LQWD FINTECH CORP.

(formerly Interlapse Technologies Corp.)

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED
FEBRUARY 28, 2021

June 28, 2021

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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form (the "**Annual Information Form**") is stated as at June 28, 2021.

The information presented herein reflects the details of the financial year ended February 28, 2021 of LQwD FinTech Corp. (formerly Interlapse Technologies Corp.) (the "**Company**"). Unless otherwise noted or the context otherwise indicates, the "Company", "we", "us" and "our" refer to LQwD FinTech Corp. and LQwD Financial Corp. ("**LQwD Financial**"), the Company's material wholly-owned subsidiary. The Company acquired LQwD Financial subsequent to its financial year ended February 28, 2021 pursuant to a securities exchange transaction completed on June 9, 2021 (the "**Acquisition**"). On closing of the Acquisition, the Company changed its name from "Interlapse Technologies Corp." to "LQwD FinTech Corp." and LQwD Financial became a wholly-owned subsidiary of the Company. The Company's common shares (the "**Common Shares**") continued trading on the TSX Venture Exchange (the "**TSXV**") under the new symbol "LQWD".

For clarity, since the Company's financial year end occurred approximately four months prior to the date of this Annual Information Form at a time when LQwD Financial was a privately held entity, this Annual Information Form includes more up to date material information that occurred after the Company's financial year end, which could be considered "Subsequent Events". Furthermore, this Annual Information Form incorporates by reference the Company's Management Information Circular dated April 22, 2021 (the "**Circular**") and filed on SEDAR at www.sedar.com, with the exception of the following information in the Circular:

(a) the information in the Circular on pages 80-83 relating to escrowed securities under the heading "*Information Concerning the Resulting Issuer – Escrowed Securities*" is modified and superseded by the information in this Annual Information Form. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*"; and

(b) the information in the Circular relating to Dean Sutton acting as President and Director of the Company is modified and superseded with the information in this Annual Information Form relating to Dean solely acting as Director of the Company. See "*Directors and Officers*".

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the "Glossary of Terms" at Appendix "A" of this Annual Information Form.

Cautionary Statement Regarding Forward-Looking Information

This Annual Information Form includes certain statements and information that constitutes "forward-looking statements" and "forward-looking information" under applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to herein as "forward-looking statements", unless otherwise stated). Forward-looking statements appear in a number of places in this Annual Information Form and include statements and information regarding the intent, beliefs or current expectations of the Company's officers and directors and statements relating to projected growth in the security and related industries, and other factors that the Company believes are appropriate and reasonable in the circumstances. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Annual Information Form, words such as "expects", "anticipates", "estimates", "projects", "plans", "goals", "objectives", "outlook", "believe", "could", "intend", "may", "predict", "will", "would" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future business strategy, plans and objectives. The Company has based these forward-looking statements largely on its current expectations and projections about future events. These forward-looking statements were derived using numerous assumptions, and while the Company considers these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, readers are cautioned to not put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future events or results.

Forward-looking statements speak only as of the date such statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If the Company updates any one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Readers should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this Annual Information Form are expressly qualified in their entirety by this cautionary statement.

The material factors and assumptions used in developing the forward-looking statements are based on certain assumptions and analysis made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to:

- general economic conditions;
- the legislative and regulatory environment of the fintech industry;
- the impact of increasing competition;
- the ability to obtain regulatory and shareholder approvals;
- the Company’s ability to successfully develop the Lightning Network;
- the Company’s ability to achieve profitability;
- the Company’s ability to successfully acquire and maintain required regulatory licences and qualifications;
- prices of Virtual Currencies;
- the emerging Virtual Currency and Blockchain markets and sectors;
- the Company’s ability to maintain good business relationships;
- the Company’s ability to manage and integrate acquisitions;
- the Company’s ability to raise sufficient debt or equity financing to support the Company’s continued growth;
- the technology, proprietary and non-proprietary software, data and intellectual property of the Company and third parties in the Virtual Currencies and digital asset sector being reliable to conduct the Company’s business;
- the Company not suffering a material impact or disruption from a cybersecurity incident, cyber- attack or theft of digital assets;
- continued growth in usage of the Blockchain for various applications;
- continued development of a stable public infrastructure, with the necessary speed, data capacity and security required to operate Blockchain networks;

- the Company's ability to maintain the listing of its Common Shares on the TSXV;
- the absence of adverse regulations or laws;
- the absence of material changes in the legislative, regulatory or operating framework for the Company's existing and anticipated business; and
- future demand for and prices of digital currencies.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Some of the factors that could cause outcomes and results to differ materially from those expressed in theforward-looking statements include:

- risks and uncertainties associated with the digital currency and Blockchain industry;
- occurrence of a Bitcoin halving event;
- the potential that the Blockchain could be manipulated by a malicious actor;
- increased competition that adversely affects business;
- the Company's inventory of Virtual Currency may be exposed to cybersecurity threats and hacks;
- regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of Virtual Currencies in a manner that adversely affects the Company's operations;
- the value of Virtual Currencies may be subject to volatility and momentum pricing risk;
- Virtual Currency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure;
- possibility of less frequent or a cessation of monetization of Virtual Currencies;
- limited history of de-centralized financial system;
- Virtual Currency network difficulty and impact of increased global computing power;
- banks may not provide banking services, or may cut off banking services, to businesses that provide Virtual Currency-related services or that accept cryptocurrencies as payment;
- the impact of geopolitical events on the supply and demand for Virtual Currencies is uncertain;
- risks relating to permits and licences;
- risks related to interruption of operations due to floods, fires or other severe and adverse weather events;
- changes in local and global climatic conditions;
- server failures;
- global financial conditions;

- further development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in Virtual Currencies that may be difficult to evaluate;
- uncertainty of acceptance and/or widespread use of Virtual Currency;
- the Company being required to sell its inventory of Virtual Currency to pay suppliers or other third parties;
- the Company's operations, investment strategies, and profitability being adversely affected by competition from other methods of investing in Virtual Currencies;
- the Company's coins becoming subject to loss, theft or restriction on access;
- irreversibility of incorrect or fraudulent coin transactions;
- coin prices being affected by the sale of coins by other vehicles investing in coins or tracking Virtual Currency markets;
- risks related to technological obsolescence and difficulty in obtaining hardware;
- failure to adapt to technological change, new products and standards, which materially impact the Virtual Currency industry;
- risks related to insurance;
- pandemics and COVID-19; and
- the risk that the Company's software products and/or services may contain undetected errors or "bugs", vulnerabilities or defects.

Accordingly, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Annual Information Form.

Presentation of Financial Information

The Company presents its financial statements in Canadian dollars. All dollar figures in this Annual Information Form are in Canadian dollars, unless otherwise indicated. All of the financial data contained in this Annual Information Form relating to the Company have been prepared using International Financial Reporting Standards.

BACKGROUND AND CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on March 1, 1999 under the name "Minera Capital Corporation" pursuant to the *Business Corporations Act* (Yukon). The Company was continued into British Columbia on September 22, 2004. On September 22, 2005, the Company changed its name from "Minera Capital Corporation" to "Coronado Resources Ltd.". On May 28, 2019, the Company changed its name from "Coronado Resources Ltd." to "Interlapse Technologies Corp.". On June 9, 2021, the Company changed its name from "Interlapse Technologies Corp." to "LQwD FinTech Corp." in connection with completion of the Acquisition.

The head office of the Company is located at #2040 – 885 W. Georgia Street, Vancouver, British Columbia, V6C 3E8, and its registered and records office is located at 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares without par value, of which 73,666,522 Common Shares are issued and outstanding as fully paid and non-assessable.

Intercorporate Relationships

As of the date hereof, the Company has six wholly-owned subsidiaries:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
LQwD Financial Corp.	British Columbia	100%	Principal Operating Business
Coronado Resources USA LLC	USA	100%	Holding Company
Skyrun Technology Corp.	British Columbia	100%	Operating Activity
0980862 B.C. Ltd.	British Columbia	100%	Holding Company
0997680 B.C. Ltd.	British Columbia	100%	Holding Company
0997684 B.C. Ltd.	British Columbia	100%	Holding Company

DEVELOPMENT OF THE BUSINESS

Three Year History

Recent Developments

On June 15, 2021, the Company announced the purchase of $2,500,000 worth of Bitcoin, at approximately $46,500 per Bitcoin since closing the Acquisition of LQwD Financial.

On June 9, 2021, the Company completed the Acquisition of LQwD Financial in accordance with the Share Exchange Agreement, pursuant to which the Company acquired all of the issued and outstanding common shares of LQwD Financial in exchange for the issuance of Common Shares to the former shareholders of LQwD Financial. Upon completion of the Acquisition, the Company changed its name to "LQwD FinTech Corp." and LQwD Financial became a wholly-owned subsidiary of the Company. See "*Development of the Business – Significant Acquisitions*".

On March 23, 2021, the Company closed its previously announced non-brokered private placement of 20,000,000 Subscription Receipts at a price of $0.25 per Subscription Receipt for total gross proceeds of $5,000,000. Upon satisfaction of the escrow release conditions on June 9, 2021, which included the closing of the Acquisition, each Subscription Receipt automatically converted into one Common Share and one-half of one Subscription Receipt Warrant, with each whole such Subscription Receipt Warrant entitling the holder thereof to purchase one Common Share at a price of $0.40 per Common Share, subject to the Accelerated Expiry.

Financial Year Ended February 28, 2021

On November 23, 2020 the Company entered into the Share Exchange Agreement with LQwD Financial, pursuant to which of all of the issued and outstanding securities of LQwD Financial were acquired by the Company on June 9, 2021. See "*Development of the Business – Significant Acquisitions*".

On November 2, 2020, the Company completed a non-brokered private placement consisting of 4,904,212 units at a price of $0.15 per unit, with each unit consisting of one Common Share and one warrant for total gross proceeds of $735,632.

On March 31, 2020, the Company acquired BuyBitcoinCanada.com, a Virtual Currency brokerage platform from Canadian blockchain company, Bitaccess Inc., in exchange for 233,333 Common Shares of the Company.

Financial Year Ended February 29, 2020

On December 20, 2019, the Company completed a non-brokered private placement of 7,500,000 Common Shares at $0.10 per share for gross proceeds of $750,000.

On October 9, 2019, the Common Shares began trading on the OTCQB in the United States under the symbol “INLAF”. Prior to that, the Common Shares traded on the OTCQB under the symbol “CRDAF”.

On August 29, 2019, the Company’s outstanding share capital was forward split on the basis of two (2) new Common Shares for each one (1) old Common Share.

On May 28, 2019, the Company announced that the TSXV provided final approval for (i) the Company’s acquisition of Skyrun, a Vancouver-based company developing Coincurve.com., and for (ii) the Company’s change of business from a natural resource issuer to a technology issuer. To reflect the transformation into the technology sector, the Company changed its name from “Coronado Resources Ltd.” to “Interlapse Technologies Corp.” The Company commenced trading on the TSXV on May 30, 2019. Prior to this, the Company traded on the NEX under the symbol “CRD.H.” Trading in the Company’s shares was halted from August 2018 until completion of the Skyrun acquisition. In connection with the Skyrun acquisition, the Company also completed a non-brokered private placement of 4,420,000 common shares at $0.25 per share for gross proceeds of $1,105,000.

