



CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.
(Formerly Westbay Ventures Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2018

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1.1 Date

This Management Discussion and Analysis (“MD&A”) of Cryptanite Blockchain Technologies Corp. (formerly Westbay Ventures Inc.) (the “Company”) has been prepared by management as of November 28, 2018 and should be read in conjunction with the condensed interim consolidation financial statement and related notes thereto for the nine months ended September 30, 2018 and the audited financial statements and related notes thereto of the Company for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) and are reported in United States (“US”) dollars unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute “forward-looking statements”. Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Forward-looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made and they involve a number of material risks and uncertainties. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

The Company has based the forward-looking statements largely on the Company’s current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Company believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond the Company’s control, include, but are not limited to: management’s expectations regarding the future business, objectives and operations of the Company; the Company’s anticipated cash needs and the need for additional financing; the Company’s ability to successfully complete future financings; the acceptance by the marketplace of new technologies and solutions; the Company’s expectations regarding its competitive position; the Company’s expectations regarding regulatory developments and the impact of the regulatory environment in which the Company operates; the Company’s ability to attract and retain qualified management personnel and key employees; and anticipated trends and challenges in the Company’s business and the markets in which it operates. Assumptions underlying the Company’s working capital requirements are based on management’s experience with other public companies. Forward-looking statements pertaining to the Company’s need for and ability to raise capital in the future are based on the projected costs of operating a cryptocurrency company and management’s experience with raising funds in current market circumstances. Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements with the risks set forth.

1.2 Overall Performance

Cryptanite Blockchain Technologies Corp. (the “Company” or “Cryptanite”, formerly Westbay Ventures Inc.) was incorporated on June 24, 1986 under the laws of British Columbia.

On March 7, 2018, the Company completed a reverse takeover transaction (the “RTO”), which was effected pursuant to a merger agreement between Westbay Ventures Inc. and ChargaCard Inc. (“ChargaCard”), a private corporation existing under the laws of Delaware with its head office in Boulder, Colorado. As part of

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the transaction, the Company voluntarily delisted its common shares from the TSX Venture Exchange effective February 28, 2018, changed its name to Cryptanite Blockchain Technologies Corp. and commenced trading its shares on the Canadian Securities Exchange ("CSE") on March 12, 2018, under the symbol NITE.

Pursuant to the RTO, the Company issued an aggregate of 39,558,733 common shares of the Company in exchange for all of the issued and outstanding shares of ChargaCard and 2,000,000 share purchase warrants to warrant holders of ChargaCard. Upon closing of the transaction, the shareholders of ChargaCard owned 70% of the common shares of the Company and, as a result, the transaction is considered a reverse acquisition of the Company by ChargaCard. The Company changed its year end from May 31st to December 31st in order to align the fiscal year periods to that of ChargaCard. In conjunction with the RTO, the Company raised capital through an equity financing consisting of 8,189,442 common shares of the Company at a price of CAD\$0.45 per share for gross proceeds of CAD\$3,685,249.

General Description of the Business

The Company is in the business of offering its clients a full-service blockchain and cryptocurrency application ecosystem including end-to-end cryptocurrency solutions and software for buying, spending, sending and exchanging cryptocurrencies. The ecosystem also includes a payment processing and recurring billing software platform, and client-to-client financing by allowing customers to pay for goods and services in monthly installments.

Products

Cryptanite's platform currently offers three core products and services designed to leverage blockchain technologies:

1. Cryptanite Mobile App

The Cryptanite app is a peer-to-peer marketplace which with innovative UX making it easy for users to purchase and trade diversified bundles of crypto tokens as well as access cryptocurrency news and charts. The app is available in the Apple and Google Play stores. The Cryptanite App includes a variety of pre-configured baskets such as the "HODL" bundle, and "SIZE" bundle, as well as the option to create customized bundles. The App is designed to provide a secure, easy-to-use and frictionless process to buy, trade, and store a diversified collection of several dozen crypto tokens, including Bitcoin, Ethereum, Ripple, Stellar and Dash.

Additional features which are currently in R&D phase include:

CryptaChat: an instant messaging "chat" feature to the app allowing users to communicate on the platform, share ideas, further enhancing the Cryptanite ecosystem.

CrypaKings: an expert network which ranks the top performing cryptocurrency traders and Twitter influencers and allows users to track their tweets and benefit from their expertise. The web version of the product went live in Q2 2018 and plans to integrate into the Cryptanite app in 2019.

