Cypher Metaverse Inc.

(formerly Codebase Ventures Inc.)

Management's Discussion and Analysis

For the three-month period ended March 31, 2022

DATE OF REPORT: MAY 20, 2022

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Cypher Metaverse Inc**.** (formerly Codebase Ventures Inc.) (the "Company" or "Cypher") for the three-month period ended March 31, 2022, and related notes attached thereto (the "financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise stated. References to notes are with reference to the consolidated financial statements.

FORWARD-LOOKING STATEMENTS

This MD&A, may contain forward-looking statements. Forward-looking statements are often, but not always, identified by words such as "believes", "may", "likely", "plans" or similar words. All statements, other than statements of historical fact, that address activities, events, or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements.

Forward-looking statements included or incorporated by reference in this document include, but are not limited to, statements with respect to:

i) the Company's acquisition strategy, including acquisition criteria and acquisition benefits.
ii) expectations regarding the ability to raise capital to maintain and further its business interests.

Statements regarding the business and anticipated future financial performance of the Company involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

It is the Company's policy that all forward-looking statements, if any, are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements are subject to change, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements contained in this MD&A, may include, but are not limited to, information or statements concerning management's expectations for the Company's ability to raise capital and meet its obligations.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below.

OUTLOOK

The Company is focused on identifying and investing in fields where emerging, innovative technology has the potential to upend traditional institutions and deliver the greatest value to shareholders. The Company seeks out early-stage opportunities with outstanding talent and technology.

Bitcoin Outlook

Despite historical price volatility, Management believes that Bitcoin represents a digital store of value and the future of global digital currency. Our conviction in the use of Bitcoin as a digital store of value and international payment settlement system remains strong.

DESCRIPTION OF BUSINESS

Cypher Metaverse Inc. is a hands-on team of financial and technology experts who invest early in great ideas. The Company operates from the understanding that technology is always evolving, bringing early opportunities for strategic investments that can deliver the exponential returns to shareholders. The Company's mandate is to seek out and empower the innovators who are building tomorrow's standards with platforms and protocols, not just products. The Company invests early, supporting founders to take their ideas to market and realize their vision. The Company is also involved in the business of utilizing specialized computer equipment to solve complex computational problems to validate transactions on the Bitcoin blockchain, commonly referred to as "Bitcoin Mining". The Company receives bitcoin in return for successful service to the network.

The Company's website is www.cypher-meta.com

The Company's registered address is 1780 - 355 Burrard Street, Vancouver BC, V6C 2G8.

DIGITAL ASSET INDUSTRY OVERVIEW

Bitcoin

Bitcoin is a digital currency that enables peer-to-peer transactions globally over the internet. Bitcoin is independent of any central authority, such as a bank or government. Instead, Bitcoin is governed by a preprogrammed algorithm called Secure Hash Algorithm 256 (SHA-256) that is backed by millions of computers across the world called "miners". Bitcoin miners record transactions and check their authenticity. While fiat currencies are controlled by central banks and governments, Bitcoin miners are spread out across the world and store transactions on the Bitcoin blockchain which is a digital public ledger that can be accessed by anyone. This global and transparent system is referred to as "decentralized control" as the management of Bitcoin does not have a central point of failure or attack. Unlike fiat currencies, which have an unlimited supply which is controlled by governments and central banks, the supply of Bitcoin is controlled by the SHA-256 to keep its availability scarce and total supply fixed. To date, approximately 19 million Bitcoin exist and only 21 million Bitcoin will ever exist. It is expected that all Bitcoin will be mined by 2140. Due to the scarcity and computational power required to mine Bitcoin, it is often referred to as "digital gold".

Bitcoin Mining

Mining is the process of verifying Bitcoin transactions by solving a computationally difficult encrypted code, called a "hash". The hash rate is the number of attempts at solving the encryption code the equipment can process per second. Miners use equipment that produces a high hash rate, as it results in more attempts at solving the encrypted code. The average hash rate for a two-week period determines the network difficulty rate, which is set every two weeks. The network difficulty is a measure of how difficult it is to solve a block. This computational process of decrypting the code through hashing is referred to as proof of work. Bitcoin miners use Application Specific Integrated Circuit ("ASIC") computing chips to compete with each other to correctly solve the encryption code. The power and efficiency of the ASIC chip to produce a high number of hashes is essential to successfully mining. When a miner is successful in solving the code, a block containing transactions is validated and incorporated into the blockchain resulting in an economic incentive payment for the miner in the amount of 6.25 newly minted Bitcoin plus any fee payments attached to the transactions they store in the new block. This incentive payment halves approximately every four years, the most recent of which was the "halving" event which occurred on May 11, 2020.

OPERATIONAL HIGHLIGHTS – PERIOD ENDED AND TO THE DATE OF THIS MD&A

On February 16, 2022, the Company announced that the Company's has appointed Mr. Manan Mehta, blockchain engineer and entrepreneur, as Senior Technology Advisor. Manan's experience and network provides the Company with a unique value proposition, supporting the Company in analyzing and advancing its technology assets and identifying opportunities for key investments.

On February 23, 2022, the Company announced it has completed a first closing of a non-brokered private placement of up to $2,000,000. The Company accepted subscriptions for 13,199,999 units at a price of $0.07 per unit, for gross proceeds of $924,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.09 for a period of two years from the date of closing, subject to the option of the Company to accelerate the expiry date in the event that its shares trade at $0.15 or more for 10 consecutive days. The Company paid $31,200 in cash and issued 445,714 warrants on the same terms as noted above to a qualified finder. Proceeds will be used for working capital and to fund future investments.

On February 24, 2022, the Company has launched an investment portfolio with the intention of accumulating key investments in the DeFi ecosystem as a result of extensive research and planning with company advisors in alignment with Code's blockchain DeFi investment thesis.

On March 2, 2022, the Company provided an overview of its proposed metaverse investment strategy. The Company's is contemplating an investment portfolio, focused upon accumulating key investments in the DeFi ecosystem as a result of extensive research and planning with Company advisors in alignment with the Company's blockchain and DeFi investment thesis.

On March 21, 2022, the Company announced that it has rebranded as Cypher Metaverse Inc., which better represents its updated investment thesis. Working extensively with the Company's advisors to shape the investment thesis and identify key early-stage investments including those within the DeFi and Metaverse ecosystems, leadership determined that the Company would be better suited to an identity that aligns with those investments.

On March 22, 2022, the Company announced it has completed its previously announced non-brokered private placement (the "Financing"). The Company raised proceeds on this final tranche of $178,500 through the sale of 2,550,000 Units. The Company paid finders fees to qualified finders of $14,280 and issued 120,000 broker warrants, which are on the same terms as the warrants forming part of the units. The Company raised a total of $1,102,500. A total of 15,749,999 Units and 649,714 broker warrants were issued pursuant to the Financing. Each unit consists of one common share and one common share purchase warrant at $0.07. Each warrant entitles the holder to purchase one additional common share at $0.09 for a period of two years from the date of closing, subject to the option of the Company to accelerate the expiry date if its shares trade at $0.15 or more for 10 consecutive days.

SELECTED QUARTERLY FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The following table presents the Company's financial summary for the period ended March 31, 2022. The financial information is presented in Canadian dollars and was prepared in accordance with IFRS.