Financial Year Ended February 28, 2019

On August 28, 2018, the Company entered into a binding share purchase agreement to acquire 100% of the outstanding common shares of Skyrun, Under the terms of the share purchase agreement, the Company agreed to issue up to 660,000 Common Shares in exchange for 100% of the issued and outstanding shares of Skyrun. The Common Shares of the Company will be released to the principals of Skyrun, Wayne Chen and Rod Hsu, when certain milestones are reached that are linked directly to the development, operations and overall success of the Company.

On August 20, 2018, the Company’s outstanding share capital was forward split on the basis of two (2) new Common Shares for each one (1) old Common Share.

Significant Acquisitions

On June 9, 2021, the Company completed the Acquisition of LQwD Financial in accordance with the Share Exchange Agreement, pursuant to which the Company acquired all of the issued and outstanding common shares of LQwD Financial in exchange for the issuance 22,400,001 of Common Shares on a 1:1 basis to the former shareholders of LQwD Financial. In addition, the 4,000,000 outstanding warrants of LQwD Financial, which were exercisable to purchase common shares in the capital of LQwD Financial, were adjusted to be exercisable into Common Shares. The Acquisition, which was first announced on November 23, 2021, was approved by the Company’s shareholders at the Company’s Annual General and Special Meeting of Shareholders held on May 24, 2021, which Acquisition was detailed in the Company’s Circular.

Upon completion of the Acquisition, the Company changed its name to “LQwD FinTech Corp.” and LQwD Financial became a wholly-owned subsidiary of the Company. The Company also reconstituted its board of directors and management as outlined in the Circular.

LQwD Financial was incorporated on November 6, 2019 under the BCBCA. From its inception to date, LQwD Financial has been focused on developing enterprise grade infrastructure for the Lightning Network to drive Bitcoin adoption. The Lightning Network is described in more detail under the heading “*Business of the Company – Narrative Description of the Business – Principal Products or Services*” below. The adoption of Bitcoin is described in more detail under the heading "*Business of the Company – Narrative Description of the Business – Market*" below.

In connection with the Acquisition, the Company appointed PI Financial Corp. (the "**Sponsor**") pursuant to the sponsorship requirements of the TSXV. In consideration for the Sponsor's services, the Company paid to the Sponsor a $75,000 cash fee and granted 100,000 compensation options, with each such option entitling the Sponsor to purchase one unit of the Company at a price of $0.25, with each such unit consisting of one Common Share and one-half of one warrant. Each whole such warrant entitles the Sponsor to purchase one additional Common Share at a price of $0.40 per Common Share for a period of 12 months from the date of conversion of the Subscription Receipts, subject to the Accelerated Expiry.

BUSINESS OF THE COMPANY

Our Company

The Company is a financial technology applications company developing and advancing its two main products, the Lightning Network and Coincurve.com. The Company acquired the Lightning Network through its business combination with LQwD Financial. Coincurve.com is the Company's original signature product, which the Company operated prior to its Acquisition of LQwD Financial. Upon completion of the Acquisition, the Company ceased all other business operations related to Interlapse to exclusively focus on the Lightning Network and Coincurve.com.

Principal Products or Services

Lightning Network

Through LQwD Financial, the Company develops and provides infrastructure to support enhanced liquidity for a payment protocol that operates under the name "Lightning Network". The software that the Company currently develops allows users to effectively and safely integrate their payments that use Bitcoin on the Lightning Network. This does not involve the provision of investment advice to or on behalf of any third party, nor does the Company engage in the trading of Bitcoin, other Virtual Currencies, securities or derivatives for any third party. The Company is not engaged in the creation, development or implementation of a platform or exchange that allows investors to buy or sell Virtual Currencies. Services will not be offered to end-user entities or individuals, but instead the Company's software and infrastructure will support companies that engage with entities and/or individuals. Further, the primary purpose of the Company is not to invest the money provided to it by its security holders.

Currently the Company is developing a Software as a Service ("**SaaS**") platform that is built upon the Lightning Network and enables the set-up of payment channels as a service. As a Lightning Service Provider ("**LSP**"), the Company will operate in a manner similar to an Internet Service Provider ("**ISP**"). Namely, the Company will connect users to a wider network of Lightning Network nodes (*e.g.* computers), and provide stable and secure payment channels. The Company's service platform is at an advanced level of development, with beta testing set to commence in the second quarter of 2021. As a Lightning Network SaaS platform, the Company acts purely as a technology provider, enabling users to access software tools to more effectively and safely interact with their own Bitcoin Lightning Network payments.

The Lightning Network is a solution to scaling the usage of Bitcoin, dramatically improving upon the fees, as well as the instant settlement times, on the main Bitcoin Network. The Lightning Network is a Layer 2 protocol, sitting above Layer 1, the Bitcoin layer, intended to facilitate quicker transactions and offer a solution to the Bitcoin Network's rising transaction fees and slow transaction processing times. The difference between Layer 1 and Layer 2 protocol is explained in more detail below under the heading "*Business of the Company – Market*". The Lightning Network potentially solves Bitcoin's scalability problem, increasing the viability of Bitcoin's mass adoption and use as a medium of daily exchange. The Lightning Network is made up of a network of micropayment channels built on top of the Bitcoin Network and is capable of millions to billions of transactions per second across the network. The Lightning Network makes attaching payment per action/click possible without the use of custodians.

The Company, using its in-house team, is developing a Lightning Network SaaS platform that enables the set-up payment channels as a service. The Company's Lightning Network SaaS platform is at an advanced level of development, with beta testing set to commence in the second quarter of 2021.

Beta testing will include: compliant onboarding, user account set-up, node creation and user management. In addition, wallet and application integrations and Application Programming Interfaces ("**API**") will be activated. An API is a software intermediary that allows two applications to communicate with each other. Channel management, routing and oversight via watchtowers and monitoring application will be incorporated. The API roll-out will not include offering services to end-user entities or individuals. Commercial launch is expected to occur in the second or third quarter of 2021 at a further estimated cost of $100,000. Enterprise API is planned to be rolled out for enterprise data sales in the fourth quarter of 2021 or the first quarter of 2022.

The Company does not require any material regulatory approvals or licenses to achieve its stated business objectives with respect to the Lightning Network.

As an LSP, the Company will operate in a manner similar to an ISP. The Company will connect users to a wider network of Lightning Network nodes, and stable and secure payment channels. Part of the model requires Bitcoin for the nodes to operate. In short:

1. The Lightning Network rewards fees to companies that run Lightning Network nodes and transit the data, similar in concept to how the Bitcoin miners earn fees for processing blocks of transactions.

2. The Lightning Network requires Bitcoin to be on these nodes in order to ensure that traffic is routed through these nodes.

3. The more nodes the Company deploys, the more Lightning Network traffic the Company transits and the more fee rewards the Company earns.

4. As part of the model, the Company is building out a significant number of Lightning Network nodes (deployed by through its SaaS), and these nodes require Bitcoin to function.

Presently, the Lightning Network does not have any customers or generate any revenue. From its inception to December 31, 2020, LQwD Financial has expended $99,001 on research and development costs related to Lightning Network development. The Company anticipates launching beta testing in the second quarter of 2021 and will soon be seeking beta testers. The total projected development timeline is 36.5 months, utilizing a core 9-person team, at an estimated cost of $2.65 million.

Coincurve.com

Coincurve.com is an online digital platform for users to buy Virtual Currencies in a streamlined fashion and enables a simple, safe way to buy and spend Virtual Currency. It is the Company's signature product that the Company developed and operated prior to the Acquisition.

Operations

Through LQwD Financial, the Company is developing a Lightning Network SaaS platform. Hardware currently consists of a custom server owned by the Company, which is located at a data centre in Vancouver, British Columbia. The Company utilizes a highly reputable, carrier-neutral third-party data centre for its system networking, which guarantees high uptime (99.9%). As the Company ramps up its operations, it anticipates that two to five additional servers will be purchased, as needed. In addition, the Company will rent servers and hardware from reputable cloud providers, such as Microsoft Azure, Amazon Web Services and/or Google Cloud Platform, on an as-needed basis.

The Company utilizes open-source software in the development of its Lightning Network SaaS platform and its daily operations. Software purchases are made on an as-needed basis, generally as SaaS on a continuous subscription basis. Purchased software currently includes productivity software (office suite, email, team communications) and code repository software. Key software is comprised of: Lightning Network Daemon (Lightning Labs Inc.'s implementation of the Lightning Network); Bitcoin Core (the main implementation of the Bitcoin protocol); and proprietary software developed in-house for inter-process communication, data collection and analysis, and interaction with the Lightning Network and Bitcoin network.

The Company's operations require a specialized skill set and knowledge base. The Company has a small, agile team of accomplished individuals who are well versed in the Virtual Currency space within the high-tech sector. The Company's technology team is outlined below.

Shone Anstey, CEO, brings 20 years of experience in building complex technologies and software primarily within search, analytics and data center operations. He has been engaged with Virtual Currency since 2012 and has acted as technology lead for an industrial Bitcoin mining and Bitcoin mining pool. In addition, Shone is a Certified Bitcoin Professional as well as a Certified Cryptocurrency Investigator. He is the founder and a director of BIGG Digital Assets Inc., a company that provides data analytics and risk mitigation tools for law enforcement and Virtual Currency companies globally, as well as a Virtual Currency trading platform.

Albert Szmigielski, Chief Technology Officer, is a technologist, computer scientist, and digital currency expert. Albert holds a B.Sc. in Computing Science from Simon Fraser University and a Masters of Science in Digital Currencies and Blockchain Technologies from the University of Nicosia, Cyprus. He has been following Bitcoin since 2011 and actively engaged with digital currencies since 2013.

Aziz Pulatov is a senior software architect and Bitcoin expert. Bartlomiej (Tony) Sanak is a Lightning Network specialist and Azad Mirzayev is a senior DevOps engineer and Amazon Web Services-certified SysOps Administrator.

The development of the Company's brand name recognition and reputation as a quality Lightning Network SaaS provider will be key to the Company's growth and success. Through LQwD Financial, the Company has applied for a trademark for "LQwD Lightning" through the U.S. Intellectual Property Office. In addition, the Company has filed a copyright for its corporate logo and is working on technical documentation required to file a patent for its proprietary development work.

The Company's business is not limited by cyclical or seasonal events or periods.

The Company does not anticipate any renegotiation or termination of contracts or sub-contracts that would likely affect the Company's operations.

There are no environmental protection requirements that would impact or potentially impact the Company's financial and/or operational activities in the current financial year or future financial years. Nor are there any environmental regulations or controls on ownership or profit repatriation or economic or political conditions that may materially affect the company's operations.

As the Company's operations and services are SaaS-based and provided over the internet, it does not have any dependence on foreign operations or risks associated with foreign operations.