DollaCoin: is a stable coin which will be linked to the US Dollar and will allow users to store tokens in their decentralized DollaBank account. The target market is primarily mobile underbanked people globally. The coin is currently in development and scheduled for alpha release in 2019.

Cryptanite Payments (CryptaPay)

Cryptanite has developed a payments app that makes it easy for users to spend their cryptocurrencies at retail locations. The app is currently in beta. Cryptanite is exploring integration of the core features into the Cryptanite app.

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Cryptanite Mining: the Company is also exploring mobile cloud mining facilities as an additional feature within the Cryptanite ecosystem.

Codium Cloud: the Company launched codium cloud in Q2 2018" offering cloud hosting solutions for decentralized applications. The Codium hosting platform makes it easy to build, deploy and run decentralized applications. The solution is currently undergoing market feasibility.

Third-Party Applications

The Cryptanite App Marketplace, is currently in stealth mode, and designed to enhance the Cryptanite ecosystem by adding third-party applications. Cryptanite is working with existing and potential partners to add several apps every month to the marketplace. The marketplace is currently in the final stages of testing and scheduled for release in December 2019. Third-party apps will be beaded in the marketplace starting Q1 2019.

2. Blockchain Garage Consulting

Provides startup companies with the technological support to build MVPs in the blockchain sector.

The Company is in negotiations with several potential partners to provide software technology resources and build applications on a fee-based business model. These consulting services are expected to start generating revenues in December 2018.

The Company is also renovating its office space to be converted into a research and development center for startup companies and experts to collaborate in the blockchain sector. These companies will be selected based on their ability to contribute to the Cryptanite App Marketplace to further enhance the ecosystem with additional third-party apps.

3. ChargaCard

ChargaCard is a P2P payment processing platform for the informal credit markets. The platform makes it easy for individuals to pay their bills in installments and for service sector businesses to get paid on time and in full. The platform helps improve the receivables turnover ratio of service sector businesses and obviates the need for collection agents.

Nine month period highlights

The Company:

- completed its business combination with ChargaCard and commenced trading on the CSE on March 12, 2018 under the symbol "NITE"
- teamed up with Dwolla, the white label e-commerce service utilizing ACH payment systems that is used by millions around the country. The combination of ChargaCard's and Dwolla's capacities means that merchants using the ChargaCard app will soon have the ability to pay a one percent payment processing fee, instead of the three percent plus fee typically associated with such transactions. For small businesses, these percentage points can add up to tens of thousands of dollars in savings. And Dwolla's built-in security measures provide additional security layers to protect user accounts.
- changed its auditors to Dale Matheson Carr-Hilton Labonte LLP
- launched its Cryptanite App, now available on the App Store for Apple products and Google Play in Canada. The Cryptanite App includes two bundles for cryptocurrency buyers and traders — HODL

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and SIZE — as well as the option to create customized token bundles. The App is designed to provide a secure, easy-to-use and frictionless process to buy, trade and store a diversified collection of several dozen tokens, including Bitcoin, Ethereum, Ripple, Stellar and Dash.

- launched CryptaKings.com, an expert network to help current and potential cryptocurrency investors navigate the oftentimes confusing and volatile cryptocurrency marketplace.
- launched hosting capabilities with Codius, an open-source platform that enables the hosting of smart contracts and apps powered by the Ripple blockchain. Cryptanite is one of the first companies to market with Codius' hosting capabilities.
- appointed Keith Turner as President of the Company in place of John Eagleton.
- The common shares are now DTC (Depository Trust Company) eligible. Cryptanite commenced trading on the OTCQB® VentureMarket on June 26, 2018, in the United States under the OTCQB symbol: CRBTF
- is listed on the Frankfurt Stock Exchange and is trading under the symbol 98AA.
- expanded its business to the European market by incorporating Cryptanite Ltd, a wholly owned subsidiary in Malta.

1.3 Selected Annual Information

	August 29, 2017 (Date of incorporation) to December 31, 2017	
Total interest income	\$	Nil
Net and Comprehensive Loss	\$	(86,733)
Loss per share	\$	(0.016)
Total assets	\$	136,437
Total long term liabilities	\$	Nil
Cash dividends declared per share for each class of share	\$	Nil

1.4 Results of Operations

Nine months ended September 30, 2018

During the nine months ended September 30, 2018, the Company incurred a net loss of \$5,008,142 or \$0.09 per share compared to a net of \$33,658 for the period from August 29, 2017, incorporation date, to September 30, 2017. The Company completed its RTO on March 7, 2018 and incurred a total of \$3,210,753 in listing expenses which was primarily attributed to the Company's net loss.

