ETHER CAPITAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month period and year ended December 31, 2021 and 2020

The purpose of this Management's Discussion and Analysis ("MD&A") is to help the reader understand and assess the material changes and trends in Ether Capital Corporation's (the "Company", "Ether Capital", "we" or "us") results and financial position. It presents management's perspective on the Company's current and past activities and financial results, as well as an outlook on planned activities.

This MD&A is as of March 23, 2022 and reflects the results of operations and financial position for the three-month period and year ended December 31, 2021 and 2020. This MD&A should be read in conjunction with the consolidated financial statements and accompanying notes for the year ended December 31, 2021 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted.

Caution on Forward-Looking Information

This MD&A contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements include, but are not limited to, statements regarding: the Company's future objectives and business operations, the Company's execution of its strategic plan in the future, the prospects for blockchain technology, the Ethereum platform and protocol, the future trading supply of Ether, the timing and implications of the Ethereum network's upgrades (including Ethereum 2.0, proof of stake and launch of the beacon chain), the potential for Ether Capital to earn an Ether-denominated return on the portion of its Ether holdings that it devotes to network validation and its plans in respect thereof, the impact of COVID-19 pandemic and the response to it on the Company and its business and assets, the market for crypto-assets and the potential for mainstream adoption of the Ethereum ecosystem. The Company cautions the reader not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Often, but not always, forward-looking statements can be identified by the use of words or phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", "believes", and similar expressions or state that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved.

Forward-looking statements are based on information available to management at the time they are made, management's current plans, estimates, assumptions, judgments and expectations. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to: general business, economic, competitive, geopolitical, regulatory, technological and social uncertainties; uncertainties in regard to the development and acceptance of blockchain technology, and the Ethereum platform, the impact of the outbreak of the COVID-19 coronavirus on the Company, and the other risk factors discussed in the Company's Annual Information Form dated March 23, 2022, the Risk Factors section in this MD&A and its other filings available on-line at www.sedar.com. Although the forward-looking information contained in this MD&A is based on assumptions that the Company believes to be reasonable at the date such statements are made, there can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. In addition, the Company cautions the reader that information provided in this MD&A regarding the Company's outlook on certain matters, including potential future investments, is provided in order to give context to the nature of some of the Company's future plans and may not be appropriate for other purposes. Accordingly, readers are cautioned not to place undue reliance on forward-looking information.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

Additional information on the Company is available on its website at www.ethcap.co.

Non-IFRS Measures

The MD&A includes non-IFRS measures, including basic and diluted loss per share before unrealized loss on digital intangible assets, that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company believes that these financial measures provide information that is useful to investors in understanding the Company's performance and facilitate comparison of quarterly and full year results from period to period. Descriptions of these non-IFRS measures and reconciliation to or disclosure of the nearest IFRS measures, where necessary, are provided in the MD&A.

1.1 OVERVIEW

1.1.1 The Company

Ether Capital Corporation (the "Company") is incorporated under the laws of the Province of Ontario, Canada. The registered office and head office of the Company is located at 130 Adelaide Street West, Suite 3100, Toronto, Ontario M5H 3P5.

The Company's common shares and common share warrants are listed on the NEO Exchange Inc. (the "NEO Exchange") under the symbol "ETHC" and "ETHC.WT", respectively.

Ether Capital's business strategy is to invest in projects, protocols, technologies and businesses that leverage the Ethereum ecosystem and decentralized ("Web 3") technologies. Ether Capital is pursuing a long term business model built on three pillars: (i) investing in Ether to facilitate participation in the Ethereum ecosystem, (ii) investing in tokens or equity of other projects aimed at developing technology for decentralized applications, and (iii) ancillary blockchain services that generate income from passive assets.

In furtherance of its business strategy, the Company acquired the native Ethereum token, known as Ether, and as at December 31, 2021 held 33,272 Ether (December 31, 2020 – 32,408 Ether), the fair value of which was $155.6 million (December 31, 2020 - $30.2 million). As Ether ("ETH") is the commodity-like fuel used to access the Ethereum network and broadcast transactions, the Company believes it is important to own as demand increases for use cases that are becoming prevalent and may become more prevalent in the months and years to come. In addition to its Ether balance, as at December 31, 2021 the Company also has a staked Ether position of 10,272 Staked Ether (December 31, 2020 – 32 Staked Ether), the carrying value of which was $47.9 million (December 31, 2020 - $24,363). As of the date of this MD&A, the Company held 23,549 Ether and 20,512 Staked Ether. Staked Ether is more fully described below under "Ethereum's Transition to a Proof of Stake Protocol."

As at December 31, 2021 the Company held 2,300 MKR tokens (December 31, 2020 – 2,300 MKR tokens), the governance token of the MakerDAO credit platform ("Maker"). MKR tokens are digital intangible assets used as the governance token of Maker, a decentralized credit platform built on Ethereum in which collateral is leveraged to produce a stablecoin. Maker uses a dual token model: (1) the Dai token: a stablecoin whose value is pegged at approximately US$1.00 and (2) the MKR token: a token that provides voting and governance rights over the Maker platform and whose value derives from fees to use the credit system. As at December 31, 2021, the fair value of the Company's MKR tokens was $6.7

million (December 31, 2020 at cost less impairment – $1.3 million). As of January 1, 2021 the Company adopted the revaluation method as a basis of measurement for MKR. In prior periods, the Company accounted for MKR using the cost model as a judgement was made that an active market did not exist. Therefore, as at December 31, 2020, MKR was carried at cost less any accumulated impairment losses. As of the date of this MD&A, the Company has divested the entirety of its MKR position as more fully described below under "Subsequent Events."

As at December 31, 2021, the Company held 5,200 UNI tokens (December 31, 2020 – nil), the governance token of the Uniswap protocol ("Uniswap"). Uniswap is a decentralized exchange platform on Ethereum that allows for a marketplace between two tokens to exist in a permissionless manner and subject only to the provision of liquidity. The Company received 5,200 UNI tokens for no consideration in an airdrop in which the UNI tokens were delivered into Ethereum wallets that the Company had created for demonstration and educational purposes. As at December 31, 2021, the fair value of the Company's UNI tokens was $0.1 million (December 31, 2020 – nil). As of the date of this MD&A, the Company has divested the entirety of its UNI position as more fully described below under "Subsequent Events."

The Company currently holds a minority interest in Wyre Inc. ("Wyre"), a cryptocurrency exchange and technology platform based in San Francisco, California that is focused on building compliant fiat-to-crypto on and off ramps. In connection with the Company's investment in Wyre, it was granted a board observer position on Wyre's Board of Directors. As at December 31, 2021, the fair value of the Company's minority interest in Wyre was $6.2 million (December 31, 2020 - $1.9 million).