Summary of Operations		March 31 2022		March 31 2021
Revenue	$	29,310	$	-
Total expenses		675,468		3,766,957
Net loss for the period		(1,110,990)		(3,588,920)
Basic and diluted loss per share		(0.01)		(0.04)

Balance Sheet Summary		March 31 2022		December 31 2021
Current assets	$	3,903,293	$	3,661,182
Total assets		4,225,916		4,374,925
Total liabilities		33,332		162,121
Working capital		3,869,961		3,499,061

Revenue from bit mining operations for the three-month period ended March 31, 2022, was $29,310 (2021 - $Nil). The Company experienced a decline hashrate during the quarter and as a result generated decreased revenue compared to the fourth quarter of 2021 which was $94,278.

During the three-month period ended March 31, 2022, total expenses were $675,468 compared to $3,766,957 in the prior year. Net loss for the three-month period ended March 31, 2022, was $1,110,990 (March 31, 2021 - $3,766,957). The most significant factor resulting in the decreased loss in the current was that there were no stock options granted and consequently no share-based compensation expense. In the prior year share-based compensation expense was $2,762,089.

Working capital increased to $3,869,961 (December 31, 2021 - $3,499,061) primarily due to share subscriptions of 15,749,999 units at a price of CDN $0.07 per Unit generating gross proceeds of $1,102,500. No dividends were declared or paid during the periods presented.

DIGITAL ASSETS

Digital assets are recorded at their fair value on the acquisition date or when they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined based on the closing price quoted on www.coingecko.com. A summary of the digital asset balances is as follows:

	March 31, 2022	December 31, 2021
	$	$
Bitcoin	365,034	331,491
Ethereum	94,122	107,402
Curve governance token	13,982	28,857
The Sandbox	22,878	35,193
Total Digital Assets - Current	496,016	502,943

Bitcoin

A continuity of the Company's Bitcoin holdings as at March 31, 2022 is as follows:

	Number	Value $
		$
Balance, December 31, 2020	-	-
Bitcoin acquired	1.650	127,147
Bitcoin mined	4.012	226,319
Transaction fees	(0.007)	(1,158)
Revaluation	-	(20,817)
Balance, December 31, 2021	5.655	331,491
Bitcoin mined	0.560	29,310
Transaction fees	(0.004)	(206)
Revaluation	-	4,439
Balance, March 31, 2022	6.211	365,034

Ethereum

A continuity of the Company's Ethereum holdings as at March 31, 2022 is as follows:

	Number	Value $
Balance, December 31, 2020	-	-
Ethereum acquired	33.44	189,905
Ethereum exchanged for NFT	(10.50)	(59,815)
Revaluation	-	(22,688)
Balance, December 31, 2021	22.94	107,402
Revaluation	-	(13,280)
Balance, March 31, 2022	22.94	94,122

Curve Governance Token

A continuity of the Company's Curve Governance token holdings as at March 31, 2022 is as follows:

	Number	Value $
Balance, December 31, 2020	-	-
Curve DAO Governance token acquired	4,254.30	25,432
Revaluation	-	3,425
Balance, December 31, 2021	4,254.30	28,857
Revaluation	-	(14,875)
Balance, March 31, 2022	4,254.30	13,982

The Sandbox

A continuity of the Company's The Sandbox token holdings as at December 31, 2021 and 2020 is as follows:

	Number	Value $
Balance, December 31, 2020	-	-
The Sandbox acquired	4,511.18	31,768
Revaluation	-	3,425
Balance, December 31, 2021	4,511.18	35,193
The Sandbox acquired	25,873.54	162,292
The Sandbox sold	(25,000.00)	(140,872)
Revaluation / Realized loss	-	(33,735)
Balance, March 31, 2022	5,384.71	22,878

During the period ended March 31, 2022, the Company recorded a revaluation loss on digital assets of $38,654.

The Company also holds a Non-Fungible Token with a cost of $57,092 representing digital real estate.

INVESTMENT IN ASSOCIATE – CAPITAL BLOCKTECH INC.

The Company's 30% interest (2020 – 30%) in Capital Blocktech Inc. ("Capital Blocktech") has been included in the consolidated financial statements using the equity method. Capital Blocktech is incorporated in Alberta, Canada.

During the year ended December 31, 2018, the Company entered into an agreement with Capital Blocktech a private Canadian blockchain technology company, whereby the Company advanced $1,000,000 to earn a 30% interest in Capital Blocktech. The Company also had the right to earn an additional 21% interest in Capital Blocktech for an additional $1,000,000 to be paid on or before January 1, 2022. The Company did not exercise the right to earn the additional 21%.

The tables below provide summarised financial information for the Company's equity investment in Capital Blocktech. The information disclosed reflects the amounts presented in the financial statements of Capital Blocktech and not the Company's share of those amounts:

Summarized Balance Sheet	**March 31, 2022**	**December 31, 2021**
	$	$
Cash	5,000	5,000
Computer equipment	51,043	55,182
Total Assets	56,043	60,182
Accounts payable	1,350,481	1,350,481
Share capital	1,009,337	1,009,337
Deficit	(2,295,497)	(2,299,636)
Total Liabilities and equity	64,321	60,182

Summarized Income Statement	**Three months ended March 31, 2022**	**Three Months ended March 31, 2021**
	$	$
Professional fees	-	-
Depreciation	4,139	-
Not loss for the period	4,139	-

During the year ended December 31, 2021, the Company recognized an impairment loss on the investment in Capital Blocktech of $264,773 (December 31, 2020 - $nil). The impairment was recorded in accordance with Level 3 of the fair value hierarchy using the estimated proceeds of sale less costs of disposal. Summarized aggregated financial information of the Company's share in the associate is as follows:

Equity Accounting Investment Continuity	**March 31, 2022**	**December 31, 2021**
	$	$
Balance, beginning of period	56,000	331,980
Equity pick up - 30% of net loss	(1,242)	(11,207)
Impairment	-	(264,773)
Balance, end of period	54,758	56,000

INVESTMENT IN ASSOCIATE – GLANIS PHARMACEUTICALS INC

The Company's 49% interest (2020 – 49%) in Glanis Pharmaceuticals Inc. ("Glanis") has been included in the consolidated financial statements using the equity method. Glanis is incorporated in British Columbia, Canada.

During the year ended December 31, 2020, the Company entered into an agreement with the shareholders of Glanis, a private Canadian pharmaceutical company. During the year ended December 31, 2020, the Company issued 6,600,000 common shares with a fair value of $990,000 to acquire a 49% interest in Glanis, and paid $28,000 of expenses toward the ongoing research studies to develop Glanis' technology. As at December 31, 2021, the $28,000 (December 31, 2020 - $28,000) was repaid by Glanis.

During the year ended December 31, 2021, the Company recognized an impairment loss on the investment in Glanis of $1,004,808 (December 31, 2020 - $nil).