In addition to the listing expenses, the Company incurred the following costs which significantly attributed to the net loss:

Advertising and marketing - \$374,657, the Company engaged various consultants to provide marketing services to the Company to increase investor and product awareness.

Consulting fees - \$61,487 was paid to a consultant for services on corporate governance and development and to the Company's new president for his services.

Contractors - \$347,553 was paid for services provided by sales representatives, software developers, IT consultants, and financial and legal consultants.

Management fees - \$67,500 was paid to the COO of the Company for services provided. See Transactions with Related Parties.

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Office and administration – \$303,495 includes salaries paid to the CEO and other staff and general operating costs for operating offices in Boulder, Colorado and Kiev, Ukraine and the corporate office located in Vancouver, British Columbia.

Professional fees - \$171,620 included \$10,482 for audit and payroll services and \$161,138 in legal services in connection to the RTO, tax planning, property purchase and other general corporate matters.

Rent and utilities - \$68,439 paid for the Vancouver, BC and Kiev, Ukraine offices.

Share based compensation - \$207,024 was recognized on the vested portion of the 920,000 stock options granted to a consultant and the president of the Company.

Travel - \$79,971 was incurred on travel by CEO and other executives to various investor meetings and to the operating office in Kiev.

During the nine months ended September 30, 2018, the Company earned \$701,970 of which \$4,207 was earned from revenues for web development and design and other IT services, \$48,192 earned from sales of the CryptaWallet products and \$649,571 earned from sales of telecommunication services. Cost of sales totaled \$687,731, resulting in gross profit of \$14,239 or 2%.

The Company also recognized a loss of \$35,615 on its cryptocurrencies held in inventory.

Three months ended September 30, 2018

During the three months ended September 30, 2018, the Company incurred a net loss of \$704,645 or \$0.02 per share. Significant contributions to the loss include advertising and marketing of \$279,680, consulting fees of \$21,560, contractor fees of \$128,794, management fees of \$22,500, office and administration fees of \$125,274, professional fees of \$27,370, rent and utilities of \$27,233, and travel of \$24,150.

The Company earned revenues of \$677,359 primarily from its telecommunication sales resulting in a gross profit of \$12,197 or 1.8%.

The Company also recognized a loss of \$14,150 on its cryptocurrencies held in inventory for the third quarter.

1.5. Summary of Quarterly Results

The following is a summary of certain unaudited financial information for each of the last three quarters since inception on August 29, 2017:

Quarter ended	Revenues	Gross Profit	Net Loss	Loss per share
September 30, 2018	\$ 677,359	\$ 12,197	\$ (704,645)	\$ (0.02)
June 30, 2018	20,404	731	(420,641)	(0.01)
March 31, 2018	4,207	1,311	(3,882,856)	(0.11)
December 31, 2017	-	-	(199,702)	(0.01)
September 30, 2017	-	-	(33,658)	(0.00)

March 31, 2018 – the quarter included listing expenses, share based compensation on stock options granted, and increased operations following the completion of its RTO resulting in a significant loss.

June 30, 2018 – the Company's operational activities were consistent with Q1 before considering non-recurring items including stock based compensation and listing costs.

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September 30, 2018 – the Company expanded its sales products to telecommunication services, increased its advertising and marketing initiatives and utilized additional contracting services to develop the Company's business.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital of \$1,675,268 at September 30, 2018 compared to working capital of \$1,677,296 at December 31, 2017, representing a decrease in working capital of \$2,028.

As at September 30, 2018, the Company had net cash on hand of \$992,489 compared to \$1,788,001 as at December 31, 2017, representing a decrease of \$795,512. During the period ended September 30, 2018, the Company used \$2,281,028 of its cash in operating activities.

The Company's investing activities included:

- Acquisition of digital currencies and intangibles of \$109,514
- Acquisition of property, plant and equipment of \$643,257 and prepaid \$3,162 towards the purchase of fixed assets
- Investment of \$70,000 in private entities through two Simple Agreement for Future Equity.
- Loaned \$520,000 to initiate a new business venture at no interest and no stated terms of repayment.