Market

The Company is a decentralized finance company offering open finance technology that utilizes the Bitcoin Blockchain to transform outdated financial processes into a modern trustless and transparent financial system.

A Blockchain is, simply put, a time-stamped growing series of immutable records of data that is managed by a group of computers not owned by any single entity. Each of these blocks of data is secured and bound to each other using cryptographic principles. By design, a Blockchain is resistant to modification of the data it contains. It is a decentralized, distributed and, often public, digital ledger.

The main benefits of Blockchain technology are its decentralization, immutability, security and transparency. These benefits include:

- Blockchain technology allows for verification without having to be dependent upon third parties;
- Blockchain data structure allows additions only, so that data cannot be altered or deleted;
- Blockchain uses protected cryptography to secure the data ledgers and current ledger is dependent on the adjacent completed block to complete the cryptography process;
- each block contains information on the list of transactions and their data, including the date, time, amount and counterparties of each transaction;
- all transactions and data are attached to the block after the process of maximum trust verification, and there is consensus of all the ledger participants ("**Miners**") on what is to be recorded in the block;
- Miners verify transaction details before the transaction is added to the block and subsequently broadcast to the Blockchain;
- all transactions are recorded in chronological order and all blocks are time stamped;
- the ledger is distributed across every single node in the Blockchain;
- transactions stored in the blocks are contained in millions of computers participating in the chain, so there is no possibility that the data, if lost, cannot be recovered;
- transactions must be transparent;
- the origin of any ledger can be tracked along the chain to its point of origin; and
- since various consensus protocols are needed to validate an entry, it removes the risk of duplication or fraud.

As a shared and immutable ledger, the information in the Blockchain is open for anyone and everyone to see. By its very nature, Blockchains are fully transparent.

The Bitcoin Blockchain was the first Blockchain ever created and remains the most well-known and widely adopted. From the beginning, there has been much debate over whether or not it is money. From the earliest days of humankind, there have been several forms of money used – from cattle to seashells, salt, metal coins and later government paper. There are six principal properties of money:

1. **it is scarce** – supply is limited to ensure value remains relatively constant.
2. **it is recognizable** – parties can identify it and accept it on a transactional basis.
3. **it is divisible** – allowing for division into smaller units of value.
4. **it is portable** – allowing individuals to carry it with them and transfer it to others.
5. **it is fungible** – where one unit is interchangeable with another.
6. **it is durable** – it can withstand repeated use.

Bitcoin meets all of these requirements, yet it is not considered to be currency by central banks around the globe.

These same central banks control the money supply for their respective countries – inflating and deflating supply, setting interest rates, controlling flows of funds. Currently these central banks globally are printing vast amounts of fiat (*i.e.* dollars), increasing government debt exponentially, inflating the money supply and slashing bank interest rates. The result is a decline in purchasing power of the dollar, after adjusting for inflation. Arguably, the fiat money supply is no longer limited as the countries print ever more fiat to counteract collapsing economies and rising unemployment – all during a health pandemic that is reverberating across the entire globe.

Bitcoin, in direct contrast, has a finite or terminal supply and is becoming scarcer over time. There will only ever be 21 million Bitcoin mined, with diminishing returns at each 'halving'. In 2009, when Bitcoin was first launched the reward for verifying or 'mining' a new block was 50 Bitcoin. As of the most recent halving in May 2020, the reward is only 6.25 Bitcoin per block. This reward will continue to be cut every 4 years until the last factional Bitcoin is mined sometime in 2140. Despite the last Bitcoin being mined some 120 years from now, over 99% of the total supply will be mined by the end of 2034.

Bitcoin is also highly recognizable. It has created a global community and given birth to an entirely new industry. It now has a market cap of US$650 billion, having experienced significant value growth over the past 8 months – gaining roughly 294% over the last 12 months.

Bitcoin is divisible. A single Bitcoin can be broken down into 100 million satoshis. Satoshis are the smallest unit or denomination of Bitcoin. Splitting Bitcoin into smaller units allows for ease of use and facilitates smaller transactions. The satoshi is named after the founder (or founders) of Bitcoin, known as Satoshi Nakamoto.

Bitcoin is portable. More than an estimated 5 billion people globally have a mobile device, and over half of these are smartphones. Bitcoin lives on the internet. It is not a physical currency, rather it is a cryptographic hash comprising of a unique alphanumeric password. What individuals possess is the private key that controls Bitcoin and is proof of ownership. This private key is the key to the cryptographic puzzle that makes Bitcoin secure. It is akin to your banking ATM code – your bank account exists but without your code you cannot access your funds. Unlike an ATM code, this secret key is long, complicated and cannot be bypassed or overridden by the bank. Because there is no bank, there is no one group or person that controls the Bitcoin Blockchain.

Bitcoin is fungible. While it is not a part of a major currency pair, Bitcoins can be converted to and from other currencies. Bitcoin exchanges allow individuals to conduct transactions – buying, selling or converting Bitcoins into other currencies or Virtual Currencies.

Bitcoin is durable. Bitcoin is indestructible. It is not subject to wear and tear and it cannot be destroyed. Even if the private key is lost and access to the Bitcoin cannot be achieved, that Bitcoin continues to still exist.

There is a monetary evolution underway, driven by technology. Bitcoin, often equated to digital gold, is now much more widely viewed as a store of value. It is the hardest form of money in history – even more so than gold which has held that distinction for over 2,500 years.

With the passage of time, there is an ever-increasing technical difficulty to solve complex computational problems, coupled with diminishing rewards every four years (i.e., the halvings) in the form of Bitcoin being mined, and an increase in scarcity as the stock to flow of Bitcoin (the number of Bitcoin already mined versus those Bitcoin yet to be mined) increases. The finite number of Bitcoin, enforced by unbreakable cryptography, dictates its supply inelasticity. No matter what the price of Bitcoin is, once all 21 million Bitcoin has been mined no additional supply can ever be created. As a result, increased demand for Bitcoin will be directly correlated and expressed in its market price. This was witnessed during 2020 with the steady gains in the Bitcoin price that made it the top performing asset of 2020, up over 200%, outperforming all other major asset classes.

Conversely, as the market price of gold increases, new supply will come on stream as gold Miners will increase their activity levels and gold that was once economically unfeasible will be produced resulting in a decreased stock to flow ratio, as the supply of gold is not fixed.

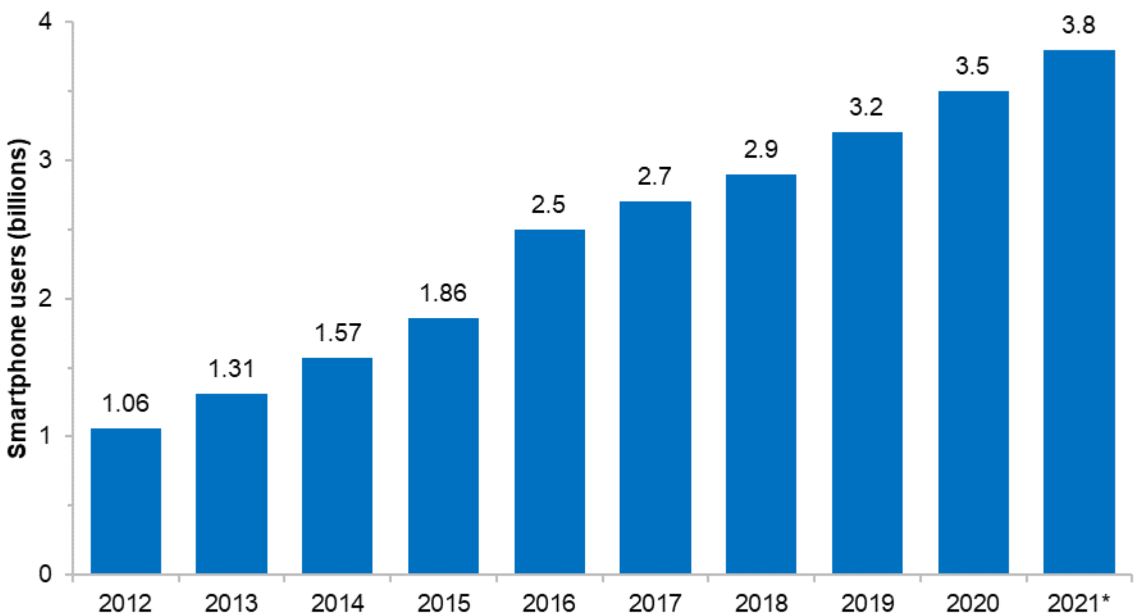
Not only is Bitcoin more scarce than gold, it is more easily divisible and highly portable. It can be sent in the form of payment around the world in just a few minutes, at any hour of the day and any day of the week, providing a truly revolutionary way for the world to transact.

Presently, Bitcoin's ability to scale as a medium of exchange is largely hindered by its slow processing time. Compared to other payment processors like Visa and PayPal that complete 1,700 and 115 transactions per second ("**TPS**"), respectively, Bitcoin lags far behind at only 7 TPS.

The Lightning Network essentially propels Bitcoin to a transactional level. It offers a real solution to current day issues – including opening up payments to the unbanked or underbanked people, globally. The World Bank estimated (in March 2020) that approximately 1.7 billion adults worldwide are unbanked, which is approximately one quarter of the global population. Only one half of these unbanked individuals fall within the poorest 40% of households within their respective economies, hindered by unemployment or a lack of education. Others face constraints such as cost of holding accounts and distance to the nearest bank. For some, it is the cultural norm for not all of a nations' citizens to be banked. For example, in Europe, a number of countries are 100% banked – Denmark, Finland, Norway and Sweden – but others such as Hungary and the Czech Republic have a 75% and 81%, respectively, banked populace.

Technological advances will see more and more of the global population attaining banked status. Currently 54% of the world (roughly 4.15 billion people) is presently connected to the internet and 45% or 3.5 billion people have access to mobile devices. This number is increasing year-over-year. High-tech payment methods are growing in tandem with increasing rates of internet and smartphone usage.

Figure 1: Number of smartphone users worldwide



Source: Statista / Newzoo

The number of smartphone users as a percentage of the global population and in the 'developed' versus 'developing' world can be found in the table below (Source: International Telecommunications Union).

	2005	2010	2017	2019
World population	6.5 billion	6.9 billion	7.4 billion	7.75 billion
Smartphone users worldwide	16%	30%	48%	53.6%

Smartphone users in the developing world	8%	21%	41.3%	47%
Smartphone users in the developed world	51%	67%	81%	86.6%

Global non-cash payment transaction volumes grew at 12% from 2016-2017, rising to $539 billion (2019 World Payments Report). In 2019, digital and mobile wallets accounted for 41.8% of global e-commerce payment transactions. This share is set to increase to 52.2% in 2023, making digital wallets the most popular online payment method worldwide. Bitcoin's network transaction volumes for 2019 was more than $673 billion in value – a clear indication of its bell-weather Virtual Currency status and popularity worldwide.