The tables below provide summarised financial information for the Company's equity investment in Glanis. The information disclosed reflects the amounts presented in the financial statements of Glanis and not the Company's share of those amounts:

Summarized Balance Sheet	**March 31, 2022**	**December 31, 2021**
	$	$
Cash	3,409	3,409
Total Assets	3,409	3,409
Accounts payable	400	400
Share capital	100	100
Deficit	2,909	2,909
Total Liabilities and equity	3,409	3,409

Summarized aggregated financial information of the Company's share in the associate is as follows:

Equity Accounting Investment Continuity	**March 31, 2022**	**December 31, 2021**
	$	$
Balance, beginning of period	-	990,000
Equity pick up	-	14,808
Impairment	-	(1,004,808)
Balance, end of period	-	-

INVESTMENT IN ASSOCIATE – INSTACOIN TECHNOLOGIES LTD.

During the year ended June 31, 2021, the Company entered into an agreement with the shareholders of InstaCoin Technologies Ltd. ("InstaCoin"), a private technology company formed in the United Kingdom. During the year ended December 31, 2021 the Company paid $176,447 (GBP 100,000) to acquire a 50% interest in InstaCoin.

During the year ended December 31, 2021, the Company was unable to obtain reliable financial information for Instacoin and accordingly recognized an impairment loss on the investment in Instacoin of $66,797.

LONG-TERM INVESTMENTS

A continuity of the Company's long-term investments is as follows:

	Love Hemp Group	Aerosax	Total
	$	$	$
Balance, December 31, 2020	646,405	169,715	816,120
Accrued interest	21,726	-	21,726
Debentures converted to shares	457,643	-	457,643
Warrant issuance	563,241	-	563,241
Impairment	-	(169,715)	(169,715)
Unrealized fair value gain (loss)	(1,182,015)	-	(1,182,015)
Balance, December 31, 2021	507,000	-	507,000
Unrealized fair value gain (loss)	(326,922)	-	(326,922)
Balance, March 31, 2022	180,078	-	180,078

The Company's original investment in Love Hemp Group Plc (formerly World High Life Plc) consisted of 2,920,000 ordinary shares and 5,000,000 convertible debentures exercisable at £0.10 (CDN$0.17) accruing interest of 10% per annum maturing September and October 2021. During the year ended December 31, 2021, the agreement was amended whereby the convertible debentures were exercised, all outstanding interest receivable and all previously owned shares were converted into a total of 25,733,699 shares and 22,813,699 warrants exercisable at £0.05 until March 14, 2023. During the year ended December 31, 2020, the Company advanced loans to Love Hemp Group Plc totaling $693,175, and accrued interest of $5,940, $678,515 of which was settled during the year through the issuance of shares.

A continuity of the valuation of the Company's investment in Love Hemp Group Plc is as follows:

	Ordinary Shares	Warrants £0.15	Warrants £0.15	Warrants £0.05	Convertible Debenture	Conversion Feature	Total
	$	$	$	$	$	$	$
Balance, December 31, 2020	76,202	1,199	208	-	567,734	1,062	646,405
Accrued interest	-	-	-	-	21,726	-	21,726
Debentures converted	1,080,042	-	-	-	(614,976)	(7,423)	457,643
Warrant issuance	-	-	-	563,241	-	-	563,241
Unrealized fair value gain (loss)	(649,244)	(1,199)	(208)	(563,241)	25,516	6,361	(1,182,015)
Balance, December 31, 2021	507,000	-	-	-	-	-	507,000
Unrealized fair value gain (loss)	(326,922)	-	-	-	-	-	(326,922)
Balance, March 31, 2022	180,078	-	-	-	-	-	180,078

At March 31, 2022, the Company held 25,733,699 (December 31, 2021 – 25,733,699) ordinary common shares of Love Hemp Group Plc, which were valued based on prices in a quoted market in accordance with level 1 of the fair value hierarchy.

The Company's investment in Aerosax Research & Technology Limited ("Aerosax") is an investment in common shares. The investment was initially recognized at the cost and was subsequently adjusted to the estimated fair value. Aerosax is a private company, as such the estimated fair value and unrealized loss on investment were based on recent sales of common shares by Aerosax, which were considered to represent market price in accordance with level 3 of the fair value hierarchy. At December 31, 2020 and December 31, 2021, the investment in Aerosax consists of 326 common shares with an original cost of £786 per share (CDN$1,352 per share), fair valued at £300 per share (CDN$521 per share). During the year ended December 31, 2021 the Company recognized an impairment expense of $169,715 in relation to the investment in Aerosax.

LIQUIDITY AND CAPITAL RESOURCES

The table below highlights the Company's cash flows during the periods ended March 31, 2022, and 2021:

Net cash provided by (used in)		March 31 2022		March 31 2022
Operating activities	$	(926,662)	$	(2,298,497)
Investing activities		-		-
Financing activities		1,090,770		4,969,887
Cash, beginning		3,104,474		894,548
Cash, end		3,268,582		3,565,938

As at March 31, 2022, the Company had cash of $3,268,582 (December 31, 2021 - $3,104,474) and a working capital of $3,869,961 (December 31, 2021 – working capital of $3,499,061).

First Quarter Ended March 31, 2022

The Company's comprehensive loss for the three-month period ended March 31, 2021, totaled $1,110,990 (2021 - $3,588,920) with basic and diluted loss per share of $0.01 (2021 - $0.04). Significant fluctuations during the three-month period included:

i) During the three-month perioded ended March 31, 2022, the Company recorded revenue from digital asset mining of $29,310 (2021 - $Nil).

ii) In relation to the digital asset mining operations the Company recorded site operations cost of $12,536 related to electricity and site management fees. The Company also recorded depreciation expense of $62,956 (2021 - $Nil) in relation to the deprecation of the data centre equipment which is recorded on a straight-line basis over the three-month period. Gross profit from digital asset mining was negative $46,182 (2021 - $Nil).

iii) Due to fluctuation in the price of Bitcoin and other digital assets held as at March 31, 2022 the Company recorded a revaluation loss of $38,654 on its digital assets held in custody.

iv) Advertising and promotion decreased to $67,802 (2021 - $212,543) primarily as a result of reduced advertising activity as the Company continued to assess new investments in the metaverse realm of ideas. Additionally, in the prior comparable quarter various investor awareness initiatives which were carried out during the period.

v) General and administrative expense increased to $134,882 (2021 - $115,180) and was generally in line with the prior year. General and administrative expense consists of office, travel, insurance, as well as meals & entertainment expenses.

vi) Professional fees were $45,277 (2021 - $84,163) due to a decrease in transactional activity and corresponding legal work in the period.

vii) Management and consulting decreased to $416,600 (2021 - $576,390) due to certain consultants not being re-engaged as well as the reduction of certain consultants' fees. The Company continues to evaluate new investment opportunities and has accordingly engaged several additional consultants to assess opportunities and continue the development of current investment holdings.

viii) Stock-based compensation was $Nil (2021 - $2,762,089) as there were no options granted during the quarter.

ix) Interest and other income (expenses) of $477 (2021 – $21,726) related to various other items and expense recoveries.

i) The Company recorded an unrealized loss of $326,922 (2021 – gain of $152,403) in relation to its investment in Love Hemp Group Plc.

