



TRACESAFE INC. (FORMERLY BLOCKCHAIN HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2019 and 2018

Cautionary Statements

Forward-Looking Information

Except for statements of historical fact relating to Blockchain Holdings Ltd., certain statements contained in this MD&A constitute forward-looking information, future oriented financial information or financial outlooks (collectively "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings, Blockchain Holdings, Ltd.'s future outlook and anticipated events or results and in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, access to sufficient capital resources, the timing and amount of future cash flows, capital and operating expenditures, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of Blockchain Holdings, Ltd.'s public filings, availability and final receipt of required approvals, licenses and permits, ability to acquire sufficient working capital to complete development projects, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee and consulting relations, lack of social opposition and legal challenges, and the ability to settle disputes. While Blockchain Holdings, Ltd. considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other Blockchain Holdings, Ltd.'s filings. Forward-looking statements are based upon management's beliefs, estimate and opinions on the date the statements are made and other than as required by law, Blockchain Holdings, Ltd. does not intend and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

The following management's discussion and analysis ("MD&A") of Blockchain Holdings, Ltd. ("BCX" or the "Company"), is prepared as of June 15, 2020, and should be read together with the consolidated financial statements for the year ended December 31, 2019. All financial amounts are stated in United States dollars unless otherwise indicated.

For the purpose of preparing this MD&A, Management in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (1) if such information results in or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; or (ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at www.sedar.com.

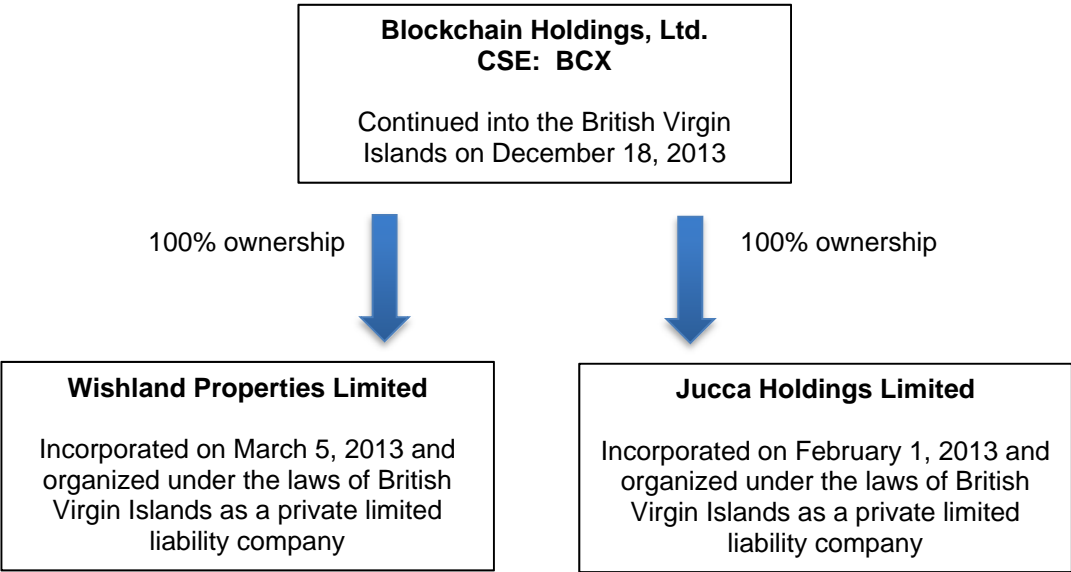
All amounts in this MD&A are expressed in United States dollars ("US\$"), unless otherwise noted.

DESCRIPTION OF BUSINESS

Blockchain Holdings, Ltd., (formerly Undur Tolgoi Minerals Inc. and Khot Infrastructure Holdings, Ltd.) [“BCX” or the “Company”] was incorporated on December 22, 2010 under the Business Corporations Act of British Columbia as a private company and continued into the British Virgin Islands on December 18, 2013.

The registered office of BCX is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

Blockchain has a 100% interest in Jucca Holdings Limited [“Jucca”] and Wishland Properties Limited [“Wishland”].



OVERALL OBJECTIVE

The Company’s strategic focus is to develop proprietary information indexes and ancillary data products for emerging blockchain and digital currency markets. In addition, the Company may develop indexes for third parties. Its focus will be collecting and aggregating the data from emerging blockchain software applications. The Company is also interested in other opportunities.

Emerging uses of the blockchain allow for new and sometimes disruptive financial market applications. However, due to the decentralized nature of the blockchain, the data created by a blockchain application is often spread out and dispersed in a large number of locations. This makes data aggregation and information processing more costly and time-consuming than the centralized applications they are replacing. The resulting increased cost and time required to process data presents the opportunity for the Company to provide to the marketplace a service (the collection and aggregation of data) and a product (datasets).