The Lightning Network, often referred to as Layer 2 protocol for global payments is an additional layer of connections built on top of the Bitcoin Network that dramatically improves its performance. Layer 1, in computer networking, refers to the physical layer that provides the means of transmitting raw bits over a physical data link connecting network nodes, whereas Layer 2 refers to the data link layer that transfers data between the network nodes. The TPS over the Lightning Network, as a Layer 2 protocol, is dramatically improved, enabling Bitcoin to handle millions of TPS, reducing the cost of associated transaction fees.

The Lightning Network was devised to deliver instant, high-volume micropayments and resolve Bitcoin's scalability issue. Transactions are processed 'offchain' between the parties through payment channels. In other words, two or more parties use the Lightning Network to transact without the transaction immediately being recorded on the public Blockchain ledger. Payments are routed along 'channels' through an unlimited number of intermediaries, as long as there is a connection between the sender and receiver. The Lightning Network node of the sender will automatically find the path of least resistance (*i.e.* quickest or lowest fees).

The Bitcoin Network's Layer 1 fee trends can serve as an indicator of the Lightning Network Layer 2 network fee trends. From January 2011 to January 2013, Bitcoin fees increased 10,600%, from $0.0001 to $0.0107. From January 2013 to December 2019, Bitcoin fees had increased a further 1,573%, from $0.0107 to $0.179. At December 31, 2020, due to Bitcoin's significant price appreciation the average transaction fee was $9,513, topping out at $58,718 on April 22, 2021. Comparatively, the median Lightning Network fee at December 2019 was $0.000073558. While this fee is too low to sustain the Lightning Network, industry experts expect it to continue to increase. Should it rise at the same rate as the Layer 1 Bitcoin network fees during the period of 2011 to 2013, this fee would be $0.00787 or about 5% of Bitcoin's current fees. At December 31, 2020, the Lightning Network fee was $0.0029, increasing in tandem with the advancing Bitcoin price to $0.01 on April 22, 2021.

Bitcoin Layer 1 transaction fee trends are set out in the following table:

January-Year	Number of Transactions
2011	500
2012	5,000
2013	38,000
2014	60,000
2015	95,000
2016	179,000
2017	289,000
2018	424,000[(1)]
2019	287,000

Notes:
(1) Maximum of 7 TPS reached.

Estimates of the Lightning Network running at 7,000 TPS would see:

- 420,000 transactions per minute;
- 25 million transactions per hour;
- 660 million transactions per day; and
- 220 billion transactions per year.

Even assuming no new technological improvements to TPS over the coming years and assuming a fee of $0.00787, this represents a potential market of up to $1.7 billion in fees per annum.

The Company's mission is to develop institutional grade services that support the Lightning Network and drive improved functionality, transaction capability, user adoption and utility and scale of Bitcoin.

The service platform is SaaS-based and the business is global by virtue of its nature. As an LSP, the Company operates like an ISP by connecting users to a wider Lightning Network set of nodes connected by payment channels that have features that make the network secure and trustless. It is unbound by nation state boundaries and borders.

The main functions of an LSP are:

- **opening channels and creating liquidity** – the first function of an LSP is to open a payment channel with a new user's node and to confirm its active status. Since the channel is established and generated by the LSP, the client does not need to finance the channel from their own existing on-blockchain wallet, which makes the on-boarding process much easier.
- **incoming capacity** – users can have immediate inbound capacity and receive funds immediately without funding a specific channel first, as is normally the case.
- **routing** – LSPs serve as hubs, providing users with a secure, reliable connection to a lightning node that is well connected with payment channels and to many other hubs ensuring that users can always route transactions wherever they want/need. On a Lightning Network, the node operators set the fee and then the users select a path for payment that minimizes fees. There are two types of routing fees that node operators specify: a base (fixed) fee and a fee rate (percentage fee charged on the value of the transaction).
- **rebalancing** – there is a need for hubs to open channels with each other to route payments and to have local and remote balances. An LSP ensures the distribution of funds in local and remote balances amongst their channels to ensure the liquidity of their payment channels and the ability for users to withdraw funds.
- **reliability** – users will have service level agreements which reassure users that the LSP will enable payments and channel closures will only happen in predictable circumstances.

The Company's portal will service major financial institutions, intermediaries, banks and other holders and processors of Bitcoin to facilitate transactions on the Lightning Network.

The Company will also deploy watchtower services to create further efficiencies and competitive advantages. Watchtowers effectively act as the police of the Lightning Network to ensure that only the latest signed balance sheet used on a Lightning Network payment channel is broadcast to the Bitcoin network. In essence, watchtowers monitor the ledgers to ensure that neither party (sender or receiver) can cheat the system. This is an add-on service that is fee-based. The two prevailing monetization methods for watchtowers are penalty transaction fees and subscription services. Enterprise grade watchtowers will be deployed across the globe for geographical and network diversification.

Marketing Plans and Strategies

The Lightning Network is in the early stage of development. While the Lightning Network matures, the Company will focus on expanding its footprint and capturing a targeted percentage of all transaction volume on the Lightning Network, building out brand recognition, expanding its access to nodes and channels.

Our target market is any individual or organization that utilizes Bitcoin as a method of payment anywhere in the world.

Specialized Skill and Knowledge

The Company's operations require a specialized skill set and knowledge base. The Company has a small, agile team of accomplished individuals who are well versed in the Virtual Currency space within the high-tech sector. The Company's technology team is described under "*Business of the Company – Operations*".

Competitive Conditions

There are not currently many active LSPs. The Company's principal competitors are: Lightning Labs Inc. and Blockstream Corporation Inc.'s "C-Lightning".

The Company intends to deliver top-notch products and services, carving out a toe-hold in the Lightning Network decentralized finance space. As with most emerging technology, there is the potential for new sources of competition and few barriers to entry. What sets a technology company apart and drives its success is its talent. The Company has the right team, offering knowledge, experience and Lightning Network expertise. The Company also uses open-source software for all of its development purposes. As such, there is no possibility that the Company's use of the software will be prohibited or restricted in the future.

Intangible Properties

The Company has applied for a trademark for "LQwD Lightning" through the U.S. Intellectual Property Office. In addition, the Company has filed a copyright for its corporate logo and is working on technical documentation required to file a patent for its proprietary development work.

Employees

At present, the Company has 9 employees and 15 independent contractors. The employees include the four members of management (CEO, CFO, Chief Technology Officer and Corporate Secretary) and a senior engineer. LQwD Financial has been building its Lightning Network SaaS platform utilizing technology consultants during its first year of operations. The Company anticipates transitioning a number of its consultants to permanent full-time employee status as its business and operations mature. The team will continue to be a small, agile team, as the Company is striving for maximum automation.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and all other information contained in this Annual Information Form. The risks and uncertainties described below are those the Company currently believes to be material, but they are not the only ones that the Company faces. If any of the following risks, or any other risks and uncertainties that have not yet been identified or that the Company currently considers not to be material, actually occur or become material risks, the business, prospects, financial condition, results of operations and cash flows and consequently the price of Common Shares could be materially and adversely affected.

For the purposes of this "Risk Factors" section, the Company and LQwD Financial are collectively referred to as the "Company".

Business and Operations Risks

Limited operating history.

LQwD Financial has a limited operating history upon which its business and future prospects may be evaluated. As a result, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet future operating and debt service requirements, the Company will need to be successful in its growing, marketing and sales efforts. If the Company's products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

Additional financing.

Future capital expenditures may be financed out of funds generated from future equity sales and borrowings. The Company's ability to do so is dependent on, among other factors, the performance of the Company and its investments, the overall state of capital markets and investor appetite for investments in the financial technology industry and the Common Shares in particular. From time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may temporarily increase the Company's debt levels above industry standards.

Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay in the development and pursuit of the Company's business. There can be no assurance that the Company will be successful in its efforts to arrange additional financing in amounts sufficient to meet its goals or requirements, or on terms that are acceptable to it. If additional financing is raised by the issuance of Common Shares from treasury of, control of the Company may change and shareholders may suffer additional dilution.

Potential undisclosed liabilities.

Upon completion of the Acquisition, LQwD Financial became a wholly-owned subsidiary of the Company and continues to have the liabilities that existed prior to completion of the Acquisition. There may be liabilities of LQwD Financial that the Company failed to discover or was unable to accurately assess or quantify in its due diligence.

Changes in technology.

The financial technology industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to benefit from technological advantages and may in the future allow them to implement new technologies before the Company. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. If the Company is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could also be adversely affected in a material way.

Dependence on management and key personnel.

The Company is dependent upon the personal efforts and commitment of its directors, officers and key personnel. If one or more of the Company's executive officers becomes unavailable for any reason, a severe disruption to the business and operations of the Company could result and the Company may not be able to replace them readily, if at all. As the Company's business activity grows, the Company will require additional key financial, administrative and technical personnel as well as additional operations staff. There can be no assurance that the Company will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Uninsured or uninsurable risks.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks and the Company may become subject to liability for risks which are uninsurable or against which it may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position and operations.

Human error.

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Company's interests and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to the Company. These could include loss of business or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Company might undertake and legal claims for errors or mistakes by the Company personnel.

Information technology systems and cyber-security.

The Company is dependent upon the availability, capacity, reliability and security of information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. Further, the Company will be subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the business activities or the Company's competitive position. Further, disruption of critical information technology services, or breaches of information security, could have a negative effect on the performance and earnings, as well the reputation of the Company. The Company will apply technical and process controls in line with industry-accepted standards to protect information assets and systems; however, these controls may not adequately prevent cyber-security breaches. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake certain procedures in order to help ensure the reliability of its financial reports, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness in such controls, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and have a material adverse effect on the market price of Common Shares.

Legal proceedings.

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Regulatory compliance.

Achievement of the Company's business objectives is subject to compliance with regulatory requirements enacted by governmental authorities. The Company may incur costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Failure to protect its intellectual property.

Failure to protect the Company's intellectual property could harm its ability to compete effectively. The Company is highly dependent on its ability to protect its proprietary technology. The Company intends to rely on a combination of copyright, trademark and trade secret laws, as well as non-disclosure agreements and other contractual provisions to establish and maintain its proprietary rights. The Company intends to protect its rights vigorously. However, there can be no assurance that these measures will, in all cases, be successful. Enforcement of the Company's intellectual property rights may be difficult, particularly in some nations outside of North America in which the Company may seek to market its products. While U.S. and Canadian copyright laws, international conventions and international treaties may provide meaningful protection against unauthorized duplication of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the laws of Canada or of the United States. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of the Company's proprietary rights. Software piracy has been, and is expected to be, a persistent problem for the software industry, and piracy of the Company's products represents a loss of revenue to the Company. Despite the precautions the Company may take, unauthorized third parties, including its competitors, may be able to: (i) copy certain portions of its products; or (ii) reverse engineer or obtain and use information that the Company regards as proprietary. Also, the Company's competitors could independently develop technologies that are perceived to be substantially equivalent or superior to the Company's technologies. The Company's competitive position may be materially adversely affected by its possible inability to effectively protect its intellectual property.

Involvement in other business activities.

The Company's directors and officers are involved in other business activities. As a result of their other business endeavors, the directors and officers may not be able to devote sufficient time to the Company's business affairs, which may negatively affect its ability to conduct its ongoing operations and its ability to generate revenues. In addition, the management of the Company may be periodically interrupted or delayed as a result of its officers' other business interests.