SELECTED QUARTERLY RESULTS

A summary of selected information for each of the quarters is as follows:

		March 31 2022	December 31 2021	September 30 2021	June 30 2021
Revenue	$	29,310	$ 94,278	$ 132,041	$ -
Net loss		(1,110,990)	(6,656,478)	(1,531,784)	(1,635,217)
Basic and diluted loss per share		(0.01)	(0.05)	(0.02)	(0.02)
Weighted average shares outstanding		136,390,727	121,249,013	119,969,013	108,935,235

		March 31 2022	December 31 2021	September 30 2021	June 30 2021
Revenue	$	-	$ -	$ -	$ -
Net loss		(3,588,920)	(495,495)	(1,823,659)	(1,151,068)
Basic and diluted loss per share		(0.04)	(0.01)	(0.04)	(0.02)
Weighted average shares outstanding		92,566,632	79,439,727	50,339,594	46,123,011

The Company's comprehensive loss totaled $1,110,990 for the three months ended March 31, 2022, which basic and diluted loss per share of $(0.01). During the quarter the Company earned revenue from digital asset mining of $29,310. The decrease compared to the prior quarter was due to a decrease in the number of operating mining rigs. The loss during the quarter ended March 31, 2022, decreased from the previous quarter due to the fact that there were several impairment adjustments recorded in the 2021-year end audit. Additionally, there were no share-based payments in the period ended March 31, 2022, compared to $1,984,628 in the fourth quarter of 2021.

The Company's comprehensive loss totaled $6,656,478 for the three months ended December 31, 2021, which basic and diluted loss per share of $(0.05). During the quarter the Company earned revenue from digital asset mining of $94,278. The loss during the quarter ended December 31, 2021, increased from the previous quarter due to increase of impairment of investments, advertising and promotion expenses as well as recorded stock-based compensation.

The Company's comprehensive loss totaled $1,531,784 for the three months ended September 30, 2021, which basic and diluted loss per share of $(0.02). During the quarter the Company commenced mining of BTC and earned revenue from digital asset mining of $132,041. The loss during the quarter ended September 30, 2021, decreased from the previous quarter due to decrease of loss on sale of long-term investments, advertising, and promotion expenses as well as a reduction in stock-based compensation.

The Company's comprehensive loss totaled $1,635,217 for the three months ended June 30, 2021, which basic and diluted loss per share of $(0.02). The loss during the quarter ended June 30, 2021, decreased from the previous quarter due stock-based compensation of $1,460,500 due to options being issued in the quarter ended June 30, 2021.

The Company's comprehensive loss totaled $495,495 for the three months ended December 31, 2020, which basic and diluted loss per share of $(0.01). The loss during the quarter ended December 31, 2021, decreased from the previous quarter due to the previous quarter's impairments, a decrease in depreciation as a result of the impairment and an unrealized loss on long-term investments of $201,529.

The Company's comprehensive loss totaled $1,823,659 for the three months ended September 30, 2020, with basic and diluted loss per share of $(0.04). The loss during the quarter ended September 30, 2020, increased from the previous quarter due to the loss on long-term investments of $271,877 and an unrealized gain on long-term investments of $426,390.

The Company's comprehensive loss totaled $1,151,068 for the three months ended June 30, 2020, with basic and diluted loss per share of $(0.02). The loss during the quarter ended June 30, 2020, decreased from the previous quarter due to the previous quarter's impairments, a decrease in depreciation as a result of the impairment and an unrealized gain on long-term investments of $199,483.

The Company's comprehensive loss totaled $550,017 for the three months ended March 31, 2020, with basic and diluted loss per share of $(0.01). The loss during the quarter ended March 31, 2020 decreased from the previous quarter due to the previous quarter's impairments, a decrease in depreciation as a result of the impairment and an unrealized gain on long-term investments of $102,937.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	March 31 2022	Date of MD&A
Common shares	146,979,060	146,979,060
Warrants	39,219,731	36,552,152
Stock options	13,075,000	13,075,000

RELATED PARTY TRANSACTIONS AND BALANCES

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has identified its directors and senior officers as its key management personnel. Total compensation to key management personnel for the year ended March 31, 2022, and 2021 was as follows:

	March 31 2022	March 31 2021
	$	$
Consulting fees	178,150	133,425
Share-based compensation	-	637,025
Total	178,150	770,450

Included in related party consulting fees is $94,500 (March 31, 2021 - $176,400) paid to a company owned by an individual with a family relationship to a director of the Company.

Included in accounts payable is $1,852 (2021 – 1,746) owing to key management personnel.

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company had no subsequent events to report

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Please refer to the Notes to the consolidated financial statements for the period ended March 31, 2022

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

Please refer to the Notes to the consolidated financial statements for the period ended March 31, 2022.

FINANCIAL INSTRUMENTS AND RISK FACTORS

Fair values

The Company's financial instruments consist of cash, receivables, loan receivable, investments, and accounts payable and accrued liabilities. Cash and investments are carried at fair value, except for long-term investments in convertible debentures which are carried at amortized cost. The fair values of receivables, loan receivable, and accounts payable and accrued liabilities approximate their carrying amounts due to their current nature. The carrying value of investments in convertible debentures approximate their fair values due to the inclusion of a market rate of interest.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

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

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Level 1	Level 2	Level 3
March 31, 2022				
Cash	$ 3,268,582	$ 3,268,582	$ -	$ -
Digital assets	496,016	-	496,016	-
Long-term investments	180,078	180,078	-	-
December 31, 2021				
Cash	$ 3,104,474	$ 3,104,474	$ -	$ -
Digital assets	502,943	-	502,943	-
Long-term investments	507,000	507,000	-	-

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risk associated with its receivables, loan receivable, and investment in convertible debentures is monitored by management. The Company's maximum exposure to credit risk is the carrying value of the cash, receivables, and loan receivable.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure it has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its working capital requirements, after taking into account existing cash and expected exercise of share purchase warrants and options. Management believes that it will be successful in raising the necessary funds however, given the current market conditions, management believes that the raising of the required funds will take longer than is normal and will be at prices that may be less than desirable. There are no assurances that additional funds will be available on terms acceptable to the Company or at all. All of the Company's financial liabilities have maturities of one year or less as at March 31, 2022 and December 31, 2021

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, equity prices, and foreign currency fluctuations.

a) Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company's investment in convertible debentures was at a fixed rate of interest (prior to conversion), as is its loan receivable. The Company is not exposed to significant interest rate risk with respect to these financial instruments as a change in the prevailing interest rates would not impact the future cash flows associated with the fixed rates of interest, nor would they be expected to impact the fair value of future cash flows unless and until such time as these financial instruments matured and were renewed or extended, instead of being collected.

b) Price Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk associated with its investments in marketable securities and warrants, classified in levels 1 and 3 of the fair value hierarchy, respectively. A 10% change in market prices of the common shares underlying the investments in marketable securities and warrants would result in a gain or loss of approximately $18,000.

c) Currency Risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At March 31, 2022 the Company held an insignificant balance of US dollar assets. A 10% change in the foreign exchange rate would not impact profit or loss by a material amount. The Company's investment in Love Hemp Group Plc is denominated in Pounds Sterling. A 10% change in the Pound Sterling versus the Canadian dollar would result in a gain or loss of approximately $18,000.

RISKS AND UNCERTAINTIES

The Company is investing in technologies and companies and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no ongoing revenue or income from operations. The Company has limited capital resources and has to rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company. These risks may not be the only risks faced by the Company.

Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations, and financial performance. The most significant risks and uncertainties faced by the Company are (in no specific order) are:

Limited Operating History

The Company has limited operating history as a technology investment company, and no operating history in making investments in the cryptocurrency or blockchain industries. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the cryptocurrency and blockchain market. There is no certainty that the Company will be able to operate profitably.

COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

No Profits to Date

The Company has not made profits since its incorporation and it is expected that it will not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in making strategic investments in companies involved in the cryptocurrency and blockchain industries, which themselves are able to generate significant revenues or capital appreciation. Because of the limited operating history, and the uncertainties regarding the development of the cryptocurrency market and blockchain technology, there are significant risks associated with the Company's investment strategy.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing a diversified and material portfolio of investments. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

The Company may be unable to obtain additional financing on acceptable terms or at all

The continued development of the Company will require additional financing. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of the Company's business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. In particular, the financing options available to the Company have been significantly reduced as a result of the COVID-19 pandemic. Potential counterparties have been reluctant to enter into or engage in negotiations related to possible financing transactions during the restrictions and market disruption resulting from COVID-19. Prolonged restrictions relating to the COVID-19 pandemic or a further wave of infections could significantly limit the Company's access to capital. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Volatility in the trading price of our publicly traded securities

The trading price of our common shares are subject to volatility due to market conditions and other factors and cannot be predicted. Investment in these securities are inherently risky and the holders of these securities may not be able to sell their securities at or above the price at which they purchased such securities due to trading price fluctuations in the capital markets. Trading price could fluctuate significantly in response to factors that are both related and unrelated to our operating performance and/or future prospects, and past performance is not indicative of future performance.

Supply chain disruption

The Company purchases specialized mining and infrastructure equipment in the normal course of business, much of which is delivered from China. Disruption to the Company's supply chain could delay delivery of equipment orders, having a negative impact on financial and operating results. Global supply chains remain disrupted, directly and indirectly, as a result of COVID-19 and other factors outside of the Company's control. The Company takes steps to mitigate supply chain risks, including transacting primarily with suppliers with which the Company has a favourable history of performance.

Development of Cryptocurrencies

Cryptocurrency and blockchain technology is a young and rapidly growing business area. Although it is predicted that cryptocurrency will become an accepted means of digital payment, it cannot be assured that this will in fact occur. Currently, blockchain software is dependent on the widespread acceptance of cryptocurrency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, such cryptocurrency activities may prove in the long run to be an unprofitable means for businesses. In particular, the factors affecting the further development of the cryptocurrency industry include: (a) Worldwide adoption and usage of cryptocurrencies; (b) Regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies; (c) Changes in consumer demographics and public behavior, tastes and preferences; (d) Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and (e) General economic conditions and the regulatory environment relating to cryptocurrencies.

The Company's cryptocurrency inventory may be exposed to cybersecurity threats and hacks

As with any other computer code, flaws in cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been rare.

Malicious actors or botnet obtaining control of more than 50% of the processing power on the Bitcoin Network

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the Bitcoin Network, it may be able to alter the Blockchain on which the Bitcoin Network and most Bitcoin transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new Bitcoins or transactions using such control. The malicious actor could "double-spend" its own Bitcoins (i.e., spend the same Bitcoins in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the 12 Bitcoin Network or the Bitcoin community did not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible. Although there are no known reports of malicious activity or control of the Blockchain achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of Bitcoin transactions. To the extent that the Bitcoin ecosystem, including developers and administrators of mining pools, do not act to ensure greater decentralization of Bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network will increase, which may adversely affect an investment in the Company.

If fees increase for recording transactions in the Blockchain, demand for Bitcoins may be reduced and prevent the expansion of the Bitcoin Network to retail merchants and commercial business, resulting in a reduction in the price of Bitcoins that could adversely affect an investment in the Company

As the number of Bitcoins awarded for solving a block in the Blockchain decreases, the incentive for miners to contribute processing power to the Bitcoin Network will transition from a set reward to transaction fees. To incentivize miners to continue to contribute processing power to the Bitcoin Network, the Bitcoin Network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. If miners demand higher transaction fees to record transactions in the Blockchain or a software upgrade automatically charges fees for all transactions, the cost of using Bitcoins may increase and the marketplace may be reluctant to accept Bitcoins as a means of payment. Existing users may be motivated to switch from Bitcoins to another digital currency or back to fiat currency. Decreased use and demand for Bitcoins may adversely affect their value and result in a reduction in the Bitcoin index price and the price of Cypher Shares.

Regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate.

The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the Company. Investors may consult their tax advisers regarding the substantial uncertainty regarding the tax consequences of an investment in Bitcoins.

Governments may, in the future, restrict or prohibit the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency mining companies to additional regulation. For example, on July 25, 2017 the United States Securities and Exchange Commission released an investigative report which indicates that the United States Securities and Exchange Commission would, in some circumstances, consider the offer and sale of Blockchain tokens pursuant to an initial coin offering subject to U.S. securities laws. Similarly, on August 24, 2017, the Canadian Securities Administrators published CSA Staff Notice 46-307 – Cryptocurrency Offerings, providing guidance on whether initial coin offerings, pursuant to which tokens are offered to investors, are subject to Canadian securities laws.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in Cypher Shares. Such a restriction could result in the Company liquidating its Bitcoin inventory at unfavorable prices and may adversely affect the Company's shareholders

The value of cryptocurrencies may be subject to momentum pricing risk

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company's Bitcoin inventory and thereby affect the Company's shareholders.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of Bitcoin exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed Bitcoin exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Bitcoin exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Banks and other financial institutions may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment

A number of companies that engage in Bitcoin and/or other cryptocurrency-related activities have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions in response to government action, particularly in China, where regulatory response to cryptocurrencies has been to exclude their use for ordinary consumer transactions within China. We also may be unable to obtain or maintain these services for our business. The difficulty that many businesses that provide Bitcoin and/or derivatives on other cryptocurrency-related activities have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies, and could decrease their usefulness and harm their public perception in the future.

The usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses engaging in Bitcoin and/or other cryptocurrency-related activities. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives on commodities exchanges, the over-the-counter market, and securities depositories, which, if any of such entities adopts or implements similar policies, rules or regulations, could negatively affect our relationships with financial institutions and impede our ability to convert cryptocurrencies to fiat currencies. Such factors could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations and harm investors.

We may face risks of internet disruptions, which could have an adverse effect on the price of cryptocurrencies.

A disruption of the internet may affect the use of cryptocurrencies and subsequently the value of our securities. Generally, cryptocurrencies and our business of mining cryptocurrencies is dependent upon the internet. A significant disruption in internet connectivity could disrupt a currency's network operations until the disruption is resolved and have an adverse effect on the price of cryptocurrencies and our ability to mine cryptocurrencies.

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

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

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

The outcome of these factors could have negative effects on our ability to pursue our business strategy or continue as a going concern, which could have a material adverse effect on our business, prospects or operations as well as potentially negative effect on the value of any Bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account, which would harm investors in our securities.

Acceptance and/or widespread use of cryptocurrency is uncertain

Currently, there is relatively small use of Bitcoins and/or other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability.