The Company had a meaningful opportunity to deploy Ether as a yield-generating asset on December 1, 2020, when the beacon chain was launched as the initial step in the transition of Ethereum to a scalable, proof of stake network known as "Ethereum 2.0" as described below under "Ethereum's Transition to a Proof of Stake Protocol." Ether Capital deposited 32 Ether, which is classified as Staked Ether and valued on the Company's financial statements at its cost of $24,363, to the Ethereum 2.0 blockchain and began running a validator node on the network. On December 15, 2021, the Company announced a more meaningful commitment to Ethereum staking by allocating 10,240 Ether, worth approximately $50.0 million at the time, to Ethereum's beacon chain. As of the date of this MD&A, the Company has staked a total of 20,512 Ether, having deployed an additional 10,240 Ether to Ethereum's beacon chain as more fully described below under "Subsequent Events."

The annual Ether-denominated staking return, or yield, is currently approximately 4.7%, based on the number of ETH staked, according to data from the Ethereum Foundation. The Ethereum Foundation notes that staking yields will decline as the total number of ETH staked increases. The Company anticipates that it will allocate a larger portion of its existing Ether balance to staking subject to the Ethereum 2.0 blockchain running in satisfactory manner.

Management of Ether Capital believes that Ethereum has already become the dominant ecosystem and platform for blockchain application development and that the Ethereum platform is poised for significant future growth as it scales and additional applications and programs are created. Ether Capital believes that its deployment of funds into Ether and other Ethereum and Web 3 ecosystem investments differentiates the Company as a key industry participant with substantial holdings in the sector.

Ethereum's Transition to a Proof of Stake Protocol

Ether Capital's management believes that upcoming changes to the Ethereum platform will positively impact its potential for mainstream adoption. Ethereum currently runs on a "proof of work" ("POW") protocol; in order to verify transactions on the network, miners must deploy computing power to run an algorithm. The algorithm rewards participants who solve cryptographic puzzles in order to validate transactions and create new blocks. The current plan among the Ethereum community is to transition from

a POW protocol to a "proof of stake" ("POS") protocol. This transition is expected to be part of a multi-stage upgrade to the Ethereum network, known as Ethereum 2.0, that aims to bring POS (also known as "staking") as well as scalability to the Ethereum platform. The Ethereum 2.0 upgrade may take place over many years.

Under a POS protocol, token holders are given the exclusive right to verify transactions and participate in consensus. As part of the transition to POS under the Ethereum 2.0 roadmap, a new blockchain launched on December 1, 2020, known as the "beacon chain". The beacon chain has POS as its consensus mechanism. 32 Ether is the minimum ownership threshold allowing the right to "stake" – that is, participate in blockchain consensus on the beacon chain in order to earn inflationary block rewards. To stake on the beacon chain, Ether must be sent from the current Ethereum POW blockchain to the beacon chain. Once it is on the beacon chain, Ether cannot be sent back to the Ethereum POW chain. This one-way transfer signals that the beacon chain is the POS successor to the Ethereum POW chain. As of March 23, 2022, there are over 10.7 million ETH staked on Ethereum 2.0's beacon chain, reflecting over US$29 billion of ETH value based on current market prices, according to data from the Ethereum Foundation. In the Company's view, this significant transfer of value to the beacon chain since its launch indicates strong support for Ethereum 2.0 in the Ethereum ecosystem.

Ether Capital expects that the adoption of POS via the beacon chain may significantly reduce the trading supply of Ether, as a portion of the current float of Ether migrates to the beacon chain for staking and is "locked up". The Ethereum POW chain will continue to run even after the beacon chain has launched. The "merging" of the Ethereum POW chain into Ethereum 2.0 is anticipated to occur in 2022. Upon launch of the beacon chain, transfers and withdrawals of Ether on the beacon chain were disabled. It is anticipated that transfers and withdrawals will be enabled upon or after the merging of the Ethereum POW chain into Ethereum 2.0. However, the timing of milestones following the launch of the beacon chain is uncertain. As a result, where Ether is sent from the Ethereum POW chain to the beacon chain, there is an indefinite period of illiquidity in which the Ether on the beacon chain cannot be transferred or withdrawn.

Ether Capital's Self-Custody Program

Ether Capital has implemented a proprietary self-custody program which uses leading technology and security protocols to protect its holdings of Ether, MKR, UNI and other digital assets that it may acquire in the future against the risk of loss and/or theft (the "Self-Custody Program"). The Self-Custody Program requires all digital assets of the Company to be held offline in "cold storage" at all times, other than immediately prior to disposition of such assets. The Company's digital assets are held in cold storage via hardware wallet devices and corresponding access key devices assigned to multiple directors of the Company, including Trezor and Ledger Nano S.

The Company uses a leading multi-signatory smart contract (Gnosis Safe) stored on the Ethereum blockchain which provides for the deposit and withdrawal of digital assets from cold storage. On October 28, 2021, the Company modified the director approval requirements from six of ten directors to four of seven directors. Gnosis has been and continues to be widely used by leading Ethereum projects and its code has been assessed by leading technology firms, including Consensys and Zeppelin Solutions.

The Self-Custody Program includes proprietary protocols to support each director to maintain the security of his or her private keys, as well as a secure, auditable back-up system. Management of the Company regularly confirms the Company's digital asset balance and shares records of such verifications internally.

At present, the Company believes that its multi-signature wallet scheme is as secure, and potentially more secure, than the solutions provided by leading third-party custodians. The Company believes that its Self-Custody Program mitigates cybersecurity risk such as "SIM swap" attacks, as there are no login credentials stored online or in cloud-based back-ups, and a hacker would need to exploit the individual security protocols of four directors of the Company to unlock its digital assets from cold storage.

It is the current intention of Ether Capital to hold all digital assets acquired by Ether Capital in self-custody. However, the Company is constantly evaluating alternative custody solutions to Gnosis Safe and may decide to use a third-party custodian at some point in the future. That decision will depend on a number of factors, including (i) the robustness of the security solution offered by the third party custodian, particularly in comparison to the Company's self-custody solution, (ii) an assessment by the Company of reports of internal controls audits, such as Systems and Organizational Controls (SOC) audits obtained by the third party custodian, (iii) the cost of the third party's custody solution, and (iv) the ability of the custody solution to integrate staking, governance and other smart contract interactions.

Since the commencement of its operations in 2018, the Company has not experienced any loss of digital assets held in accordance with its Self-Custody Program. The Company does not insure its digital assets held in cold storage in its Self Custody Program. See "Risk Factors – Insurance". Also see "Risk Factors – Digital Asset Custody Risk" for a discussion of the risks associated with custody of digital assets.