Conflicts of interest.

Certain directors and officers of the Company are, and may continue to be, involved in the financial technology industry through their direct and indirect participation in corporations, partnerships or joint ventures, which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to the procedures set out in the BCBCA.

Public health crisis.

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of

COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency and on March 12, 2020, the World Health Organization declared the outbreak a pandemic. On January 28, 2020, health officials of British Columbia, Canada, announced the first presumptive case of the virus in the province, and on March 18, 2020, the Province of British Columbia declared the pandemic a provincial state of emergency.

To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity across the world. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time.

Such public health crises can result in volatility and disruptions in the supply and demand for the Company's services and products, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations impacted by an outbreak, increased labor and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Dividend policy.

No dividends on the Common Shares have been paid by the Company to date. The Company anticipates that it will retain any earnings and other cash resources for the foreseeable future for the operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account a number of factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Virtual Currency Risks

The value of Virtual Currency may be subject to momentum pricing risk and volatility.

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. Virtual Currency 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 Virtual Currencies, inflating and making their market prices more volatile. As a result, Virtual Currencies 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 financial condition.

The profitability of the Company's operations will be significantly affected by changes in prices of Virtual Currencies. Virtual Currency prices are highly volatile, can fluctuate substantially in a short period of time and are affected by numerous factors beyond the Company's control, including the total number of Bitcoins or other Virtual Currencies in existence; global demand for Virtual Currency; global supply of Virtual Currency; investors' expectations with respect to the rate of inflation of fiat currencies and the rate of deflation of Virtual Currencies; interest rates; currency exchange rates, including the rates at which Virtual Currency may be exchanged for fiat currencies; fiat currency withdrawal and deposit policies of Virtual Currency exchanges and liquidity of such Virtual Currency exchanges; interruptions in service from or failures of major Virtual Currency exchanges; cyber theft of Virtual Currency from online Virtual Currency wallet providers, or news of such theft from such providers or from individuals' Virtual Currency wallets; investment and trading activities of large investors; monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, if any, that restrict the use of Virtual Currency as a form of payment or the purchase of Virtual Currencies; the availability and popularity of businesses that provide Virtual Currency-related services; global or regional political, economic or financial events and situations; and fees associated with processing a Virtual Currency transaction. If Virtual Currency prices should decline and remain at low market levels for a sustained period while network difficulty does not decrease proportionally, the Company could determine that it is not economically feasible to continue activities. Volatility may have a significant and negative impact on the value of the Company's inventory of Virtual Currencies and financial condition.

In addition, investors should be aware that there is no assurance that Bitcoins and other Virtual Currencies will maintain their long-term value in terms of future purchasing power or that the acceptance of Virtual Currency payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of Virtual Currencies declines, the Company expects the value of an investment in the Common Shares to also decline.

The impact of geopolitical events on the supply and demand for Virtual Currencies is uncertain.

Crises may motivate large-scale purchases of Virtual Currencies, which could increase the price of Virtual Currencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes,adversely affecting the value of the Company's financial condition.

As an alternative to fiat currencies that are backed by central governments, Virtual Currencies, such as Bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of Bitcoin or other Virtual Currencies either globally or locally. Large-scale sales of Virtual Currencies would result in a reduction in their market prices and adversely affect the Company's operations, profitability and financial condition.

Virtual Currency network difficulty and impact of increased global computing power.

Network difficulty is a measure of how difficult it is to solve the cryptographic hash that is required to validate a block of transactions and earn a Virtual Currency reward from mining. If the network difficulty increased at a significantly higher rate than the Company's hashrate and the price of Virtual Currency did not increase at the same rate as network difficulty, then the profitability of the Company's operations would be significantly and negatively affected. There can be no assurance that Virtual Currency prices will increase in proportion to the rate of increase of network difficulty as network difficulty is subject to volatility in growth and beyond the Company's control.

Limited history of de-centralized financial system.

Compared with traditional and existing centralized financial systems, the Virtual Currency financial system is relatively new and has only limited history. Online Virtual Currency exchanges and trades therein operate with comparatively little regulation and are particularly liable to platform failures and fraudulent activities, which may have an effect on underlying prices of Virtual Currencies. In fact, many of the largest online Virtual Currency exchanges have been compromised by hackers. Traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply cryptographic or Virtual Currencies as payment and may refuse to accept money derived from Virtual Currency-related businesses. This may make management of bank accounts held by companies operating in the field difficult.

Regulatory changes or actions.

As Virtual Currencies have grown in both popularity and market size, governments around the world have reacted differently to Virtual Currencies 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 Virtual Currency is impossible to predict, but such change could be substantial and adverse to the Company. Governments may in the future curtail or outlaw, the acquisition, use or redemption of Virtual Currencies. Ownership of, holding or trading in Virtual Currencies may then be considered illegal and subject to sanction. Governments may in the future take regulatory actions that may increase the cost and/or subject Virtual Currency companies to additional regulation or prohibit or severely restrict the right to acquire, own, hold, sell, use or trade Virtual Currencies or to exchange Virtual Currencies 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 the Common Shares. Such a restriction could result in the Company liquidating its Bitcoin or other Virtual Currency inventory at unfavorable prices and may adversely affect the shareholders.

Cessation of banking services to Virtual Currency businesses.

A number of companies that provide Bitcoin and/or other Virtual Currency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Bitcoin and/or other Virtual Currency-related companies or companies that accept Virtual Currencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide Bitcoin and/or other Virtual Currency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of Virtual Currencies as a payment system and harming public perception of Virtual Currencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of Virtual Currencies as a payment system and the public perception of Virtual Currencies could be damaged if banks were to close the accounts of many or of a few key businesses providing Bitcoin and/or other Virtual Currency related services. This could decrease the market prices of Virtual Currency and adversely affect the value of the Company's financial condition.

Virtual Currency exchanges and other trading venues are relatively new and largely unregulated.

To the extent that Virtual Currency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in Virtual Currency prices. Virtual Currency 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. During the past three years, a number of Virtual Currency exchanges have been closed due to fraud, business failure or security breaches.

Potential failure to maintain the Bitcoin Network.

The Bitcoin Network operates based on an open-source protocol maintained by the core developers of the Bitcoin Network and other contributors. As the Bitcoin Network protocol is not sold and its use does not generate revenues for its development team, the core developers are generally not compensated for maintaining and updating the Bitcoin Network protocol. Consequently, there is a lack of financial incentive for developers to maintain or develop the Bitcoin Network and the core developers may lack the resources to adequately address emerging issues with the Bitcoin Network protocol. Although the Bitcoin Network is currently supported by the core developers, there can be no guarantee that such support will continue or be sufficient in the future. To the extent that material issues arise with the Bitcoin Network protocol and the core developers and open-source contributors are unable to address the issues adequately or in a timely manner, the Bitcoin Network and an investment in the Common Shares may be adversely affected.

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 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.

Incorrect or fraudulent coin transactions may be irreversible.

Virtual Currency transactions are irrevocable and stolen or incorrectly transferred Virtual Currency may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's business. Incorrectly executed transactions may be the result of computer or human error, despite rigorous controls to prevent such errors.

Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, Virtual Currency transactions may be reversible with the control or consent ofa majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible, and the Company may not be capable of seeking compensation for any such transfer or theft. These incorrect or fraudulent coin transactions may negatively impact the public's perception of Virtual Currencies and adversely affect the Company's business.

If the award of coins for solving blocks and transaction fees are not sufficiently high, Miners may not have an adequateincentive to continue mining and may cease their mining operations.

As the number of coins awarded for solving a block in the Blockchain decreases, the incentive for Miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from Miners of higher transaction fees in exchange for recording transactions in the Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant Virtual Currency that could adversely impact the Company's business.

In order to incentivize Miners to continue to contribute processing power to the network, the 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 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 network as a means of payment and existing users may be motivated to switch between Virtual Currencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the Blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Company's mining activities, inventory of coins, and future investment strategies.

Global financial conditions.

Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which mayresult in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Common Shares may be adversely affected.

Further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in Virtual Currencies is subject to a variety of factors that are difficult to evaluate.

The use of Virtual Currencies 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 Virtual Currencies 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. A significant portion of Virtual Currency demand may be attributable to speculation. The failure of retail and commercial marketplaces to adopt Virtual Currency payment methods may result in increased volatility and/or a reduction in market prices, either of which may adversely impact the Company's operations and profitability. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of Virtual Currencies;
- Governmental and quasi-governmental regulation of Virtual Currencies and their use, or restrictions on or regulation of access to and operation of the network or similar Virtual Currency 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
- Negative consumer sentiment and perception of Bitcoin specifically and Virtual Currencies generally.

Acceptance and/or widespread use of Virtual Currency is uncertain.

Currently, there is relatively small use of Virtual Currencies 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, Virtual Currencies and their underlying networks 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 Virtual Currency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of Virtual Currencies. The relative lack of acceptance of Virtual Currencies 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 Virtual Currencies 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. Further, if fees increase for recording transactions in Blockchains, demand for Virtual Currencies may be reduced and prevent the expansion of Virtual Currency networks to retail merchants and commercial businesses, resulting in a reduction in the price of Virtual Currencies generally.

Potential Manipulation of Blockchain.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains control of more than 50% of the processing power dedicated to mining on the Bitcoin Network, it may be able to alter or manipulate 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 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 Bitcoin 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 the core developers and the 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.

Response to changing security needs.

As technological change occurs, the security threats to the Company’s Virtual Currency inventory will likely adapt and previously unknown threats may emerge. The Company’s ability to adopt technology in response to changing securityneeds or trends may pose a challenge to the safekeeping of the Company’s Virtual Currency inventory. To the extent that the Company is unable to identify and mitigate or stop new security threats, the Company’s Virtual Currency inventory may be subject to theft, loss, destruction or other attack.

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 adigital 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 long-term 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 marketcapitalization, 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 halving risk.

Bitcoin halving is an event where the block reward for mining new Bitcoin is halved, meaning that Bitcoin Miners will receive 50% less Bitcoin for every transaction they verify. In 2009, when Bitcoin was first launched the reward for mining a new block was 50 Bitcoins. As of the most recent halving in May 2020, the reward is only 6.25 Bitcoin per block as of the date of this Annual Information Form.

It is anticipated that each subsequent halving event will cause many less efficient Miners to shut off their Miners in the medium to long term unless the price of Bitcoin rises significantly. This will result in a decrease in the Bitcoin network’s overall hashrate and the corresponding difficulty number. Without a corresponding increase in the price of Bitcoin, the Company’s revenue will be negatively impacted. If the price of Bitcoin and the network hashrate and difficulty numbersremain flat, the Company’s corresponding revenue would be reduced by 50%. The future price of Bitcoin and the difficulty number are challenging to forecast. The Company believes that although the halving event 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 event will render the Company unprofitable and have a material adverse impact on the Company's business, financial conditions and operations.