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SELECTED FINANCIAL INFORMATION

The following tables provide selected annual and quarterly financial information in accordance with IFRS for the Company's quarter ended December 31, 2019. In the quarter ended December 31, 2019, the Company has not generated any revenue and incurred a loss of \$197,357.

Three Months Ended	Total Revenue for the period US\$	Total Expenses for the period US\$	Net Loss for the period (including discontinued operations) US\$	Loss per share basic and fully diluted US\$	Total long- term financial liabilities US\$	Cash dividends per common share US\$
March 31, 2018	-	(72,841)	(72,841)	-	-	-
June 30, 2018	-	(422,200)	(422,200)	(0.06)	-	-
September 30, 2018	-	(207,521)	(207,521)	(0.03)	-	-
December 31, 2018	-	(217,916)	(721,878)	(0.04)	-	-
March 31, 2019	-	(144,585)	(144,585)	(0.01)	-	-
June 30, 2019	-	(215,581)	(215,581)	(0.01)	-	-
September 30, 2019	-	(130,650)	(130,650)	(0.01)	-	-
December 31, 2019	-	(197,357)	(197,357)	(0.01)	-	-

DIVIDEND PAYMENT

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its road construction programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATION FOR THE YEAR ENDED DECEMBER 31, 2019

The comprehensive loss for the years ended December 31, 2019, were \$666,061 (2018 – \$1,432,490).

Significant variances for the three and twelve months ended December 31, 2019

Consulting fees decreased to \$Nil in 2019 compared to \$115,663 in 2018. The variance is due to the initial development of blockchain index products, which resulted in a higher cost in the prior comparable period.

The decrease is also due to limited resources available to fund activity related to development of blockchain index products and the Company's focus and investigation into other strategic opportunities.

Management fees increased to \$230,533 in 2019 compared to \$179,971 in 2018. The increase is primarily due to increased compensation to directors and officer which include the additional of a new CEO part way through the prior year to lead the Company in the change of business to develop blockchain index products. There was a full year CEO management fees in 2019. In addition, a compensation plan for certain directors was initiated part way through last year now recorded a full year management fee.

Regulatory, exchange, AGM, press release and transfer agent fees decreased to \$24,412 compared to \$42,208 in 2018. The decrease is due to BCX's prior year activity related to revocation of the cease trade order issued against the Company by the Ontario Securities Commission. There were additional Ontario Securities Commission review costs, transfer agent and other regulatory re-instatement fees.

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Professional fees increased to \$347,861 for 2019 compared to \$321,297 in 2018. The increase is due to the engagement of a market maker, which was partially offset by a decrease in legal fees. The decrease in legal fees was as a result of less activity compared to the change of business in the prior year. The CFO's consulting fees are also included in professional fees.

Stock-based compensation was \$9,190 for 2019 compares to \$179,597 in 2018. The reason for the decrease was due to the issuance of stock options to certain directors, officers and consultants of the Company in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2019, the Company had a working capital *deficit* of (\$324,847) [December 31, 2018 – *surplus* \$299,550. All of the current accounts payable and accrued liabilities are due and payable within 90 days. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

The Company's working capital amounts are as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Cash	719	508,195
Amounts receivable	1,196	-
Prepayments	23,067	19,681
Accounts payable and accrued liabilities	(79,955)	(228,326)
Due to related party	(65,406)	-
Loan and interest payable	(204,449)	-
	(324,848)	299,550

The Company, which is now involved with blockchain index development, had revenues of \$Nil in 2019, which were not significant to sustain operations in the current period. Until the Company is able to secure sufficient revenue from operations, the Company must utilize its current cash reserves, funds obtained from the exercise of stock options and other financing transactions to maintain its capacity to meet working capital requirements. The Company anticipates going to the market to raise capital when the opportunity arises.

During the year ended December 31, 2019 the Company expended \$688,173 (2018 - \$920,478) on operating activities.

INVESTMENT IN AIRBEAM WIRELESS TECHNOLOGY INC.

On February 26, 2019, the Company entered into a definitive agreement to make an investment in Airbeam Wireless Technology Inc ("Airbeam").

Airbeam, a private B.C. company, purchased the 60 Ghz portfolio of gigabit-class wireless infrastructure assets ("Airbeam Technology") from a leading US publicly-traded semiconductor company.

Blockchain believes that this Airbeam Technology contains the potential building blocks for a new generation of wireless network technologies that are designed to take advantage of existing and emerging high-speed data markets, including 5G: the future global telecommunication standard.

Airbeam's acquisition includes millions of sale-ready chipsets and a robust backlog of orders with longstanding clients that can provide Airbeam early potential revenue and with a roadmap offering rapid growth potential.