Digital Asset Trading

Ether Capital has adopted policies and procedures prescribing the Company's operational process for transacting in digital assets which are designed to prevent and detect erroneous trading and undue risk to the security of its digital assets (the "Digital Asset Trading Policy"). The Digital Asset Trading Policy has been approved by the Company's Board of Directors. The Digital Asset Trading Policy prescribes a list of approved digital asset exchanges on which the Company is permitted to trade which have been selected having regarding the exchange's regulatory status, operational history, security protocols, reputation and trading volumes. Under the terms of the Digital Asset Trading Policy, all digital asset trading must be conducted on behalf of the Company by an authorized trader under the supervision of a designated observer and in accordance with value-at-risk limits and time limits approved by the Board of Directors. Digital assets which have been transferred temporarily to an exchange account for disposition and remain unsold after a prescribed time period has elapsed must be returned to the Company's cold storage wallet and may not remain in custody of the exchange. The Digital Asset Trading Policy includes procedures for credential protection, transaction testing, blockchain address verification and recordkeeping. Since the commencement of its operations in 2018, the Company has not experienced any loss of digital assets held temporarily on exchanges in accordance with the Digital Asset Trading Policy.

Appointment of Chief Technical Officer

On September 10, 2021, the Company announced the appointment of Shayan Eskandari as Chief Technical Officer ("CTO") of the Company. Mr. Eskandari has a Masters in Information Systems Engineering from Concordia University. Previously, Mr. Eskandari was a senior security auditor for ConsenSys Diligence, part of the ConsenSys Inc. group of entities. Mr. Eskandari's role at Ether Capital is to leverage the Company's technical capabilities and assist in the identification and development of strategic opportunities for the Company.

Normal Course Issuer Bid

On November 29, 2021, the Company announced that it had filed a Notice of Normal Course Issuer Bid (the "NCIB") with the NEO Exchange which had been accepted for the purchase of up to 10% of the public float of its Common Shares. Pursuant to the NCIB, the Company may purchase up to a maximum of 2,533,770 Common Shares, representing approximately 10% of its public float of Common Shares as at November 29, 2021, subject to the normal terms and limitations of such bids. In accordance with NEO Exchange rules, daily purchases (other than pursuant to a block purchase exception) on the NEO Exchange under the NCIB cannot exceed 25% of the average daily trading volume on the NEO Exchange as measured from May 29, 2020 to November 28, 2021. Purchases under the NCIB may be made through open market transactions on the NEO Exchange and/or any Canadian alternative trading systems on which the Common Shares are traded, based on the prevailing market price. Any Common Shares purchased under the NCIB will be cancelled. The period during which the Company will be authorized to

make purchases under the NCIB commenced on December 1, 2021 and will end the earlier of (i) December 1, 2022 or (ii) such earlier date on which the maximum number of Common Shares are purchased under the NCIB. As at December 31, 2021, the Company had purchased 378,900 of the Company's common shares pursuant to the NCIB.

Subsequent Events

On January 19, 2022 the Company announced its divestment of 766 MKR tokens for gross proceeds of approximately $1.9 million. The Company also divested 5,200 Uniswap tokens ("UNI") for gross proceeds of approximately $99,000. On February 14, 2022, the Company announced the divestment of an additional 766 MKR for gross proceeds of approximately $1.9 million. The Company sold the remaining 768 MKR on March 23, 2022 for gross proceeds of approximately $1.9 million. As of the date of this MD&A, the Company has divested the entirety of its MKR position.

On February 14, 2022, the Company announced that it had allocated an additional 10,240 Ether towards staking on Ethereum.

On March 7, 2022, the Company announced the appointment of Ian McPherson as President and Chief Financial Officer and Jillian Friedman as Chief Operating Officer. Ms. Friedman's appointment was effective as of March 7, 2022, while Mr. McPherson's appointment will be effective as of March 31, 2022 upon the resignation of Stefan Coolican as the Company's President and Chief Financial Officer. Mr. Coolican will be resigning from the Company's Board of Directors concurrently with his departure as President and Chief Financial Officer effective March 31, 2022 but will continue with the Company in an advisory role by joining the Company's Advisory Board.

As at March 23, 2022, the Company had purchased 378,900 of the Company's common shares pursuant to its NCIB.

From January 1, 2022 to March 15, 2022, a total of 87,578 Broker Warrants in connection with the 2021 Offering the Company were exercised for gross proceeds of $293,386. All remaining Broker Warrants expired unexercised.

1.2 RESULTS OF OPERATIONS

Financial Position:

At December 31, 2021 the Company had:

- Total assets of $220.3 million (December 31, 2020 - $34.0 million); total liabilities of $0.5 million (December 31, 2020 - $0.1 million) and a working capital surplus of $3.2 million (December 31, 2020 - $0.5 million).
- Total shareholders' equity of $219.8 million (December 31, 2020 - $33.9 million).

Based on information from CoinMarketCap, during the three-month period ended December 31, 2021, Ether has ranged in price from a low of US$3,308 to a high of US$4,812, and as of the date of this MD&A is trading at approximately US$2,969 per Ether. The 24-hour trading volume, which includes transfers from fiat currency to cryptocurrency as well as transfers between cryptocurrencies, during the three-month period ended December 31, 2021 has ranged from a low of US$10.9 billion to a high of US$38.5 billion but has generally been in the US$19.2 billion per day range. As of the date of this MD&A, the total value of the Ether held by the Company, excluding Staked Ether, was $94.1 million.

Based on information from CoinMarketCap, during the three-month period ended December 31, 2021, MKR has ranged in price from a low of US$2,228 to a high of US$3,303. The 24-hour trading volume, which includes transfers from fiat currency to cryptocurrency as well as transfers between

cryptocurrencies, during the three-month period ended December 31, 2021 has ranged from a low of US$57.0 million to a high of US$6.9 billion but has generally been in the US$211.4 million per day range. As of January 1, 2021 the Company adopted the revaluation method as a basis of measurement for MKR. In prior periods, the Company accounted for MKR using the cost model as a judgement was made that an active market did not exist. Therefore, MKR was carried at cost less any accumulated impairment losses and MKR was tested for impairment at each reporting period. As of January 1, 2021 the Company determined that an active market exists for MKR and, accordingly, it has applied the revaluation method for this period and subsequent periods. As of the date of this MD&A, the Company has divested the entirety of its MKR position.

Based on information from CoinMarketCap, during the three-month period ended December 31, 2021, UNI has ranged in price from a low of US$14.15 to a high of US$27.04. The 24-hour trading volume, which includes transfers from fiat currency to cryptocurrency as well as transfers between cryptocurrencies, during the period ended December 31, 2021 has ranged from a low of US$142.5 million to a high of US$778.6 million but has generally been in the US$345.9 million per day range. The Company has adopted the revaluation method as a basis of measurement for UNI, since the Company has determined that an active market exists for UNI. As of the date of this MD&A, the Company has divested the entirety of its UNI position.

Volatility of price and trading volume of Ether remains elevated relative to levels seen in other asset classes, such as stocks and bonds, and the Company expects this volatility to persist for cryptocurrencies, in general, and for Ether specifically.