The price of Virtual Currency may be affected by the sale of coins by other vehicles investing in coins or tracking Virtual Currency markets.

To the extent that other vehicles investing in coins or tracking Virtual Currency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect Virtual Currency prices and therefore affect the value of the inventory held by the Company.

Company Specific Risks

The Company's Virtual Currency inventory may be exposed to cybersecurity threats and hacks.

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 materially 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 the Company's services, in which could materially and adversely affect the Company's business and results of operations. Furthermore, the Company believes that if its assets grow, it may become a more appealing target for security threats. As with any other computer code, flaws in the Virtual Currency 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. Although discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have historically occurred somewhat regularly, more recently, they have been becoming relatively rarer.

The computer network operated by the Company may further be vulnerable to intrusions by hackers who could interfere with and introduce defects to the mining operation. Private keys which enable holders to transfer funds may also lost or stolen, resulting in irreversible losses of Virtual Currencies.

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (i.e., employees, contractors, service providers, suppliers and operational risks) or external sources (i.e., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data (i.e., 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 (i.e., efforts to make network services unavailable to intended users). Additionally, outside parties may attempt to fraudulently induce employees of the Company 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.

A cyber incident that affects the Company or its service providers might cause disruptions and adversely affect their respective business operations and might also result in violations of applicable law (i.e., 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.

The Company believes that the security procedures in place, such as hardware redundancy, segregation and offline data storage protocols (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") are reasonably designed to safeguard the Company's Virtual Currency inventory 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 the Company.

Possibility of less frequent or cessation of monetization of Virtual Currencies.

A decision by the Company to cease monetization of Virtual Currencies or to monetize Virtual Currencies less frequently can increase the risk of Virtual Currencies held decreasing in value and the risk of loss or theft of Virtual Currencies. This in turn, may increase the level of audit risk for the Company's auditors in the area of auditing the existence and ownership rights of crypto-asset holdings. If the Company's auditors deem the audit risk too high, there is risk that the Company's auditors would withdraw from the audit which, in turn, would increase the risk of the Company's ability to comply with the requirement for reporting annual audited financial statements as part of its ongoing continuous disclosure reporting requirements as a publicly listed company under applicable Canadian securities laws. Failure by the Company to comply with its continuous disclosure reporting obligations could result in the Company's securities being cease traded by Canadian securities regulators, which would have a significant adverse impact on the liquidity of the Common Shares and Shareholders may suffer a significant decline or total loss in value of its investment in the Common Shares as a result.

Server failures.

There is a risk of serious malfunctions in servers or central processing units and/or their collapse. The Company works to reduce this risk by employing and training a team with experience in building and managing data centres. The Company utilizes this team of experts that enables, among other things, control, management and reporting of malfunctions in real time, which enables ongoing control over the operation of the equipment, including its cooling. Malfunctions or damage in central servers or central processing units may cause significant economic damage to the Company.

The Company may be required to sell its inventory of Virtual Currency to pay suppliers.

The Company may sell its inventory of Virtual Currency to pay necessary expenses, irrespective of then-current Virtual Currency prices. Consequently, the Company's inventory of Virtual Currency may be sold at a time when the price is low, resulting in a negative effect on the Company's profitability.

The Company's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in Virtual Currencies.

The Company competes with other users and/or companies that are mining Virtual Currencies and other potential financial vehicles, possibly including securities backed by or linked to Virtual Currencies through entities similar to the Company. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in Virtual Currencies directly which could limit the market for the Common Shares and reduce their liquidity.

Regulation of Virtual Currency outside of Canada has led some mining companies to consider Canada as a jurisdiction in which to operate. This may increase competition to the Company. Such competition could erode the Company's expected market share and could adversely impact the Company's profitability. Increased competition could result in increased network computing resources and consequently increased hashrate difficulty.

The Company's Virtual Currency inventory may be subject to loss, theft or restriction on access.

There is a risk that some or all of the Company's Virtual Currency inventory could be lost or stolen. Access to the Company's Virtual Currency could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability.

Risks related to potential undetected errors in the Company's software.

The Company's software apps and products could contain undetected errors or "bugs", vulnerabilities or defects that could adversely affect their performance. The Company regularly updates and enhances its apps and other online systems, introducing new versions of its software apps and products. The occurrence of errors in any of these may cause the Company to lose market share, damage its reputation and brand name, and reduce its revenues.

Permits and licences.

The operations of the Company may require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required.

Custody and Safeguarding of Crypto Assets.

The Company has made safeguarding and custody of customer assets a priority and has dedicated significant time and resources to evaluating third-party custody providers to ensure the solution offered through the Company provides the most integrity and security to its customers. The Company will not maintain custody of (or otherwise hold) Crypto Assets owned by customers. BitGo Trust Company, Inc. ("**BitGo**") will act as a third party custodian for the Company's Crypto Assets (including providing cold wallet custodian services for Ether). BitGo is solely responsible for holding and safeguarding the Crypto Assets. BitGo acts as a payment processor in connection with their custodian service arrangements with the Company.

BitGo is a trust company organized under the laws of the State of South Dakota and regulated as a trust company by the Division of Banking in South Dakota. BitGo has not appointed any sub-custodian to hold any of the Crypto Assets. All of the Crypto Assets will be held through BitGo. All of the Company's long-term Bitcoin investment holdings will be held in cold storage with BitGo.

BitGo provides insured wallet management and custody solutions for a variety of digital assets. BitGo maintains a comprehensive insurance policy for digital assets covering $100 million in losses for Crypto Assets held in cold storage and in hot wallets, including the assets owned by the Company's customers. BitGo is not responsible for any losses resulting from inaccurate instructions and the Company is responsible for maintaining adequate security and control of any and all keys, IDs, passwords, hints, personal identification numbers, non-custodial wallet keys, API keys, yubikeys, 2-factor authentication devices or backups, or any other codes that the Company uses to access BitGo. Furthermore, BitGo is not responsible for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect the Company's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption directly resulted from BitGo's gross negligence, fraud, or willful misconduct. There are no limitations on liability if BitGo breaches its confidentiality obligations or if any damage or interruptions directly result from BitGo's gross negligence, fraud, or willful misconduct. All other damages are limited to the fees paid to BitGo within the twelve-month period preceding the incident giving rise to such liability.

The due diligence process for BitGo included the following:

- Review of SOC 2 Type 2 report and certification (System and Organization Controls Report Relevant to Security conducted by Deloitte for the periods of December 1, 2019 to September 30, 2020 and from December 1, 2018 to November 30, 2019);

- Review of BitGo's comprehensive insurance policy for digital assets which currently covers $100 million in losses for funds held in cold storage, includes a set of corporate insurance policies, and optional hot wallet insurance;

- Confirmation that BitGo will hold all Crypto Assets in trust for customers of the Company in an omnibus accountin the name of the Company, and separate and distinct from the assets of the Company and all of BitGo's other clients;

- Review of BitGo systems that permit the Company to generate a unique address for each customer account so it can track who sent the funds in, and which account to credit. When a customer sends funds, it creates a new BitGo sub-account, which feeds into one main account which is in the name of the Company. Once a customer account is funded with the relevant Crypto Asset, BitGo custodies the Crypto Asset. BitGo utilizes 100% multi-signature technology to remove single points of failure, user and wallet controls to establish and enforce internal policies and procedures, and two-factor authentication for all accounts;

- Review of BitGo's policies and procedures which it has established and applied that manage and mitigate thecustodial risks, including, but not limited to, an effective system of controls and supervision to safeguard theCrypto Assets for which it acts as custodian; and

- Confirmation that BitGo has an independent internal audit performed by Eide Bailly LLP, a public accountingfirm.

The Company has conducted due diligence on BitGo and has not identified any material concerns. The Company is not aware of anything with regards to BitGo's operations that would adversely affect the Company's ability to obtain an unqualified audit opinion on its audited financial statements. The Company is not aware of any security breaches or other similar incidents involving BitGo as a result of which crypto assets have been lost or stolen. There are no restrictions on the Company's ability to move Crypto Assets from the custodianship of BitGo, and these transfers can occur immediately, subject to the control processes, such as two video conferences to authorize cold storage transfers.

The Company has assessed the risks and benefits of using BitGo and has determined that in comparison to a Canadian custodian it is more beneficial to use BitGo, a U.S. custodian, to hold client assets than using a Canadian custodian, as there is not a suitable Canadian custodian option at this time.

In addition to the initial due diligence on BitGo, the Company continues to conduct ongoing due diligence on BitGo. As part of an annual review, the Company will require BitGo to:

- provide copies of any completed SOC reports and reviewing same for any increase risk to the Company;

- confirm from BitGo that it maintains adequate insurance coverage;

- verify the amount of BitGo's equity and other financial metrics to address counterparty risk; and

- verify that BitGo maintains any requisite licenses including licenses issued by the Division of Banking inSouth Dakota or any other regulator.

The Company plans to use warm, hot and cold wallet systems within BitGo.

- A cold wallet is completely segregated, is not connected to the internet and will be used for long term storage of Crypto Assets. The cold wallet will require two authorized signatories, as representatives of the Company, to verify any transfers from the cold wallet via video conference.

- A warm wallet is connected to the internet, but not connected to the Company web application via API and does not require video verification to initiate transactions. The warm wallet is whitelisted directly to the hot wallet, meaning funds can only be transferred from the warm wallet to the hot wallet. The warm wallet will require manual review and verification from two authorized signatories.

- A hot wallet is connected through the internet, is connected to the Company web application via API and all customer deposits and withdrawals are processed through the hot wallet. As thresholds are met, transfers will be reviewed and signed manually by one authorized signatories. The relevant thresholds include limits of 4 BTC per transaction, 30 BTC per hour, or 100 BTC per day.

Use of Open Source Software.

The Company's software makes use of and incorporates open source software components. These components are developed by third parties over whom the Company has no control. There are no assurances that those components do not infringe upon the intellectual property rights of others. The Company could be exposed to infringement claims and liability in connection with the use of those open source software components, and the Company may be forced to replace those components with internally developed software or software obtained from another supplier, which may increase its expenses. The developers of open source software are usually under no obligation to maintain or update that software, and the Company may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses. Making such replacements could also delay enhancements to its products. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications the Company makes to such software will be available to all downstream users of the software, including its competitors. In addition, certain open source licenses provide that if the Company wishes to combine the licensed software, in whole or in part, with its proprietary software, and distribute copies of the resulting combined work, the Company may only do so if such copies are distributed under the same terms and conditions as the open source software component of the work was licensed to the Company, including the requirement to make the source code to the entire work available to recipients of such copies. The types of combinations of open source software and proprietary code that are covered by the requirement to release the source code to the entire combined work are uncertain and much debated by users of open source software. An incorrect determination as to whether a combination is governed by such provisions will result in non-compliance with the terms of the open source license. Such non-compliance could result in the termination of the Company's license to use, modify and distribute copies of the affected open source software and the Company may be forced to replace such open source software with internally developed software or software obtained from another supplier, which may increase its expenses. In addition to terminating the affected open source license, the licensor of such open source software may seek to have a court order that the proprietary software that was combined with the open source software be made available to others, including its competitors, under the terms and conditions of the applicable open source license.