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

The Company may fail to anticipate or adapt to technology innovations in a timely manner, or at all

The blockchain and digital assets markets are experiencing rapid technological changes. Failure to anticipate technology innovations or adapt to such innovations in a timely manner, or at all, may result in the Company's products becoming obsolete at sudden and unpredictable intervals. To maintain the relevancy of the Company's products, the Company has actively invested in product planning and research and development. The process of developing and marketing new products is inherently complex and involves significant uncertainties. There are a number of risks, including the following:

(a) the Company's product planning efforts may fail in resulting in the development or commercialization of new technologies or ideas;

(b) the Company's research and development efforts may fail to translate new product plans into commercially feasible products;

(c) the Company's new technologies or new products may not be well received by consumers;

(d) the Company may not have adequate funding and resources necessary for continual investments in product planning and research and development;

(e) the Company's products may become obsolete due to rapid advancements in technology and changes in consumer preferences; and

(f) the Company's newly developed technologies may not be protected as proprietary intellectual property rights.

Any failure to anticipate the next-generation technology roadmap or changes in customer preferences or to timely develop new or enhanced products in response could result in decreased revenue and market share. In particular, the Company may experience difficulties with product design, product development, marketing or certification, which could result in excessive research and development expenses and capital expenditure, delays or prevent the Company's introduction of new or enhanced products. Furthermore, the Company's research and development efforts may not yield the expected results, or may prove to be futile due to the lack of market demand.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the cryptocurrency business. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of platforms or exchanges using digital currencies or blockchain based technologies. This could lead to a loss of any investment made in the Company. The legal status of cryptocurrency varies substantially from country to country and is still undefined and changing in many of them. While some countries have explicitly allowed its use and trade, others have banned or restricted it. Likewise, various government agencies, departments, and courts have classified cryptocurrencies differently.

Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change

The success of any developer of cryptocurrency-based, blockchain platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Cryptocurrency has experienced and is expected to continue to experience significant growth in the number of users, amount of content and bandwidth availability. It cannot be assured that the cryptocurrency infrastructure will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make cryptocurrency a viable medium for digital payments will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies. Intellectual Property Rights Companies involved in the development and operation of virtual currencies or blockchain based technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company’s products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability.

Dependence on Management Team

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions. Management who have developed key relationships in the industry are also relied upon to oversee the core marketing, business development, operational and fundraising activities. As the blockchain and cryptocurrency technologies continue to become more competitive and regulated, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the Company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company’s business, financial condition and results of operations.

Potential loss or destruction of private keys

Bitcoins are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the Bitcoins are held. While the Bitcoin Network requires a public key relating to a digital wallet to be published when used in a spending transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the Bitcoins held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the Bitcoins held in the related digital wallet and the private key will not be capable of being restored by the Bitcoin Network.

Risk of loss, theft or destruction of the Company's Bitcoins

There is a risk that some or all of the Company's Bitcoins could be lost, stolen or destroyed. If the Company's Bitcoins are lost, stolen or destroyed under circumstances rendering a party liable to the Company, the responsible party may not have the financial resources sufficient to satisfy the Company's claim. Also, although Gemini uses security procedures with various elements, such as redundancy, segregation and cold storage, to minimize the risk of loss, damage and theft, neither Gemini nor the Company can guarantee the prevention of such loss, damage or theft, whether caused intentionally, accidentally or by force majeure. Access to the Company's Bitcoins could also be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack).

Irrevocability of Bitcoin transactions

Bitcoin transactions are irrevocable meaning that stolen or incorrectly transferred Bitcoins may be irretrievable. Bitcoin transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of Bitcoins or a theft of Bitcoins generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. To the extent that the Company is unable to seek a corrective transaction with the third party or is incapable of identifying the third party that has received the Company's Bitcoins through error or theft, the Company will be unable to revert or otherwise recover incorrectly transferred Bitcoins. The Company will also be unable to convert or recover Bitcoins transferred to uncontrolled accounts.

Risks associated with the Bitcoin Network

The open-source structure of the Bitcoin Network protocol means that the core developers of the Bitcoin Network and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin Network protocol. A failure to properly monitor and upgrade the Bitcoin Network protocol could damage the Bitcoin Network.

The core developers of the Bitcoin Network can propose amendments to the Bitcoin Network's source code through software upgrades that alter the protocols and software of the Bitcoin Network and the properties of Bitcoins, including the irreversibility of transactions and limitations on the mining of new Bitcoins. Proposals for upgrades and related discussions take place on online forums, including GitHub.com and Bitcointalk.org. To the extent that a significant majority of the users and miners on the Bitcoin Network install such software upgrade(s), the Bitcoin Network would be subject to new protocols and software.

The acceptance of Bitcoin Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Bitcoin Network could result in a "fork" in the Blockchain underlying the Bitcoin Network, resulting in the operation of two separate networks. Without an official developer or group of developers that formally control the Bitcoin Network, any individual can download the Bitcoin Network software and make desired modifications, which are proposed to users and miners on the Bitcoin Network through software downloads and upgrades, typically posted to the Bitcoin development forum. A substantial majority of miners and Bitcoin users must consent to such software modifications by downloading the altered software or upgrade; otherwise, the modifications do not become a part of the Bitcoin Network. Since the Bitcoin Network's inception, modifications to the Bitcoin Network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin Network remains a coherent economic system.

If, however, a proposed modification is not accepted by a vast majority of miners and users but is nonetheless accepted by a substantial population of participants in the Bitcoin Network, a "fork" in the Blockchain underlying the Bitcoin Network could develop, resulting in two separate Bitcoin Networks. Such a fork in the Blockchain typically would be addressed by community-led efforts to merge the forked Blockchains, and several prior forks have been so merged. However, in some cases, there may be a permanent "hard fork" in the Blockchain and a new cryptocurrency may be formed as a result of that "hard fork". For example, Bitcoin Cash, a new cryptocurrency, was recently created through a fork in the Blockchain. Where such forks occur on the Blockchain, the Company will follow the chain with the greatest proof of work in the fork. If a hard fork results in the Company holding an alternative coin, the Company will dispose of such alternative coin and either distribute the proceeds of such disposition to shareholders or reinvest the proceeds in additional Bitcoins.

Further development and acceptance of the Bitcoin Network

The further development and acceptance of the Bitcoin Network and other cryptographic and algorithmic protocols governing the issuance of transactions in Bitcoins and other digital currencies, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of the Bitcoin Network may adversely affect the value of Bitcoin.

The use of digital currencies, such as Bitcoins, to, among other things, buy and sell goods and services, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. Bitcoin is a prominent, but not a unique, part of this industry. The growth of this industry in general, and the Bitcoin Network in particular, is subject to a high degree of uncertainty. The factors affecting the further development of this industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of Bitcoins and other digital currencies;
- Government and quasi-government regulation of Bitcoins and other digital assets and their use, or restrictions on, or regulation of, access to and operation of the Bitcoin Network or similar digital asset systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the Bitcoin Network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and

- Consumer perception of Bitcoins specifically and cryptocurrencies generally.

The Company will not have any strategy relating to the development of the Bitcoin Network. Furthermore, the Company cannot be certain what impact, if any, the listing of Cypher Shares and the expansion of its Bitcoin holdings may have on the digital asset industry and the Bitcoin Network.