As at December 31, 2021, the Company determined the fair value of its investment in Wyre to be $6,200,000 and adjusted the carrying value by $4,295,000, reflecting an unrealized gain to OCI of $4,295,000 from December 31, 2020. The fair value assessment of Wyre considered operating metrics and operating results, which included but were not limited to processing volumes, revenue, gross margin and net income figures as compared to prior periods and forecasts, as well as any new valuations of the equity for future equity financings of Wyre, and any third party appraisals as disclosed to the Company.

Revenue

For the year ended December 31, 2021, the Company reported $1,502,441 of revenue compared to $702 of revenue for the year ended December 31, 2020. The increase was the result of consulting fees in 2021 compared to 2020 (see Section 1.6.2 "Related Party Transactions") as well as Staked Ether Rewards revenue.

Operating Expenses

For the year ended December 31, 2021, the Company reported an operating net loss (income) of $3,180,342 (2020 – $(22,432,109)). The decrease was primarily the result of no net change in unrealized gain on fair value remeasurement of digital intangible assets in 2021 compared to 2020 due to the Company's fair value of digital intangible assets being above its cost base at the end of the period. The expenses during the year were driven primarily by an impairment of digital intangible assets of $2,198,937 (2020 – nil), salaries, benefits and professional fees of $1,017,350 (2020 - $579,552), share-based compensation of $326,030 (2020 - $222,628), other tax expenses of $201,806 (2020 – nil) and filing, listing and transfer agent fees of $191,700 (2020 - $68,854). For the quarter ended December 31, 2021, the Company reported a net loss (income) per share of $0.02 (2020 - $(0.56)), which was primarily the result of the lack of net change in unrealized gain on fair value remeasurement of digital intangible assets recorded during the quarter compared to the prior year quarter.

Below is a summary of key financial measures:

Financial Measures	Quarter ended March 31, 2020	Quarter ended June 30, 2020	Quarter ended Sep 30, 2020	Quarter ended December 31, 2020	Quarter ended March 31, 2021	Quarter ended June 30, 2021	Quarter ended Sep 30, 2021	Quarter ended Dec 31 2021
Revenue	$ 620	$ 82	$ -	$ -	$ 86,814	$ 304,312	$ 376,582	$ 734,733
Unrealized gain (loss) on Digital Intangible Assets	$ 1,358,747	$ 4,470,765	$ 5,402,274	$ 13,273,281	$ 22,718	$ -	$ -	$ -
Realized gain (loss) on Digital Intangible Assets	$ (499,496)	$ (586,588)	$ -	$ -	$ 168,081	$ -	$ -	$ -
Operating expenses	$ (306,187)	$ (3,539,470)	$ (5,533,402)	$ (13,052,348)	$ 94,428	$ 453,820	$ 416,246	$ 3,718,288
Net income (loss)	$ 306,807	$ 3,539,552	$ 5,533,402	$ 13,052,348	$ (7,614)	$ (149,508)	$ (39,664)	$ (2,983,555)
Basic weighted average shares outstanding (1)	22,985,126	22,985,126	23,089,561	23,325,588	26,436,915	33,776,338	33,776,701	33,785,194
Diluted weighted average shares outstanding (1)	22,985,126	22,985,126	23,250,395	23,789,915	26,436,915	33,776,338	33,776,701	33,785,194
Basic net income (loss) per share	$ 0.01	$ 0.15	$ 0.24	$ 0.56	$ (0.00)	$ 0.00	$ 0.00	$ (0.09)
Diluted net income (loss) per share	$ 0.01	$ 0.15	$ 0.24	$ 0.55	$ (0.00)	$ 0.00	$ 0.00	$ (0.09)
Total assets	$ 9,581,300	$ 13,151,708	$ 18,825,430	$ 34,018,220	$ 113,573,294	$ 132,864,370	$ 177,463,634	$ 220,321,980
Total liabilities	$ 199,151	$ 69,773	$ 72,218	$ 92,538	$ 146,155	$ 220,301	$ 246,457	$ 503,220
Shareholders' equity	$ 9,382,146	$ 13,081,935	$ 18,753,212	$ 33,925,682	$ 113,427,139	$ 132,644,069	$ 177,217,177	$ 219,818,760
Working capital surplus (deficit)	$ 147,463	$ 162,259	$ 143,059	$ 466,585	$ 3,171,126	$ 3,075,758	$ 3,144,057	$ 3,196,023
Operating expenses excluding unrealized and realized gain (loss) on digital intangible assets	$ 219,861	$ 344,707	$ 202,075	$ 220,933	$ 285,227	$ 453,820	$ 416,246	$ 3,718,288
Net income (loss) before unrealized gain (loss) on Digital Intangible Assets	$ (718,737)	$ (931,213)	$ 131,128	$ (220,933)	$ (30,332)	$ (149,508)	$ (39,664)	$ (2,983,555)
Basic net income (loss) per share before unrealized gain (loss) on intangibles	$ (0.03)	$ (0.04)	$ 0.01	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.09)
Diluted net income (loss) per share before unrealized gain (loss) on intangibles	$ (0.03)	$ (0.04)	$ 0.01	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.09)

Note: See non-IFRS Measures. Basic and diluted loss per share before unrealized loss on digital intangible assets are non-IFRS measures and are not a substitute for the IFRS measures basic and diluted loss per share. These non-IFRS measures are computed by adding back the non-cash unrealized loss on the re-measurement of digital intangible assets in the determination of loss per share to provide the reader with additional information on the loss per share from operating activities.

1.3 LIQUIDITY AND CAPITAL RESOURCES

Ether Capital manages its liquidity risk through cash and Ether, a liquid digital asset. At December 31, 2021, the Company had a working capital surplus of $3.2 million (2020 - $0.5 million). The Company has adopted a sales program pursuant to which a limited amount of Ether is transferred to the Company's account on a regulated digital asset exchange each quarter and sold on a monthly basis for the purpose of generating cash to fund operations. The Company suspended its monthly sales program in September 2020 and has been funding operations since that time with its cash balance. The Company does not expect to resume the monthly Ether sales program in the next 12 months. Rather, the Company will use its available cash to fund operations. However, the Company may continue to need to sell Ether from time to time to invest in new business development and growth opportunities, particularly if a material portion of its revenues are denominated in Ether.

1.4 FINANCIAL AND OTHER INSTRUMENTS

Aside from the Company's holding in Wyre, which is carried at fair value under an FVOCI measurement elected in accordance with IFRS 9, the Company's financial instruments consist of cash and accounts payable and accrued liabilities and, unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of such financial instruments approximate their carrying values due to the short-term or demand nature of the instruments.