Risks Related to Common Shares

No returns.

The Company intends to retain any future earnings to finance the development of its business and the business of the Company. The Company does not anticipate paying any cash dividends on the Common Shares in the near future. Unless the Company pays dividends, its shareholders will not be able to receive a return on their shares unless they sell them.

Market volatility.

The market price of a publicly traded stock, especially a junior financial technology issuer such as the Company, is affected by many variables in addition to those directly related to successes or failures, some of which will be outside of the Company's control. Such factors include the general condition of markets, the strength of the economy generally, the availability and attractiveness of alternative investments, analysts' recommendations and their estimates of financial performance, investor perception and reactions to disclosure made by the Company and by the Company's competitors, and the breadth of the public markets for the stock. Therefore, investors could suffer significant losses if Common Shares will be depressed or illiquid when an investor seeks liquidity.

Decline in price.

A prolonged decline in the price of Common Shares could result in a reduction in the liquidity of Common Shares and a reduction in the Company's ability to raise capital. A decline in the price of Common Shares could be detrimental to its liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on its business plan and operations, including its ability to continue its current operations. If its share price declines, the Company can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

The market price for Common Shares may also be affected by its ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of Common Shares.

Analyst coverage.

The trading market for Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Company or its business. The Company will not have any control over these analysts. If one or more of the analysts who covers the Company should downgrade Common Shares or change their opinion of the Company's business prospects, the Company's share price would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which could cause the Company's share price or trading volume to decline.

Tax issues.

There may be income tax consequences in relation to Common Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Dilution.

Issuances of additional securities including, but not limited to, Common Shares or some form of convertible debentures, may result in a substantial dilution of the equity interests of any of the Company's shareholders.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's current policy is to retain cash flows to finance the development and advancement of its platforms and to otherwise invest in the Company's business. The future payment of dividends will be dependent upon the financial requirements of the Company to fund further growth, the financial condition of the Company and other factors, which the Board of Directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares, of which 73,666,522 Common Shares are issued and outstanding as fully paid and non-assessable.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to receive notice of and attend all meetings of shareholders, to one vote per Common Share at such meetings and, upon liquidation, to rateably receive the assets of the Company as are distributable to the holders of the Common Shares.

There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions and there are no provisions, which are capable of requiring a security holder to contribute additional capital.

Options

The Stock Option Plan of the Company provides for the grant of Options to eligible individuals in accordance with the terms of the Stock Option Plan. The Stock Option Plan is the Company's only equity compensation plan. It was approved by the Company's shareholders at the Annual General and Special Meeting of Shareholder held on May 24, 2021.

The following information is intended to be a brief description and summary of the material features of the Stock Option Plan:

(a) The Stock Option Plan is a "rolling" stock option plan, whereby the aggregate number of Common Shares which may be subject to issuance pursuant to Options granted under the Stock Option Plan, inclusive of all other stock options outstanding shall not be greater than 10% of the Common Shares issued and outstanding at the date of the grant of Options. Cancelled and expired Options are returned to the Stock Option Plan.

(b) The Stock Option Plan provides that the Board of Directors may grant Options to directors, senior officers, Employees (as defined by the TSXV), Management Company Employees (as defined by the TSXV) and Consultants (as defined by the TSXV) of the Company. The Company will also issue a news release at the time of the grant for any Options granted to insiders.

(c) The Board of Directors will specify the number of Common Shares that should be placed under option to each person, the exercise price to be paid for such Common Shares, and the period, including any applicable vesting periods during which such Option may be exercised.

(d) The exercise price of an Option will be determined by the Board of Directors at the time of grant, provided that the exercise will not be less than the Discounted Market Price (as defined by the TSXV) of the Common Shares at the time of grant.

(e) The expiry date of an Option will be no later than five years from the award date of the Option or such shorter period as may be prescribed by the TSXV.

As at the date of this Annual Information Form, the Company has 1,870,000 Options outstanding. Further information about the Stock Option Plan can be found in the Circular.

Warrants

The Company may issue Warrants from time to time entitling the holder thereof to purchase Common Shares. As of the date of this Annual Information Form, the Company has 4,320,880 Warrants and 10,689,500 Subscription Receipt Warrants outstanding. The Warrants entitle the holders thereof to purchase Common Shares at a price of $0.20 per Common Share until May 2, 2022. The Subscription Receipt Warrants entitle the holders thereof to purchase Common Shares at a price of $0.40 per Common Share until June 9, 2022.

In addition, there are 4,000,000 performance warrants priced at $0.15 per Common Share with an expiry date of January 2, 2025, which will vest upon achievement of certain milestones during the term, as set out below:

	Milestone	Date on which Milestone must be Achieved	Aggregate Number of Warrants to Vest if Milestone Achieved
1.	Establishment of LSP services, payment channels and watchtowers.	On or before June 30, 2021	1,000,000
2.	Launch of Bitcoin staking on Lightning Network's payment channels and payment routing tools.	On or before December 31, 2021	1,000,000
3.	Launch of LQwD money financial portal.	On or before December 31, 2022	1,000,000
4.	Application and integration of analytics, machine learning and data API.	On or before December 31, 2023	1,000,000

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Common Shares are listed for trading on the TSXV. The Common Shares were halted from trading on November 19, 2020 and were reinstated for trading on March 22, 2021 relating to the Acquisition. The following table sets out the price ranges and trading volumes on the TSXV of the Common Shares for the financial year ended February 28, 2021 as indicated:

	High ($)	Low ($)	Volume
February 2021(1)	0.35	0.35	0
January 2021(1)	0.35	0.35	0
December 2020(1)	0.35	0.35	0
November 2020(1)	0.35	0.17	228,655
October 2020	0.19	0.155	275,395
September 2020	0.17	0.125	115,735
August 2020	0.22	0.15	161,136
July 2020	0.2	0.15	137,018
June 2020	0.22	0.155	134,416
May 2020	0.35	0.14	317,736
April 2020	0.21	0.13	275,097
March 2020	1.55	0.135	118,446

Notes:

(1) Trading in the Common Shares was halted from November 19, 2020 in relation to the Acquisition and resumed trading on March 22, 2021.

Prior Sales

Within the most recently completed financial year and also more recently, the Company issued the following securities:

Date of Issuance	Number and Type of Securities Issued	Price Per Security or Exercise Price, as applicable	Aggregate Issue Price	Purpose
Mar 23, 2021	20,000,000 Subscription Receipts	$0.25	$5,000,000	Concurrent Financing
Nov 2, 2020	4,904,212 Common Shares(1)	$0.15	$735,631.80	Private Placement
Nov 2, 2020	4,904,212 Warrants(1)(2)	$0.15	-	Private Placement
Jun 2, 2020	100,000 Common Shares	$0.17	$17,000	Acquisition of Skyrun(3)
Apr 22, 2020	200,000 Common Shares	$0.16	$32,000	Acquisition of Skyrun(3)
Mar 31, 2020	233,333 Common Shares	$0.15	$34,999.95	Consideration for acquisition of BuyBitcoinCanada.com

Notes:

(1) Issued in connection with the closing of a non-brokered private placement consisting of 4,904,212 units, with each unit consisting of one Common Share and one Warrant.

(2) Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of $0.20 per Common Share until May 2, 2022.

(3) These Common Shares were issued in accordance with the terms of the agreement to purchase Skyrun, as certain milestones were reached.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, the following securities are held in escrow, or that are subject to a contractual restriction on transfer as of the date of this Annual Information Form:

Designation of Class	Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer	Percentage of Class(1)
Common Shares – escrow	24,481,249(2)(3)(4)	33.23%
Common Shares – contractual transfer restrictions	Nil	Nil

Notes:

(1) Based on 73,666,522 Common Shares issued and outstanding as of the date of this Annual Information Form.

(2) These Common Shares were escrowed upon closing of the Acquisition on June 9, 2021 (the "**Closing Date**") and in accordance with an Escrow Agreement dated June 9, 2021 between the Company, Computershare Trust Company of Canada as escrow agent and certain shareholders of the Company.

(3) 24,000,001 of the escrowed Common Shares will be released in accordance with the following release schedule: (i) 10% of the Common Shares will be released on the Closing Date; (ii) 15% of the Common Shares will be released six months following the Closing Date; (iii) 15% of the Common Shares will be released twelve months following the Closing Date; (iv) 15% of the Common Shares will be released eighteen months following the Closing Date; (v) 15% of the Common Shares will be released twenty-four months following the Closing Date; (vi) 15% of the Common Shares will be released thirty months following the Closing Date; and (vii) 15% of the Common Shares will be released thirty-six months following the Closing Date.

(4) 481,248 of the escrowed Common Shares will be released in accordance with the following release schedule: (i) 25% of the Common Shares will be released on the Closing Date; (ii) 25% of the Common Shares will be released six months following the Closing Date; (iii) 25% of the Common Shares will be released twelve months following the Closing Date; and (iv) 25% of the Common Shares will be released eighteen months following the Closing Date.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out, as at the date hereof, for each of the directors and executive officers of the Company, the person's name, province and country of residence, their respective positions and offices held, the date on which the person became a director, his or her principal occupation and previously held positions for the last five years, and the number and percentage of Common Shares beneficially owned, controlled or directed, directly or indirectly. The directors are expected to hold office until the next annual meeting of shareholders. The directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name, Province and Country of Residence, and Position(s) and Office(s) held	Principal Occupations for the Last Five Years	Director / Officer of the Company or LQwD Financial Since	Number and Percent of Common Shares[(1)]	
Shone Anstey[(2)] British Columbia, Canada *Chairman, CEO and Director*	President of BIGG Digital Assets Inc. from November 30, 2017, to August 30, 2019. President of Blockchain Technology Group Inc. from January 2015 to August 30, 2019. Owner of XPC Technology Services from January 2008 to April 2015.	November 6, 2019	6,950,001	9.43%
Barry MacNeil British Columbia, Canada *CFO*	CFO of Interlapse from April 2013 to present. CFO of TAG Oil Ltd. from April 2016 to present. CFO and Director of MCX Technologies Corp. from February 2020 to January 2021.	April 11, 2013	74,632	0.10%
Albert Szmigielski British Columbia, Canada *Chief Technology Officer*	Self-employed contractor for CryptoIQ from April 2020 to October 2020. Vice-President, Research for CipherTrace from August 2019 and April 2020. Head of Research and Chief Blockchain Engineer of Blockchain Technology Group Inc. from March 14, 2016, to July 24, 2019.	April 1, 2020	2,252,000	3.06%

Name, Province and Country of Residence, and Position(s) and Office(s) held	Principal Occupations for the Last Five Years	Director / Officer of the Company or LQwD Financial Since	Number and Percent of Common Shares[1]	
Giuseppe (Pino) Perone British Columbia, Canada *Corporate Secretary and Director*	CEO, Corporate Secretary, and Director of Interlapse from October 2017 to present. Corporate Secretary and General Counsel of TAG Oil Ltd. from December 2009 to present. Director of MCX Technologies Corp. from October 2019 to November 2020. CEO, CFO, Corporate Secretary, and Director of PLB Capital Corp. from July 2018 to December 2020. Corporate Secretary of Kainantu Resources Ltd. from December 2020 to present.	October 6, 2017	72,720	0.10%
Dean Sutton British Columbia, Canada *Director*	Co-founder and Director of Atlas One Digital Securities from January 2020 to present. Founder and Managing Director of Millennia Venture Group from August 2019 to present.	January 2, 2020	3,500,000	4.75%
Kim Evans[2][3] British Columbia, Canada *Director*	CFO of BIGG Digital Assets Inc. from November 30, 2017, to present. CFO of Blockchain Technology Group Inc. from January 2015 to present. Interim CFO of Western Magnesium Corporation from July 22, 2020, to present. Former CEO and President of Golden Reign Resources Ltd. from April 1, 2004, to November 9, 2018.	November 6, 2019	2,750,000	3.73%
Ashley Garnot[2] British Columbia, Canada *Director*	Director and Management Consultant of Interlapse from November 2011 to present. General Manager of TAG Oil Ltd. from August 2015 to present.	November 8, 2011	326,760	0.44%
TOTAL			**15,926,113**	**21.61%**

Notes:

(1) Based on 73,666,522 Common Shares issued and outstanding as at the date hereof.
(2) Member of the Company's Audit Committee.
(3) Chair of the Company's Audit Committee.