Risks of security breaches

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the Bitcoin exchange market since the launch of the Bitcoin Network. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Company's business operations or result in loss of the Company's assets. Any breach of the Company's infrastructure could result in damage to the Company's reputation and reduce demand for Cypher Shares, resulting in a reduction in the price of Cypher Shares. Furthermore, the Company believes that if its assets grow, it may become a more appealing target for security threats, such as hackers and malware.

The Company believes that the security procedures used by its partners and providers utilize, such as hardware redundancy, segregation and offline data storage (i.e., the maintenance of data on computers and/or storage media that is not directly connected to, or accessible from, the internet and/or networked with other computers, also known as "cold storage") protocols are reasonably designed to safeguard the Company's Bitcoins from theft, loss, destruction or other issues relating to hackers and technological attack. Nevertheless, the security procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by Cypher.

The security procedures and operational infrastructure of the Company and its partners and providers may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or its partners and providers, or otherwise, and, as a result, an unauthorized party may obtain access to the Company's Bitcoin account, private keys, data or Bitcoins. Additionally, outside parties may attempt to fraudulently induce employees of the Company or its partners and providers to disclose sensitive information in order to gain access to the Company's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of the Company's Bitcoin account occurs, the market perception of the effectiveness of the Company could be harmed.

The Bitcoin daily reward halves approximately every four years

The difficulty of Bitcoin mining, or the amount of computational resources required for a set amount of reward for recording a new block, directly affects the Company's results of operations. Bitcoin mining difficulty is a measure of how much computing power is required to record a new block, and it is affected by the total amount of computing power in the Bitcoin network. The Bitcoin algorithm is designed so that one block is generated, on average, every ten minutes, no matter how much computing power is in the network. Thus, as more computing power joins the network, and assuming the rate of block creation does not change (remaining at one block generated every ten minutes), the amount of computing power required to generate each block and hence the mining difficulty increases. In other words, based on the current design of the Bitcoin network, Bitcoin mining difficulty would increase together with the total computing power available in the Bitcoin network, which is in turn affected by the number of Bitcoin mining machines in operation. For example, Bitcoin mining difficulty would increase based on increases in the total computing power available in the Bitcoin network, which is in turn affected by the number of Bitcoin mining machines in operation. From January 2017 to December 2019, Bitcoin mining difficulty increased by approximately 35 times, according to Blockchain.info.

In May 2020, the Bitcoin daily reward halved from 12.5 Bitcoin per block, or approximately 1,800 Bitcoin per day, to 6.25 Bitcoin per block, or approximately 900 Bitcoin per day. Based on the fundamentals of Bitcoin mining and historical data on Bitcoin prices and the network difficulty rate after a halving event, it is unlikely that the network difficulty rate and price would remain at the current level when the Bitcoin rewards per block are halved. The Company believes that although the halving would reduce the block reward by 50%, other market factors such as the network difficulty rate and price of Bitcoin would change to offset the impact of the halving sufficiently for the Company to maintain profitability. Nevertheless, there is a risk that a halving will render the Company unprofitable and unable to continue as a going concern

Exposure to hash rate and network difficulty

The hash rate in the Bitcoin network is expected to increase as a result of upgrades across the industry as Bitcoin miners use more efficient chips. As the hash rate increases, the Bitcoin mining difficulty will increase in response to the increase in computing power in the network. This may make it difficult for the Company to remain competitive. The effect of increased computing power in the network combined with fluctuations in the Bitcoin price could have a material adverse effect on the Company's results of operations and financial condition.

Bitcoin mining is capital intensive

Remaining competitive in the Bitcoin mining industry requires significant capital expenditure on new chips and other hardware necessary to increase processing power as the Bitcoin network difficulty increases. If the Company is unable to fund its capital expenditures, either through its revenue stream or through other sources of capital, the Company may be unable to remain competitive and experience a deterioration in its result of operations and financial condition.

Market adoption

Currently, there is relatively small use of Bitcoins in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in Cypher Shares.

Bitcoins and the Bitcoin Network have only recently become accepted as a means of payment for goods and services by certain major retail and commercial outlets, and use of Bitcoins by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of Bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of Bitcoins. A 22 lack of expansion by Bitcoins into the retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the market price of Bitcoin.

Further, if fees increase for recording transactions in the Bitcoin Blockchain, demand for Bitcoins may be reduced and prevent the expansion of the Bitcoin Network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoins.

Changes to prominence of Bitcoin and other digital assets

Demand for Bitcoins is driven, in part, by its status as the most prominent and secure digital asset. It is possible that a digital asset other than Bitcoin could have features that make it more desirable to a material portion of the digital asset user base, resulting in a reduction in demand for Bitcoins, which could have a negative impact on the price of Bitcoins.

The Bitcoin Network and Bitcoins, as an asset, hold a "first-to-market" advantage over other digital assets. This first-to-market advantage is driven in large part by having the largest user base and, more importantly, the largest combined mining power in use to secure the Bitcoin Blockchain and transaction verification system. Having a large mining network results in greater user confidence regarding the security and longterm stability of a digital asset's network and its Blockchain; as a result, the advantage of more users and miners makes a digital asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first-to-market advantage.

Despite the marked first-mover advantage of the Bitcoin Network over other digital assets, it is possible that an alternative coin could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin Network protocol that is not immediately addressed by the core developers or a perceived advantage of an altcoin that includes features not incorporated into Bitcoin. If an alternative coin obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce Bitcoin's market share and have a negative impact on the demand for, and price of, Bitcoins.

Bitcoin miners may cease operations

If the award of Bitcoins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the Bitcoin Blockchain could be slowed. A reduction in the processing power expended by miners on the Bitcoin Network could increase the likelihood of a malicious actor or botnet obtaining control.

Changes to cost of Bitcoin transactions

In order to incentivize miners to continue to contribute processing power to the Bitcoin Network, the Bitcoin Network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the Bitcoin Network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the Blockchain become too high, the marketplace may be reluctant to accept Bitcoins as a means of payment and existing users may be motivated to switch from Bitcoins to another digital asset or back to fiat currency.

Miners may cause delays in recording of transactions

To the extent that any miner ceases to record transactions in solved blocks, such transactions will not be recorded on the Bitcoin Blockchain until a block is solved by a miner who does not require the payment of transaction fees. Currently, there are no known incentives for miners to elect to exclude the recording of transactions in solved blocks. However, to the extent that any such incentives arise (for example, a 23 collective movement among miners or one or more mining pools forcing Bitcoin users to pay transaction fees as a substitute for, or in addition to, the award of new Bitcoins upon the solving of a block), miners could delay the recording and confirmation of a significant number of transactions on the Bitcoin Blockchain. If such delays became systemic, it could result in greater exposure to double-spending transactions and a loss of confidence in the Bitcoin Network.

Risks related to insurance

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency mining and associated businesses, such insurance may not be available, may be uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company.

Cyber security risk

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users).

A cyber incident that affects the Company or its service providers (including the Registrar and Transfer Agent, and Custodian) might cause disruptions and adversely affect their respective business operations and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Litigation risk

The Company may be subject to litigation arising out of its operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Company's operations, and the value of Cypher Shares. While the Company will assess the merits of any lawsuits and defend such lawsuits accordingly, they may be required to incur significant expense or devote significant financial resources to such defenses. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Company's operations.