1.5 ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Please refer to note 3 of the audited consolidated financial statements for the year ended December 31, 2021 for full disclosure of all other significant accounting policies and critical accounting estimates. There are no new accounting policies pending adoption by the Company as at December 31, 2021.

1.6 ADDITIONAL DISCLOSURES

1.6.1 Off-Balance Sheet Arrangements

No off-balance sheet arrangements were made in this reporting period.

1.6.2 Related Party Transactions

As Som Seif is the CEO of Purpose LP as well as the Chairman & Co-CIO of Ether Capital, Purpose LP is considered a related party to the Company. On January 29, 2018, the Company entered into a services agreement with Purpose LP in order for the Company to receive accounting, tax, financial reporting, administrative, human resources, information technology, legal, management and product services from Purpose LP. During the year ended December 31, 2021, $42,000 were paid or incurred under the services agreement (2020 - $nil) with Purpose LP. As at December 31, 2021, the Company had a balance outstanding of $1,120 (2020 - $9,595) under the services agreement with Purpose LP and as direct cost reimbursements. The services agreement was amended and restated as of February 23, 2021 to reflect the fact that the scope of accounting, tax, financial reporting, administrative, human resource, information technology, legal, management and product services from Purpose LP, or any qualified third parties who may be engaged by Purpose LP has been reduced considerably as the CEO and CFO of Ether Capital have taken on primary responsibility for managing the Company. Please refer to Note 6 of the condensed consolidated financial statements of the Company for year ended December 31, 2021.

On February 16, 2021, the Company entered into a consulting arrangement with Purpose Investments Inc. ("Purpose Investments") relating to digital asset investment products managed by Purpose Investments. During the quarter ended December 31, 2021, $609,524 of consulting fees were accrued under the arrangement with Purpose Investments.

On February 22, 2022, the Company purchased units of the Purpose Ether ETF managed by Purpose Investments with a portion of its available cash balance earmarked for purchases under the Company's normal course issuer bid ("NCIB").

1.6.3 Outlook and Growth Strategy

The Company is focused on pursuing selective investments in projects, protocols, technologies and businesses that leverage the Ethereum ecosystem and Web 3 technologies. Through its highly experienced board of directors, advisory board and management team, Ether Capital will seek to invest in new technologies, software solutions and new related businesses. It intends to expand beyond passive investment in Ether and staking, subject to its assessment of the future opportunities and the prospective financial rewards. The Company's investment strategy will be implemented based on its ability to fund future investments. See Liquidity and Capital Resources above. See Risk Factors below.

1.6.4 Outstanding Share Data

As at December 31, 2021:

- Authorized share capital – unlimited common shares, with no par value.
- 33,825,535 common shares issued and outstanding.
- 1,790,754 stock options outstanding.
- 4,290,475 common share purchase warrants from the Company's 2021 Offering ("2021 Warrants").
- 276,732 common share purchase warrants ("Broker Warrants").

1.6.5 Dividend Policy

To date, the Company has neither declared nor paid any dividends, nor does the Company anticipate that dividends will be declared or paid in the foreseeable future. Rather, the Company intends to retain any earnings to finance its operations as well as future growth and development. Any future payment of cash dividends will be dependent upon, amongst other things, the Company's future earnings, financial condition, capital requirements, and such other factors as the board of directors may deem relevant at that time.

1.6.6 Board of Directors

As of the date of this MD&A, the Company's board of directors consists of Stefan Coolican, Camillo di Prata, Liam Horne, Joey Krug, Colleen McMorrow, Brian Mosoff, Benjamin Roberts, John Ruffolo, Som Seif, and Boris Wertz.

1.6.7 Risk Factors

The following risks should be considered when evaluating the Company's business and prospects:

Negative Cash Flow

To date, the Company has incurred periods of negative cash flow from operating activities. The Company anticipates it could have negative cash flow from operating activities in future periods. The Company has undertaken measures to improve its cash position, including ongoing cost management as well as generating revenue from consulting arrangements and staking rewards revenue. In addition, on March 15, 2021, the Company closed an overnight marketed offering in which it raised approximately $28.75 million. While the Company holds some illiquid investments, it still holds a significant amount of Ether which it considers to be sufficiently liquid to convert to cash for operating purposes, when and if required. To date, the Company's revenue has consisted of interest on its cash balance, consulting fees and staking rewards revenue.

Liquidity of Securities

Although the Company's outstanding common shares are listed for trading on the NEO, the Company's common shares are relatively illiquid due to low trading volumes. No assurance can be given that an active or liquid trading market for these common shares will develop or be sustained. As such, the market price of such common shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as interest rate changes or international currency fluctuations, may adversely affect the market price of such common shares, even if the Company is successful in maintaining revenues, cash flows or earnings. In addition, this illiquidity and fluctuation in market price may adversely affect the Company's ability to raise additional funds through the issuance of such common shares or other securities.

COVID-19 Pandemic

The ongoing global pandemic involving the novel coronavirus, COVID-19, has caused companies and various governments to take measures and impose restrictions to combat the pandemic, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and such measures and restrictions have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of Ether and other digital assets. Although the market price of Ether has risen since the pandemic began, the extent to which any worsening or continuation of the pandemic may negatively impact the market price of Ether and, in turn, the market price of our Securities, is uncertain and cannot be predicted. The realizable values of assets, liquidity and financial condition may be materially affected as a result, and the Company will continue to monitor the impact of the pandemic on its business. The extent of the impact, if any, will depend on future developments, which are highly uncertain and cannot be predicted at this time, including the severity and scope of future outbreaks and the actions taken to contain or treat such outbreaks.

General Investment Risk

An investor's return on investment in the Company will vary directly with the Company's market value, which in turn relies on numerous factors, including, but not limited to, its financial condition and operating results and, at this time, the value of Ether and Staked Ether, as well as its equity interest in Wyre, that it currently holds. Further, cryptocurrencies are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. For example, political or economic crises could motivate large-scale acquisitions or sales of digital assets either globally, regionally or locally. Large-scale sales of certain digital assets would result in a reduction in their value and could materially and adversely affect the Company's investment strategies and the value of its assets.

No Guaranteed Return

There is no guarantee that an investment in the Company will earn any positive return. An investment in the Company is risky and highly speculative and should be considered only by persons who can bear the risk of losing all of their investment in the Company.

Limited Operating History

Although all persons involved in the management of Ether Capital have significant experience in their respective fields of specialization, Ether Capital has a limited operating or performance history upon which prospective investors can evaluate the Company's likely performance. There can be no assurances that the Company will earn profits in the future or that any profitability will be sustained.