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In addition to real-world applications in wireless backhaul, real-time HD video streaming and radar/sensing, Airbeam is also developing a technology stack and innovative product line to unlock the economic potential of Internet-of-Things (“IoT”) including Smart Cities. This includes, significantly, potential machine-to-machine IoT applications governed by blockchain technology. To this end, Blockchain, is establishing a collaborative relationship with Airbeam pursuant to which any further blockchain data aggregation developed will be made available for use to strengthen Blockchain Holdings’ future blockchain data aggregation business.

On November 12, 2019, the Company, through its wholly-owned subsidiary Wishland Properties Limited, closed its investment consisting of 9,876,191 Class A Voting Common Shares at a price of USD\$0.09 (CDN\$0.12) per share for a total investment of \$882,000.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as: obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or that engages in leasing, hedging or research and development services with the Company.

INVESTOR RELATIONS AND MARKET MAKING ACTIVITY

On February 1, 2019, the Company entered into a market making contract with Independent Trading Group (ITG) Inc. (“Market Maker” or “ITG”). The agreement between BCX and ITG was on an initial three-month period and renew for subsequent three-month period basis with a requirement of 30 day written termination notice. ITG has been receiving a monthly fee of CDN\$5,500. As at the year ended December 31, 2019, the Company owed ITG CDN\$5,500 and the contract was still in place.

PROPOSED TRANSACTIONS AND CHANGE OF BUSINESS

As is typical with a change of business, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Group that is not otherwise disclosed herein.

GOING CONCERN

The assessment of the Company’s ability to continue as a going concern and ability to fund potential operations, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company’s abandoned business of infrastructure development in Mongolia and change of business to the development of broad-based indexing products and blockchain tracking metrics involves a high degree of risk and there can be no assurance that current or planned activity will ultimately result in profitable operations. The Company’s continued existence is dependent upon its ability to secure development contracts and the achievement of profitable operations, or the ability of the Company to raise additional financing.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company will require additional financing, through various means including but not limited to equity financing, to continue to pursue relisting on the CSE, development of broad-based indexing products and

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blockchain tracking metrics, and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

The Company has had a history of losses and has accumulated a \$11,976,813 deficit as at December 31, 2019 and has a working capital *deficit* of (\$324,827) (December 2018 – *surplus* \$299,550), including \$719 (December 2018 - \$508,195) in cash and cash equivalents.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The Company incurred the following transactions with directors and key management personnel during the years ended December 31, 2019 and 2018 was as follows:

	December 31, 2019		December 31, 2018
Management fees	\$ 223,533	\$	179,971
Professional fees	55,757		56,033
Consulting fee	-		12,369
Share-based compensation	9,190		100,659
	\$ 288,480	\$	349,032

As at December 31, 2019, there was a balance of \$5,314 (December 31, 2018: \$2,797) in professional fees accrued as payable to the Company's Chief Financial Officer ("CFO").

As at December 31, 2019, there was a balance of \$7,592 (December 31, 2018: \$Nil) in management fees accrued as payable to the current Chief Executive Officer and a balance of \$Nil (December 31, 2017: \$91,798) accrued as payable to the Company's former Chief Executive Officer.

As at December 31, 2019, there was a balance of \$52,500 (December 31, 2018: \$7,000) in director fees accrued as payable to independent directors of the Company.

On February 22, 2019, the Company settled debts which include cash payments to the former CFO and CEO of \$11,083 and \$76,169 respectively pursuant to the debt settlement agreements. The Company recognized a gain on settlement of debt amounting to \$31,735 as a result.

FINANCIAL INSTRUMENTS

Please refer Note 3 of the consolidated financial statements for the year ended December 31, 2019.

SHARE CAPITAL AND OUTSTANDING SHARE INFORMATION

Authorized capital

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at BCX's meetings. All shares are ranked equally with regards to the Company's residual assets.

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The equity structure of the group represents the equity structure of the legal parent.

Issued share capital

Information with respect to outstanding common shares, warrants, and stock options as at December 31, 2019, and December 31, 2018, is as follows:

	December 31, 2019	December 31, 2018
Common shares	22,238,031	19,784,875
Stock options	1,512,500	1,582,500
	<u>23,750,531</u>	<u>21,367,375</u>

On November 28, 2019, the Company issued new loans in the amount of \$203,316 (CDN \$264,000). These loans were unsecured, have a term of interest at 6.5% per annum, are due to mature one year from their respective date of issuance and at the option of the holder, and are convertible into common shares of the Company at a Conversion Price of \$0.46 (CDN\$0.60) per common share provided that the Company complete a private placement or public offering of equity securities prior to the maturity date at prices lower than \$0.46 (CDN\$0.60) the lowest price such equity securities are offered under such private placement or public offering.