During the period ended September 30, 2018, the Company completed its equity financing in connection to the RTO for net proceeds of \$4,642,964, of this amount, \$1,711,213 was included in subscription receipts.

Current assets excluding cash as at September 30, 2018 consisted of receivables of \$25,801 which comprised of government sales tax credits of \$24,112 (December 31, 2017 - \$Nil), trades receivable of \$502 (December 31, 2017 - \$Nil) and due from shareholders of \$1,187 (December 31, 2017 - \$295), digital currencies of \$101,368 (December 31, 2017 - \$Nil), and prepaids and deposits of \$115,671 (December 31, 2017 - \$Nil).

Current liabilities as at September 30, 2018 consisted of trade payables of \$79,961 (December 31, 2017 - \$111,000) and deferred revenues of \$100 (December 31, 2017 - \$nil).

The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. To date, the Company has generated \$701,970 in revenues. The Company has an accumulated deficit of \$5,241,502 including a loss for the period ended September 30, 2018 of \$5,008,142. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Although the Company has been successful in raising funds in the past, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. See Item 1.15 – Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised. The Company has and may continue to have capital requirements in excess of its currently available resources.

Risk Factors and Uncertainties

The Company can be exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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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. The Company's primary exposure to credit risk is on its cash held in bank accounts which is held with reputable US and Canadian banks. Therefore, credit risk is assessed as low.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist of refundable Canadian government sales taxes of \$24,112, trades receivable of \$502 and dues from related parties of \$1,187. \$892 due from related parties were collected in full subsequent to September 30, 2018.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash and cash equivalent balances to ensure that it is able to meet its short term and long term obligations as and when they fall due.

As at September 30, 2018, the Company had working capital of \$1,675,268 (December 31, 2017 - \$1,677,296).

Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers the interest rate to be minimal.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in Canadian Dollars. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant.

As at September 30, 2018, Cryptanite had net financial assets of CAD\$596,538. A 10% change in the US dollar versus the Canadian dollar would give rise to a gain/loss of approximately \$46,083.

(c) Price risk

The Company is not exposed to price risk.

The Company is not subject to any externally imposed capital requirements.

1.8 Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements.

1.9 Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

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During the period ended September 30, 2018, the remuneration of the key management personnel were as follows:

	September 30, 2018	
Chief Executive Officer ⁽¹⁾	\$	68,750
Chief Operating Officer ⁽²⁾		67,500
President ⁽³⁾		56,442
Total	\$	192,692

⁽¹⁾ Management salaries are included within office and administration expenses.

⁽²⁾ Pursuant to an Operations Management and Product Development Services contract between the Company and its Chief Operating Office of the Company dated December 4, 2017. The contract is for a one year term with an extension to renewal for an additional year at the end of the original term.

⁽³⁾ Pursuant to a consulting agreement between the Company and Katmando Holdings Inc., a company owned by Keith Turner, President of the Company, dated April 30, 2018.

Other related party transactions and balances

(a) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by a common director.

Pursuant to this agreement for the nine months ended September 30, 2018, the Company paid \$31,308 for administrative fees to VCC.

(b) As at September 30, 2018, \$1,187 (December 31, 2017 - \$207) in cost recoveries was due from companies with a director in common. The amount was included in receivables and \$892 was collected subsequent to September 30, 2018.

(c) In connection with the ChargeCard and concurrent private placements, the Company issued 2,000,000 share purchase warrants to VCC at an exercise price of CAD\$0.10 per share expiring September 9, 2019. A fair value of \$599,528 was recorded as a listing expense on these warrants.

1.10 Fourth Quarter

On October 9, 2018, the Company registered and established Cryptanite Ltd, a wholly owned subsidiary in Malta to establish blockchain technologies, decentralized systems and next generation applications.

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

Our significant accounting policies are set out in Note 2 of the audited financial statements for the year ended December 31, 2017.

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1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, loans receivables and trades payables.

The Company has exposures to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are liquidity risk and funding risk.

1.15 Other Requirements

Summary of Outstanding Share Data as at November 28, 2018:

Authorized - Unlimited common shares without par value

Issued – common shares: 56,471,844 (includes 13,236,450 in escrow shares)

Stock Options – 920,000 options

Warrants – 2,184,299 warrants

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

“John Eagleton”

John Eagleton
Director & CEO