Going Concern Risk

Ether Capital has undertaken to identify when events or conditions indicate that significant doubt may exist about the Company's ability continue as a going concern. Significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that it is probable that the Company will not be able to meet its obligations as they

become due for a period at least twelve months from the statement of financial position date. Ether Capital believes that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. However, if the price of Ether were to materially decline, the Company may not be able to meet its business and investment objectives. While the Company holds some illiquid investments, it still holds a significant amount of Ether which it considers to be sufficiently liquid to convert to cash for operating purposes. The Company may need to raise additional capital or monetize a portion of its Ether balance to fund its operations and execute its business strategy. If the price of Ether begins to trade in the US$15 to US$20 range, the Company may be unable to continue as a going concern and therefore may be required to realize its assets and discharge its liabilities other than in the normal course of business.

Trading Price of Shares

The shares may trade in the market at a significant discount to the net asset value per share of the Company and there can be no assurance that the shares will trade at a price equal to, or at a premium to, the net asset value per share of the Company.

Reliance on Management, the Board of Directors and Track Record

The success of the Company, including sourcing and closing on investment opportunities, is dependent upon the skill, judgment, industry relationships and expertise of management and the board of directors. The loss of a director or of a key person of management may materially and adversely affect the business of the Company. There can be no assurance that these individuals will continue to be employed by or remain involved with the Company for a particular period of time. Recruiting and retaining highly qualified talent is critical to the success of the Company.

Changes in Applicable Law

Changes in applicable laws, regulations or taxation arrangements, including those relating to blockchain technologies and crypto assets, which may occur at any time, may materially and adversely affect the Company's business strategy.

Focused Investment Strategy

The Company is focused on investments related to the Ethereum ecosystem and Web 3 technologies. The specific investment focus is inherently more risky than traditional investments and could cause the Company to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences when compared with a company that has a more mature business model. In addition, as materials made available to the Company in the course of its due diligence process relating to potential investment opportunities will generally not be available to investors as such, investors will generally be unable to ascertain the merits or risks of any particular target business' operations.

Access to Funding

The Company may require additional capital and financing to fund future operations or to fulfill its obligations under future agreements and execute on its business strategy. There are no assurances that the Company will have access to sufficient funding for such purposes or on satisfactory terms.

Potential Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies, or may have significant investment positions or shareholdings in other projects, protocols or companies including those in the same sector as Ether Capital. Situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company's interests. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' fiduciary duties.

The following risks are associated with investments in Ethereum and blockchain technologies and should be considered:

Risks Associated with Staking on Ethereum 2.0

In connection with the anticipated transition of the Ethereum network from POW to POS, the Company has deployed over 20,000 ETH to the beacon chain and is likely to choose to deploy additional Ether holdings towards staking on the beacon chain with a view to earning an ETH-denominated return thereon. Transfers and withdrawals of Ether on the beacon chain are currently disabled. Although it is anticipated that transfers and withdrawals will subsequently be enabled by no later than the merging of the Ethereum POW chain into Ethereum 2.0, the timing of this event is uncertain and cannot be anticipated. Accordingly, to the extent that the Company has Ether holding in staking and intends to deploys more on the beacon chain prior to the enabling of transfers and withdrawals on the beacon chain, such Ether may be subject to an indefinite period of illiquidity. The inability of the Company to transfer or withdraw its Ether from the beacon chain may materially and adversely affect the market price and value of such Ether and, in turn, the value of the Company's securities. See Section 1.1.1 – "Ethereum's Transition to a Proof of Stake Protocol". In addition, by running a validator node, the Company will be exposed to the risk of loss of its staked digital assets if it fails to operate the node in accordance with applicable protocol rules, as the Company's digital assets may be "slashed" or inactivity penalties may be applied if the validator node "double signs" or is offline for a prescribed period of time.

Speculative and Volatile Nature of Ether

To date, the Company has deployed most of the capital it has raised into Ether. The price of Ether is subject to significant volatility. In addition, there is no guarantee that the Company may be able to sell its Ether at prices quoted on various cryptocurrency trading platforms or at all if it determines to do so. In addition, the supply of Ether is currently controlled by the source code of the Ethereum platform, and there is a risk that the developers of the code and the participants in the Ethereum network could develop and/or adopt new versions of the Ethereum software that significantly increase the supply of Ether in circulation, negatively impacting the trading price of Ether. Any significant decrease in the price of Ether may materially and adversely affect the Company and, in turn, the value of the Company's securities. The ETH markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment (by way of sensationalism in the media or otherwise) can induce large swings in volume and subsequent price changes. Such volatility can adversely affect the business of the Company. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the public, accounts for anticipated future appreciation in value. The Company believes that momentum pricing of ETH has resulted, and may continue to result, in speculation regarding future appreciation in the value of ETH, inflating and making more volatile the value of an ETH. As a result, ETH may be more likely to fluctuate in value due to changing investor confidence in future appreciation, which could adversely affect the business of the Company.

Speculative and Volatile Nature of Blockchain

The participation and investment in blockchain, Web 3 technologies (including Ethereum) and digital assets are speculative activities as these are relatively new sectors involving a high degree of financial risk. The price and value of blockchain technologies and digital assets have historically been subject to dramatic fluctuations and are highly volatile, which may materially and adversely affect the Company. The Company's business plan depends upon the growth and adoption of blockchain and Web 3 technology generally and Ethereum in particular. If industry participants determine that Ethereum is not an effective protocol, due to security risks or other shortcomings, or if another technology emerges which is superior to Ethereum, then it is highly likely that the value of the Company's assets, which are primarily held in Ether, will fall and could become worthless.

Underlying Value Risk

ETH represents a new form of digital value that is still being digested by society. Its underlying value is driven by its utility as a store of value, means of exchange, and unit of account, and the demand for ETH within those use cases. Just as oil is priced by the supply and demand of global markets, as a function of

its utility to, for instance, power machines and create plastics, so too is ETH priced by the supply and demand of global markets for its own utility within remittances, B2B payments, time-stamping, etc.

Top ETH Holders May Control a Significant Percentage of the Outstanding ETH
The founders of the Ethereum network may control large amounts of ETH. There are several addresses outside of digital asset trading platforms that have large holdings of ETH. While there appear to be few concentrated holders of ETH based on individual addresses, some holders may have their ETH spread across multiple addresses.

Development of the Ethereum Platform
The Ethereum platform is an open source project being developed by a network of software developers, including Vitalik Buterin. Mr. Buterin or another key participant within the core development group could cease to be involved with the Ethereum platform. Factions could form within the Ethereum community, resulting in different and competing versions of Ethereum being adopted by network participants. Furthermore, network participants running the Ethereum software may choose not to update their versions of the software, resulting in different versions of the Ethereum software running on the network. Any of the foregoing developments could have a significant negative impact on the viability and overall health of the Ethereum platform, the value of Ether and the Company's business model and assets.