Because the conversion price is not fixed, the conversion option was determined to be a derivative liability. The Company has elected to measure the entire convertible loans at FVTPL rather than separately recognize the derivative. At December 31, 2019, the fair value approximates the proceeds received plus accrued interest.

A Director of the Company participated in the convertible loan by subscribing with \$37,659 (CDN\$50,000) cash and converting \$63,920 in debt for a total of \$101,579 in convertible loans.

During the year ended December 31, 2018, the Company settled the long-term debt with the issuance of common shares to the respective lenders. The terms of indebtedness in the amount of \$191,720 with three shareholders such that the first repayment date was after June 30, 2019. The loan did not accrue interest. The Company recorded \$49,143 as a credit to contributed surplus reflecting the discount compared to a similar loan that pays interest at market rates and recognized an accretion expense in the amount of \$18,554.

During the year ended December 31, 2018, the Company settled loans payable in the amount of \$469,270. These loans were unsecured, included terms of interest at 8% per annum and were due to mature one year from their respective date of issuance. Subsequent to the issuance of these loans payable, the terms were renegotiated to remove a conversion feature. However, subsequent to the renegotiated terms, all of the outstanding loans were settled with the issuance of common shares and the Company recognized a total accretion expense of \$61,111 as a result.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions about the future that affect the amounts recorded in the Consolidated Financial Statements and accompanying notes. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on the new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

The Company's significant accounting policies and estimates are fully described in Note 3 to the consolidated financial statements for the year ended December 31, 2019.

BOARD PURPOSE AND FUNCTION

The directors and management of the parent company have extensive experience operating and taking projects through to various stages of development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the financial year under review the board consisted of five members.

RECENT ECONOMIC DEVELOPMENTS

In December 2019, a novel strain of coronavirus surfaced in China. By March 11, 2020, the Coronavirus disease (COVID-19) had spread to over 100 countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern and, on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These measures have caused and will continue to cause significant disruption to business operations and a significant increase in economic uncertainty, with reduced demand for commodities leading to volatile prices and currency exchange rates, and a decline in long-term interest rates. The speed and extent of the spread of COVID-19, the duration and intensity of the resulting business disruption, and the magnitude of the financial and social impacts are uncertain and difficult to predict.

COVID-19 and the measures taken by governments and companies to reduce its spread may have an adverse impact on many aspects of the Company's business. Increased capital market and interest rate volatility may negatively affect the Company's ability to access external financing. Whether and to what extent the recent market volatility and COVID-19 outbreak will impact the Company's business will depend on future developments which, at this time, remain uncertain and difficult to predict.

UNCERTAINTIES AND RISK FACTORS

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Dependence on Key Personnel, Contractors and Service Providers

Shareholders of our Company rely on the good faith, experience and judgment of the Company's management, contractors and service providers in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. There is no assurance that sufficient equity financing will be available at reasonable terms to the Company. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Conflicts of Interest

Certain Directors of the Company also serve as Directors of other companies. Consequently, there exists the possibility that such Directors will be in a position of conflict of interest. Any decision made by such

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Directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing intellectual property and development, taxes, labor standards and occupational health and other matters. Technology development is also subject to various federal, provincial and local laws and regulations relating to the protection of intellectual property. A violation of these laws may result in the imposition of substantial fines and other penalties.

Litigation risk

Disputes are common in the information service and technology industry and as such, in the normal course of business, the Company may be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover claims that may arise in the future. Furthermore, the Company may be subject to the risk of claims and legal actions for various contractual matters, primarily arising from service and technology infringement disputes, in respect of which insurance is not available.

Insufficient revenues

As of the date of this MD&A, the Company did not have sufficient revenues to cover its operating costs. All of the Company's short to medium-term operating and project expenses must be derived from its existing cash position or from external financing.

New business venture

As of the date of this MD&A, the Company has abandoned its infrastructure activities in Mongolia and has begun to change its business to the development of broad-based indexing products and blockchain tracking metrics. There is no assurance that the Company will be successful in transitioning to the new business venture and eventually become profitable.

Potentially dilutive loans from related parties

The Company has a history of signed loan agreements and debt settlement agreements with individual investors and related parties to raise cash to continue to fund operations.

STRATEGY AND OUTLOOK

The Company's remains committed to the creation of shareholder value. The directors and management have a wide entrepreneurial network which can provide a range of future opportunities. The focus will be on projects that attract investor interest and offer significant growth potential.

OTHER INFORMATION

Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at www.SEDAR.com.

Corporate Office's

Head Office

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Website

<https://www.blockchainholdingsltd.com>