Competition from other cryptocurrency companies

The Company will compete with other cryptocurrency and distributed ledger technology businesses, including other businesses focused on developing substantial Bitcoin mining operations.

Supply chain disruption

As the technology evolves, the Company may be required to acquire more technologically advanced mining software and other required equipment to operate the Company effectively and remain competitive in the market. Disruption to the Company's supply chain could prevent it from acquiring this software and any other required equipment that it needs to operate the Company and remain competitive, which could have a material adverse effect on the Company's business, results of operations and financial condition. As new technological innovations occur, including in quantum computing, there are no assurances that the Company will be able to adopt or effect such new innovations, nor that the Company will be able to acquire new and improved equipment to stay competitive or that the existing software or other equipment of the Company will not become obsolete, uncompetitive or inefficient.

Increase in carbon taxes

Bitcoin mining is energy intensive and has a significant carbon footprint. Increases in the tax payable on carbon emissions related to the Company's operations could significantly increase the Company's cost of doing business and could have a material adverse effect on the Company's business, results of operations and financial condition. While the Company currently uses wind power as a source of power for its existing operations, there are no assurances that the Company will be able to effectively and efficiently, or at all, source its power needs with cost efficient and reliable alternative renewable energy sources.

Mining of Bitcoin is subject to existing taxes and may be subject to new taxes

Where cryptocurrency has been acquired as a result of mining activities of a commercial nature, the Company is currently subject to certain applicable taxes by applicable government authorities and may be subject to certain new taxes imposed by various applicable governmental authorities, whether at the time the cryptocurrency is earned, as a service, or otherwise in connection with the operations the Company currently undertakes or may in the future undertake as part of its ongoing strategic plan. There are no assurances that any such taxes will not have a material adverse impact on the Company's business, results of operations and financial condition.

RISKS RELARED TO INVESTMENT IN GLANIS PHARMACEUTICAL ("GLANIS")

Glanis's prospects depend on the success of product candidates which are at early stages of development, and Glanis may not generate revenue for several years from these products

Given the early stage of product development, Glanis cannot make any assurances that research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations Glanis must successfully develop, gain regulatory approval, and market future products. Glanis currently has no products that have been approved by the FDA, Health Canada ("HC"), or any similar regulatory authority. To obtain regulatory approvals for product candidates being developed and to achieve commercial success, clinical trials must demonstrate that the product candidates are safe for human use and that they demonstrate efficacy. Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause Glanis or its collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favourable outcomes in later-stage clinical trials, Glanis can make no assurance that any future studies, if undertaken, will yield favourable results.

The early stage of product development makes it particularly uncertain whether any of its product development efforts will prove to be successful and meet applicable regulatory requirements, and whether any of the product candidates will receive the requisite regulatory approvals, be capable of being manufactured at a reasonable cost or be successfully marketed.

Glanis will continue to rely on third parties to plan, conduct and monitor preclinical studies and clinical trials and their failure to perform as required could cause substantial harm to business prospects

Glanis relies and will continue to rely on third parties to conduct a significant portion of preclinical and clinical development activities. If there is any dispute or disruption in relationships with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, Glanis's active development programs will face delays. Further, if any of these third parties fails to perform as Glanis expects or if their work fails to meet regulatory requirements, Glanis's testing could be delayed, cancelled or rendered ineffective.

Failure to demonstrate safety and efficacy could cause additional costs and/or delays

The outcome of preclinical studies and early clinical trials may not predict the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials. Glanis does not know whether the clinical trials it conducts will demonstrate adequate efficacy and safety to result in regulatory approval to market any of Glanis's product candidates in any jurisdiction. A product candidate may fail for safety or efficacy reasons at any stage of the testing process. A major risk faced is the possibility that no product candidates under development will successfully gain market approval from the FDA or other regulatory authorities, resulting in us being unable to derive any commercial revenue from them after investing significant amounts of capital in their development.

If Glanis experiences delays in clinical testing, Glanis will be delayed in commercializing its product candidates, and its business may be substantially harmed

Glanis cannot predict whether any clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, or at all. Product development costs will increase if Glanis experiences delays in clinical testing. Significant clinical trial delays could shorten any periods during which Glanis may have the exclusive right to commercialize its product candidates or allow competitors to bring products to market before it is able to, which would impair the ability to successfully commercialize its product candidates and may harm Glanis's financial condition, results of operations and prospects. The commencement and completion of clinical trials for Glanis's products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical trial on hold;
- patients failing to enroll or remain in Glanis's trials at the rate expected;
- any changes to Glanis's manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from CMOs of Glanis's products necessary to conduct clinical trials;
- product candidates demonstrating a lack of safety or efficacy during clinical trials;
- patients choosing an alternative treatment for the indications for which Glanis is developing any of its product candidates or participating in competing clinical trials;
- patients failing to complete clinical trials due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety or efficacy concerns;
- competing clinical trials and scheduling conflicts with participating clinicians;

- clinical investigators not performing Glanis's clinical trials on their anticipated schedule, dropping out of a trial, or employing methods not consistent with the clinical trial protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner; or
- failure of Glanis's contract research organizations to satisfy their contractual duties or meet expected deadlines.

Regulatory approval processes are lengthy, expensive and inherently unpredictable

Glanis's development and commercialization activities and product candidates are significantly regulated by a number of governmental entities, including the FDA, HC and comparable authorities in other countries. Regulatory approvals are required prior to each clinical trial and Glanis may fail to obtain the necessary approvals to commence or continue clinical testing. Glanis must comply with regulations concerning the manufacture, testing, safety, effectiveness, labeling, documentation, advertising, and sale of products and product candidates and ultimately must obtain regulatory approval before Glanis can commercialize a product candidate. The time required to obtain approval by such regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials. Any analysis of data from clinical activities Glanis performs is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Even if Glanis believes results from its clinical trials are favorable to support the marketing of Glanis's product candidates, the FDA or other regulatory authorities may disagree. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. Glanis has not obtained regulatory approval for any product candidate and it is possible that none of Glanis's existing product candidates or any future product candidates will ever obtain regulatory approval. Glanis could fail to receive regulatory approval for its product candidates for many reasons, including, but not limited to:

- disagreement with the design or implementation of Glanis clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- disagreement with Glanis's interpretation of data from preclinical studies or clinical trials;
- the insufficiency of data collected from clinical trials of Glanis's product candidates to support the submission and filing of a biologic license application or other submission to obtain regulatory approval;
- deficiencies in the manufacturing processes or the failure of facilities of CMOs with which Glanis contracts for clinical and commercial supplies to pass a pre-approval inspection; or
- changes in the approval policies or regulations that render Glanis's preclinical and clinical data insufficient for approval.

A regulatory authority may require more information, including additional preclinical or clinical data to support approval, which may delay or prevent approval and Glanis's commercialization plans or Glanis may decide to abandon the development program. If Glanis were to obtain approval, regulatory authorities may approve any of Glanis's product candidates for fewer or more limited indications than Glanis requests, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Moreover, depending on any safety issues associated with Glanis's product candidates that garner approval, the FDA may impose a risk evaluation and mitigation strategy, thereby imposing certain restrictions on the sale and marketability of such products