In particular, the Ethereum network, as part of the Ethereum 2.0 upgrades, is anticipated to shift from the use of a POW validation model to a POS model. The current proposal for Ethereum's shift to a POS model, and other Ethereum 2.0 upgrades, have a number of unknown variables, including uncertainty over timing, execution and ultimate adoption. Although the beacon chain (the POS successor to the Ethereum POW chain) launched in December 2020 and the "merging" of the Ethereum POW chain into Ethereum 2.0 is expected to occur in 2022, there is no assurance that this, or the balance of the Ethereum 2.0 upgrades, will occur on the timeline anticipated, or at all. In addition, although management believes that these upcoming changes to the Ethereum platform will positively impact its potential for mainstream adoption, no assurance can be given that such impact will materialize. If the Company cannot successfully anticipate and react to the impacts of this shift, its business and results of operations may be adversely affected.

Functioning of Digital Asset Trading Platforms
The Company has acquired Ether and may acquire additional Ether. The Company previously owned MKR and UNI and may acquire MKR, UNI or other digital assets in the future. The Company acquired its MKR in a private transaction and acquired its UNI in an airdrop, as discussed further in Section 1.1.1. In the first quarter of 2022, the Company divested its MKR and UNI holdings. The Company generally expects to acquire digital assets on liquid, regulated exchanges with robust anti-money laundering ("AML") and know-your-client ("KYC") policies and procedures. However, there are no assurances that cryptocurrency trading platforms on which the Company transacts will continue to operate effectively, maintain adequate liquidity or that their AML and KYC policies and procedures will be effective, which could negatively impact the Company and its ability to acquire or sell Ether and other digital assets.

Regulation of Blockchain & Digital Assets
The regulatory and legal regimes governing blockchain technologies and digital assets across the globe are uncertain and evolving, and new regulations, protocols or policies, including a change of laws, potential bans or restrictions on the trading of digital assets, may impact the demand for ETH and materially and adversely affect the Company.

Uncertainty Regarding the Growth of Blockchain and Web 3 Technologies
The further development and use of blockchain, Web 3 technologies and digital assets are subject to a variety of factors that are difficult to evaluate and predict. The slowing of or stopping of the development or acceptance of blockchain networks, specifically Ethereum, and blockchain assets would have a material adverse effect on the Company. Furthermore, blockchain and Web 3 technologies, including

Ethereum, may never be implemented to a scale that provides identifiable economic benefit to blockchain-based businesses, including the Company.

The Ethereum network and ETH as digital asset have a limited history. Due to this short history, it is not clear how all elements of ETH will unfold over time, specifically with regard to governance between miners, developers and users, as well as the long-term security model as the rate of inflation of ETH decreases. Since the ETH community has successfully navigated a considerable number of technical and political challenges since its inception, the Company believes that it will continue to engineer its way around future challenges. The history of open source software development would indicate that vibrant communities are able to change the software under development at a pace sufficient to stay relevant. The continuation of such vibrant communities is not guaranteed, and insufficient software development or any other unforeseen challenges that the community is not able to navigate could have an adverse impact on the business of the Company

Potential Decrease in Global Demand for ETH

As a currency, ETH must serve as a means of exchange, store of value, and unit of account. Many people using ETH as money-over-internet-protocol (MoIP) do so with it as an international means of exchange. Speculators and investors using ETH as a store of value then layer on top of means of exchange users, creating further demand. If consumers stop using ETH as a means of exchange, or its adoption therein slows, then ETH's price may suffer, adversely affecting the Company.

Investors should be aware that there is no assurance that ETH will maintain its long-term value in terms of purchasing power in the future or that the acceptance of ETH for payments by mainstream retail merchants and commercial businesses will continue to grow. As relatively new products and technologies, ETH and the Ethereum network have yet to become widely accepted as a means of payment for goods and services by many major retail and commercial outlets, and use of ETH by consumers to pay such retail and commercial outlets remains limited. Banks and other established financial institutions may refuse to process funds for Ethereum network-based transactions, process wire transfers to or from digital asset trading platforms, Ethereum-related companies or service providers, or maintain accounts for persons or entities transacting in ETH. Conversely, a significant portion of ETH demand is generated by speculators and investors seeking to profit from the short- or long-term holding of ETH. The Company believes that, like any commodity, ETH will fluctuate in value, but over time will gain a level of acceptance as a store of value, medium of exchange or token of utility.

Financial Institutions may refuse to Support Transactions involving ETH

In the uncertain regulatory climate for digital assets, including ETH, Canadian regulated financial institutions may cease to support transactions involving digital assets, including the receipt of cash proceeds from sales of digital asset. Should this occur, the Company's business, prospects, financial condition, results of operations or cash flows could be materially adversely affected.

Security Risks

Several security risks may adversely affect the Company. Blockchain, Web 3 technologies and digital assets are at risk of cyber-security breaches and attacks. Accordingly, the Company and the projects, protocols and businesses that it may invest in are subject to these threats. Furthermore, the Company's information technology and infrastructure may be vulnerable to security breaches and cyber-attacks or breaches due to employee error, malfeasance or other disruptions.

Digital Asset Custody Risk

Digital assets are exposed to unique risks of loss or theft, relative to traditional assets. If the credentials (or private keys) to a digital wallet or asset are lost, stolen or destroyed, the digital assets are not recoverable and would be lost by the Company. Digital assets which are held in "hot wallets" online are also exposed to risk of loss through cyber hacks or thefts. To mitigate these risks, the Company has adopted the Self Custody Program, which includes various security measures.

Smart Contract Risk
The Ethereum network is based upon the development and deployment of smart contracts, which are self-executing contracts with the terms of the agreement written into software code. There are thousands of smart contracts currently running on Ethereum. Like all software code, smart contracts are exposed to risk that the code contains a bug or other security vulnerability, which can lead to loss of assets that are held on or transacted through the contract. The Company currently relies on the Gnosis multisignature wallet for its custody solution. The Gnosis multisignature wallet is a smart contract deployed on Ethereum and, as such, may contain a bug or other vulnerability that may lead to the loss of digital assets held in the wallet. The Ethereum developer community audits widely used smart contracts frequently, and publishes the results of such audits on public forums.

Insurance Risk
The Company is not insured against every risk to which it is exposed, including those related to custody of assets. The Company believes that its Self-Custody Program and Digital Asset Trading Policy robustly protect its digital assets against the risk of loss and/or theft. The Company has confirmed that insurance is not currently available on commercially reasonable terms.

Competition Risks
Because there may be other companies with a business plan similar to the Company seeking to effectuate similar investments, the Company faces significant competition in the blockchain and digital asset sectors. The Company's competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

Sourcing of Investments
Ether Capital depends on its senior management and directors to source suitable investment opportunities for the Company. In addition, the Company encounters competition for such investment opportunities from other entities having similar business objectives including private investors, pension funds and private equity firms and such competition may impact the Company's ability to close on an investment as well as the purchase price for any such investment. There is no assurance that the Company will be able to source suitable investment opportunities or that it will be able to do so at an appropriate price.

