial ASIC chip and mining rig, operation and maintenance of crypto-asset mining machines, ongoing research and development and related general and administrative expenses and working capital expenditures, as set out below:

| Description                                                                                                                                                             | Allocated C\$ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Fund balance of design, development and manufacture of the Company's initial ASIC chip including initial mass production run (US\$3,620,000) <sup>(1)</sup>             | \$4,757,404   |
| Fund design, development and testing of the Company's initial mining rig including manufacture and assembly of pilot production test run (US\$1,475,000) <sup>(1)</sup> | \$1,938,445   |
| Reserve for 12 months of manufacturing, marketing, promotion and product support (i.e. warranty) for ASIC chips and mining Rigs (US\$2,600,000) <sup>(1)</sup>          | \$3,416,920   |

| Description                                                                                                    | Allocated C\$       |
|----------------------------------------------------------------------------------------------------------------|---------------------|
| Operation and maintenance of crypto-asset mining machines for ensuing 12 months (US\$5,390,000) <sup>(1)</sup> | \$7,083,538         |
| General and Administrative expenses for ensuing 12 months (US\$1,590,000) <sup>(1)</sup>                       | \$2,089,578         |
| Unallocated working capital                                                                                    | \$644,393           |
| <b>TOTAL</b>                                                                                                   | <b>\$19,930,278</b> |

- (1) Where applicable, amounts payable in US dollars have been converted to Canadian dollars using the indicative US/Canada dollar exchange rate of US\$1.00 = C\$1.3142 as reported by the Bank of Canada on October 31, 2018.

The Company intends to spend the available funds as set out above. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. Pending such use, the Company intends to invest the available funds in short-term, investment grade, interest-bearing securities and other marketable securities.

As part of the Change of Business as well as the proposed CoinGeek transaction, the Company anticipates that it will be generating significant crypto-asset related revenue in 2019. The Company anticipates that in its crypto-asset mining activities it will mine the most profitable SHA-256 asset at the time of mining activity. This may change over time and management will affect the appropriate operational decisions to ensure that mining adapts based on current market conditions. As a general policy, revenues generated over and above the cash operating expenses to maintain the crypto-asset mining operations may be invested in other SHA-256 derived crypto-assets at the discretion of the management and/or Board of Directors.

Thereafter, if the Company has not yet attained positive cash flow, the Company will require additional capital to maintain operations including, but not limited, researching and developing next generation ASIC chips and mining rigs and other new products and technologies. The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions, the market and demand for Bitcoin SV, Bitcoin Core and other cryptocurrencies as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of common shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution.

### Off Balance Sheet Arrangements

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There are no off balance sheet arrangements to which the Company is committed.

### Key Management

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The Company considers its executive officers and directors to be key management. During the twelve month period ended October 31, 2018, the Company incurred management fee, administrative fees, bonuses and share-based payments totaling \$1,601,846 in respect of services provided to the Company by the following executive officers and directors or private companies controlled by same:

| Name of Officer/Director | Position                         | Nature of Fees            | Fees Charged       |
|--------------------------|----------------------------------|---------------------------|--------------------|
| Simon Moore              | Former President and CEO         | Management fees           | \$96,613           |
|                          |                                  | Bonus                     | \$75,000           |
|                          |                                  | Severance pay             | \$280,000          |
| Rich Wheelless           | Former CFO                       | Share-based payment       | \$196,667          |
|                          |                                  | Financial management fees | \$72,803           |
|                          |                                  | Bonus                     | \$75,000           |
|                          |                                  | Severance pay             | \$180,000          |
| Donna Moroney            | Corporate Secretary              | Share-based payment       | \$95,000           |
|                          |                                  | Administrative fees       | \$47,263           |
| Owen King                | Former Director                  | Share-based payment       | \$25,000           |
|                          |                                  | Management fee            | \$25,000           |
| Tibor Gajdics            | Former interim President and CEO | Share-based payment       | \$83,000           |
|                          |                                  | Management fees           | \$40,000           |
|                          |                                  | Bonus                     | \$40,000           |
|                          |                                  | Share-based payment       | \$38,000           |
| Kevin Hanson             | Former CFO                       | Financial management fees | \$32,500           |
| David Rokoss             | Former Director                  | Share-based payment       | \$48,000           |
| Garry Stock              | Former Director                  | Share-based payment       | \$46,000           |
| Stefan Matthews          | Director                         | Share-based payment       | \$106,000          |
| <b>TOTAL</b>             |                                  |                           | <b>\$1,601,846</b> |

### Transactions with Related Parties

During the twelve months ended October 31, 2018:

- The management fees of \$433,569 moved from Squire to Aracore; due to the fact that 80% of management fee was related to chip development.
- APMS, a related party of the Company by virtue of owning more than 10% of the issued and outstanding shares of the Company, acquired a total of 7,750,000 Second Units at a price of \$0.40 per Second Unit for an aggregate subscription price of \$3,100,000 pursuant to the Change of Business Financing. As of the date of this MD&A, to management's knowledge, APMS owns a total of 15,750,000 common shares or approximately 12.78% of the issued and outstanding shares of the Company.