Although Ether Capital conducts considerable due diligence on potential investments, the presence of one or more material liabilities that are unknown to Ether Capital at the time of investment, or the materialization of one or more material risks after the time of investment, could lead to a loss of value of such investment and, in turn, have a material adverse effect on the business, results of operations, prospects and financial condition of the Company.

In addition, there can be no assurance that the Company's existing investments, including its investment in Wyre, will be successful. To the extent that the Company experiences a loss of value in these investments, the Company's market value will accordingly decrease.

The following risks are associated with the Ethereum network and should be considered:

Dependence on Ethereum Network Developers
While many contributors to the Ethereum network's open-source software are employed by companies in the industry, most of them are not directly compensated for helping to maintain the protocol. As a result, there are no contracts or guarantees that they will continue to contribute to the Ethereum network's software.

Issues with the Cryptography Underlying the Ethereum Network

Although the Ethereum network is one of the world's most established digital asset networks, the Ethereum network and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. In the past, flaws in the source code for digital assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users' personal information and/or resulted in the theft of users' digital assets. The cryptography underlying ETH could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take the ETH held by the Company. Moreover, functionality of the Ethereum network may be negatively affected such that it is no longer attractive to users, thereby dampening demand for ETH. Even if another digital asset other than ETH were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect the business of the Company.

Disputes on the Development of the Ethereum Network may lead to Delays in the Development of the Network

There can be disputes between contributors on the best paths forward in building and maintaining the Ethereum network's software. Furthermore, the miners and/or stakers supporting the network and other developers and users of the network can disagree with the contributors as well, creating greater debate. Therefore, the Ethereum community often iterates slowly upon contentious protocol issues, which many perceive as prudently conservative, while others worry that it inhibits innovation. It will be important for the community to continue to develop at a pace that meets the demand for transacting in ETH, otherwise users may become frustrated and lose faith in the network. As a decentralized network, strong consensus and unity is particularly important to respond to potential growth and scalability challenges.

The Ethereum Blockchain may Temporarily or Permanently Fork and/or Split

The Ethereum network's software and protocol are open source. When a modification is released by the developers and a substantial majority of participants consent to the modification, the change is implemented and the Ethereum network continues uninterrupted. However, if a change were activated with less than a substantial majority consenting to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "hard fork" (i.e. a split) of the Ethereum network (and the blockchain). One blockchain would be maintained by the pre-modified software and the other by the post-modification software. The effect is that both blockchain algorithms would be running parallel to one another, but each would be building an independent blockchain with independent native assets. Although forks are likely to be addressed by a community-led effort to merge the two groups, such a fork could adversely affect ETH's viability.

Dependence on the Internet

ETH miners and beacon chain validators relay transactions to one another via the internet, and when blocks are mined they are also forwarded via the internet. Users and developers access Ethereum via the internet. Thus, the Ethereum network is dependent upon the continued functioning of the internet.

Risk if Entity Gains a 51% Share of the Ethereum Network

If an entity gains control over 51% of the compute power (hash rate) the entity could use its majority share to double spend ETH. Essentially, the entity would send ETH to one recipient, which is confirmed in the existing blockchain, while also creating a shadow blockchain that sends that same ETH to another entity under its control. After a period of time, the entity will release its hidden blockchain and reverse previously confirmed transactions, and due to the way mining works, that new blockchain will become the record of truth. This would significantly erode trust in the Ethereum network to store value and serve as a means of exchange which may significantly decrease the value of the ETH. The two largest miners or pools of Ethereum control in the aggregate more than 51% of the Ethereum network. This risk is expected

to be substantially mitigated on Ethereum 2.0, as the POS method of validating transactions is expected to improve the decentralization and security of the network.

Attacks on the Ethereum Network
The Ethereum network is periodically subject to distributed denial of service attacks to clog the list of transactions being tabulated by miners, which can slow the confirmation of authentic transactions. Another avenue of attack would be if a large number of miners were taken offline then it could take some time before the difficulty of the mining process algorithmically adjusts, which would stall block creation time and therefore transaction confirmation time. Thus far these scenarios have not plagued the network for long or in a systemic manner. This risk is expected to be substantially mitigated on Ethereum 2.0, as the POS method of validating transactions is expected to improve the speed and efficiency of the network.

Decrease in Block Reward or Yield
In the event of a material decrease in the block reward to the Ethereum network, miners may cease to provide their computational power to the consensus mechanism for the Ethereum network blockchain. This risk is expected to be mitigated in part on Ethereum 2.0, as the rewards earned by stakers of Ether will proportionately decline as more stakers participate in the network. Conversely, if some stakers decide to stop participating because the yield is too low, remaining stakers will enjoy a higher yield. Consequently, Ethereum 2.0 is expected to attract a sufficient number of stakers and validators to keep the network running efficiently.

Competitors to ETH and the Ethereum Network
Currently, ETH is the second largest digital asset by market capitalization, with Coingecko citing more than 5,000 alternative digital assets. To the extent a competitor to ETH gains popularity and greater market share, the use and price of ETH could be negatively impacted, which may adversely affect the investments of the Company. Similarly, the price of ETH could be negatively impacted by competition from incumbents in the credit card and payments industries or from other developing blockchain protocols.

Significant Energy Consumption to run the Ethereum Network
Because of the significant computing power required to mine ETH, the network's energy consumption as a whole may ultimately be deemed to be or indeed become unsustainable (barring improvements in efficiency which could be designed for the protocol). This could pose a risk to broader and sustained acceptance of the network as a peer-to-peer transactional platform. This risk is expected to be substantially mitigated on Ethereum 2.0, as the POS method of validating transactions requires significantly less energy consumption than the proof of work network.

A more complete discussion of the risks and uncertainties facing the Company is disclosed in the Company's Annual Information Form dated March 23, 2022 and in the Company's other continuous disclosure filings with Canadian securities regulatory authorities, available at www.sedar.com.

1.6.8 Controls and procedures

The Company's CEO and CFO are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with IFRS. As at December 31, 2021, an evaluation was carried out of the effectiveness of the design and operation of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting. Based on that evaluation, the Company's CEO and CFO have concluded that, as at December 31, 2021, the design and operation of controls over financial reporting was effective. These evaluations were conducted in accordance with the standards established in "Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission", and the requirements of NI 52-109. The control framework used by the CEO and the CFO

to design the Company's internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

There were no changes to the Company's internal control over financial reporting during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

1.6.9 Legal Proceedings

To the Company's knowledge, there are no legal proceedings, current or pending, to which the Company is a party or to which any of its assets are subject.

1.6.10 Appointment of Auditor

KPMG LLP, of Toronto, Ontario was re-appointed as the Company's auditor on June 23, 2021.

Approval and Further Information

This MD&A is dated as of the close of business on March 23, 2022.

The board of directors of the Company has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.