### Proposed Transactions

Save for the Change of Business, as of the date of this MD&A, there are no proposed asset or business acquisitions or dispositions which are expected to have a material effect on the financial condition, financial performance or cash flows of the Company.

### Critical Accounting Policies and Estimates

The Company has prepared the financial statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's financial statements as at and for the year ended October 31, 2017.

The preparation of financial statements in conformity with IFRS requires 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 financial statements and the reported amounts of expenses during the reporting

period. Actual outcomes could differ from these estimates.

The Company's significant judgements are detailed in Note 4 to the unaudited condensed interim financial statements for the period ended October 31, 2018 and include: exploration and evaluation expenditures, intangible assets, and going concern.

The Company's significant estimates are detailed in Note 4 to the unaudited condensed interim financial statements for the period ended October 31, 2018 and include: share-based compensation.

## **Financial Instruments and Other Instruments**

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The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities.

The Company's financial instruments are exposed to the following risks:

### *Market Risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and are comprised of foreign currency risk and interest rate risk.

### *Foreign Currency Risk*

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

### *Interest Rate Risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of the short-term nature of the investments.

### *Credit Risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash. Cash are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company manages liquidity risk through the management of its capital structure.

## Disclosure of Outstanding Share Data

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### *Common Shares*

The Company's authorized share structure consists of an unlimited number of common shares without par value. As of December 31, 2018, there were a total of 123,455,172 common shares of the Company issued and outstanding. There are no obligations on any security holder to contribute additional capital to the Company.

### *Share Purchase Warrants*

As of December 31, 2018, there were a total of 54,732,330 share purchase warrants outstanding entitling the holders thereof to purchase up to an aggregate of 54,732,330 common shares of the Company as follows:

| Number of Warrant Shares | Exercise Price Per Share | Expiry Date        |
|--------------------------|--------------------------|--------------------|
| 5,902,500                | \$0.08                   | September 13, 2019 |
| 5,933,333                | \$0.08                   | December 21, 2019  |
| 3,060,000                | \$0.08                   | December 21, 2019  |
| 5,369,500                | \$0.50                   | May 16, 2020       |
| 2,113,872                | \$0.50                   | May 29, 2020       |
| 32,353,125               | \$0.80                   | August 10, 2020    |
| <b>54,732,330</b>        |                          |                    |

### *Stock Options*

As of December 31, 2018, there were a total of 4,605,893 stock options outstanding to directors, officers and consultants under the Company's existing stock option plan to purchase up to an aggregate of 4,805,893 common shares of the Company as follows:

| Number of Option Shares | Exercise Price Per Share | Expiry Date       |
|-------------------------|--------------------------|-------------------|
| 750,000                 | \$0.15                   | January 25, 2019  |
| 450,000                 | \$0.30                   | January 25, 2019  |
| 474,226                 | \$0.31                   | January 25, 2019  |
| 750,000                 | \$0.40                   | January 25, 2019  |
| 250,000                 | \$0.40                   | February 15, 2019 |
| 200,000                 | \$0.40                   | September 7, 2019 |
| 31,667                  | \$0.15                   | October 25, 2019  |
| 200,000                 | \$0.40                   | October 25, 2019  |
| 200,000                 | \$0.425                  | October 25, 2019  |
| 300,000                 | \$0.15                   | January 12, 2020  |
| 100,000                 | \$0.31                   | May 16, 2020      |
| 300,000                 | \$0.40                   | August 10, 2020   |
| 200,000                 | \$0.77                   | September 7, 2020 |
| 400,000                 | \$0.28                   | December 11, 2020 |
| <b>4,605,893</b>        |                          |                   |

## Risks and Uncertainties

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An investment in securities of the Company involves a high degree of risk, should be considered highly speculative due to the nature of the Company's business and should only be made by persons who can afford the risk of loss of their entire investment. The trends and risks which are likely to impact the

Company are detailed in Item 20 *Risk Factors* of the Company's Form 2A - Listing Statement dated July 31, 2018 filed with the CSE and on SEDAR.

### **Additional Information**

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Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).