Biographies

Shone Anstey (Chairman, Director and Chief Executive Officer), British Columbia, Canada.

Shone brings 20 years of experience in building complex technologies and software primarily within data analytics, big data, Virtual Currency, and compliance. He has been engaged with Virtual Currency since 2012 and has acted as technology lead for an industrial Bitcoin mining and Bitcoin mining pool.

Shone is a Certified Bitcoin Professional as well as a Certified Cryptocurrency Investigator. Shone is also a Director and Founder of Blockchain Intelligence Group (CSE: BIGG) and was responsible for that company's core products (namely QLUETM, BitRank Verified®, and its global network) and for bringing the team together in 2015. These tools are used to mitigate the risk associated with Virtual Currency and are currently utilized by U.S. Federal law enforcement in Washington D.C., along with Virtual Currency companies globally. During his time leading Blockchain Intelligence Group, Shone oversaw its go-public transaction in late 2017, capital raises of an aggregate $23.2 million, and the roughly $3 million strategic acquisition of Netcoins Inc. in August 2019.

Barry MacNeil (Chief Financial Officer), British Columbia, Canada.

Barry is a member of the Chartered Professional Accountants of British Columbia with more than 30 years of management and accounting experience in public company, private practice, and industry.

His previous positions include CFO, Corporate Controller, Accountant, and being a director of various public companies and non-profit societies.

Albert Szmigielski (Chief Technology Officer), British Columbia, Canada.

Albert is a technologist, computer scientist, and a Blockchain and digital currency expert. Albert holds a B.Sc. in Computing Science from Simon Fraser University and a Master of Science in Digital Currencies and Blockchain Technologies from the University of Nicosia, Cyprus. Albert turned his professional interest to Bitcoin in 2011. He was formerly the Head of Research and Chief Blockchain Engineer at Blockchain Intelligence Group and VP Research at CipherTrace. Albert is currently working on bringing decentralized finance solutions to Bitcoin's Lightning Network.

Giuseppe (Pino) Perone (Corporate Secretary and Director), British Columbia, Canada.

Pino is a founding director of the Company. He is a lawyer by background and has extensive corporate experience that stems from practicing as corporate counsel, as well as serving as an executive and director for various public and private companies in the resource and technology sectors. Pino holds a B.A. from the University of Victoria and an LL.B. from the University of Alberta and has been a member in good standing of the Law Society of British Columbia since 2006.

Dean Sutton (Director), British Columbia, Canada.

Dean is a technology founder, venture builder and investor with over a decade of experience leading technology-centric companies from inception through financing and commercialization. An active participant in financial technology, Blockchain and digital currency ecosystem, he is an advisor to financial technology companies in Canada and the U.S., a director of Blockchain Canada, a member of the Forbes Tech Council, and a co-founder of Atlas One Digital Securities, a Canadian digital investment bank.

Kim Evans (Independent Director), British Columbia, Canada.

Kim is a Certified Public Accountant with extensive experience in the corporate securities industry and the junior mining and technology sectors. She has over 20 years of experience as a director and/or officer of a number of public companies listed on the TSXV.

Ashley Garnot (Independent Director), British Columbia, Canada.

Ashley is a founding director of the Company. She is a management consultant for public and private companies in the resource and technology sectors, with experience in both the branding and real estate industries. She has deep expertise managing marketing programs, corporate development, accounting and financial matters. Ashley holds a Canadian Securities Course Certificate from the Canadian Securities Institute and a Property Management and Real Estate Trading Services diploma from the Sauder School of Business (Real Estate Division).

Cease Trade Orders and Bankruptcies

None of the directors or executive officers of the Company is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including us) that, while that person was acting in that capacity, or after that person ceased to act in such capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation in each case for a period of more than 30 consecutive days.

None of the directors, or executive officers of the Company, or to its knowledge, any of its shareholders holding a sufficient number of securities to affect materially the control of the Company (i) is as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

None of the directors, or executive officers of the Company, or to its knowledge, any of its shareholders holding a sufficient number of securities to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. To the best of management's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest between the Company and its proposed directors, officers and promoters or other proposed members of management of the Company and its directors and officers as a result of their outside business interests except that certain directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

See "*Directors and Officers*" and "*Interest of Management and Others in Material Transactions*".

PROMOTERS

No person will be or has been within the two most recently completed financial years or during the current financial year, a promoter of the Company or any of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no claims, actions, proceedings or investigations pending against the Company or, to the knowledge of the Company, threatened against the Company that, individually or in the aggregate, are material to the Company. Neither the Company nor its assets and properties is subject to any outstanding judgment, order, writ, injunction or decree that has had or would be reasonably expected to have a material adverse effect on the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, none of: (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the voting securities of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Annual Information Form or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries. See "*Material Contracts*".

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company of Canada located at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

The following is a list of material contracts of the Company entered into by the Company during its most recently completed financial year and also more recently other than contracts entered into in the ordinary course of business:

1. Escrow Agreement dated June 9, 2021 among the Company, Computershare Trust Company of Canada as escrow agent and certain shareholders of the Company. See "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*";

2. Subscription Receipt Agreement dated March 23, 2021 among Interlapse, LQwD Financial and Computershare Trust Company of Canada acting as subscription receipt agent in connection with the Subscription Receipt Financing. See "*Development of the Business – Three Year History – Recent Developments*"; and

3. Share Exchange Agreement dated November 23, 2020.

INTERESTS OF EXPERTS

The Financial Statements have been audited by De Visser Gray LLP, as set forth in their audit reports. De Visser Gray LLP is the former auditor of the Company.

De Visser Gray LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information is provided in the Financial Statements and is also available under the Company's profile on SEDAR at www.sedar.com.

APPENDIX "A"
GLOSSARY OF TERMS

"Accelerated Expiry"	means the accelerated expiry of the Subscription Receipt Warrants issuable upon conversion of the Subscription Receipts, which may be invoked by the Company if, over a period of 10 consecutive trading days following the date of issuance of the Subscription Receipt Warrants, the volume weighted average trading price of the Common Shares on the TSXV equals or exceeds $0.60 on each of those 10 consecutive days, by the Company giving notice in writing to the holders of the Subscription Receipt Warrants that the Subscription Receipt Warrants shall expire on the date that is the earlier of (i) the 30th day following the giving of such notice unless exercised by the holders prior to such date, and (ii) the original expiry date of the Subscription Receipt Warrants;
"Acquisition"	means the Company's acquisition of LQwD Financial by way of a securities exchange between the Company and LQwD Financial pursuant to the Share Exchange Agreement, which was completed on June 9, 2021;
"Annual Information Form"	means this annual information form of the Company dated June ___, 2021;
"API"	means Application Programming Interfaces;
"BCBCA"	means the *Business Corporations Act* (British Columbia);
"Bitcoin" or "Bitcoin Cash"	means a type of a Virtual Currency based on an open source math-based protocol existing on the Bitcoin Network and utilizing cryptographic security;
"Bitcoin Network"	means the online, end-user-to-end-user network hosting the public transaction ledger, known as the Blockchain, and the source code comprising the basis for the math-based protocols and cryptographic security governing the Bitcoin Network;
"Block"	means a packet of data containing information on past transactions, which in combination make up a Blockchain network;
"Blockchain"	means a distributed ledger comprised of Blocks that serves as a historical transaction record of all past transactions and can be accessed by anyone with appropriate permissions. Blocks are chained together using cryptographic signatures;
"Board of Directors"	means the board of directors of the Company;
"Circular"	means the Company's Management Information Circular dated April 22, 2021 and filed on SEDAR at www.sedar.com on April 27, 2021;
"Closing Date"	means June 9, 2021, the closing date of the Acquisition;
"Coincurve.com"	means the Company's Virtual Currency platform that enables users to buy, sell and spend Virtual Currency and that is accessible at www.coincurve.com;
"Common Shares"	means the common shares in the capital of the Company;
"Company"	means LQwD FinTech Corp. (formerly Interlapse Technologies Corp.), and as the context requires, includes the Company as a consolidated entity with its wholly-owned subsidiaries;

"Crypto Assets"	means virtual currencies held by the Company either as long term investment or for operational purposes;
"Financial Statements"	means the audited annual financial statements of the Company for the years ended February 28, 2021 and February 29, 2020;
"Interlapse"	means Interlapse Technologies Corp. prior to completion of the Acquisition and its change of name to "LQwD FinTech Corp." upon completion of the Acquisition;
"ISP"	means Internet Service Provider;
"Lightning Network"	means the decentralized payment processing network that operates on top of the Bitcoin Network and allows users to stake Bitcoin on the Lightning Network and earn interest;
"LSP"	means Lightning Service Provider;
"LQwD Financial"	means LQwD Financial Corp., a wholly-owned subsidiary of the Company, existing pursuant to the laws of British Columbia;
"Miners"	means ledger participants;
"Options"	means stock options of the Company granted under the Stock Option Plan allowing the holder thereof to purchase Common Shares;
"SaaS"	means software as a service;
"Share Exchange Agreement"	means the Share Exchange Agreement dated November 23, 2020, between Interlapse, LQwD Financial, the shareholders of LQwD Financial and the warrantholders of LQwD as listed in Schedule "A" to the Share Exchange Agreement setting forth the terms and conditions of the Acquisition;
"Securities Laws"	means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer;
"SEDAR"	means the filing system referred to in National Instrument 13-101 – *System for Electronic Documents Analysis and Retrieval (SEDAR)* or its successor legislation (or its successor system);
"Skyrun"	means Skyrun Technology Corp., a wholly-owned subsidiary of the Company, existing pursuant to the laws of British Columbia;
"Sponsor"	means PI Financial Corp., who acted as the Company's sponsor in respect of the Acquisition pursuant to the sponsorship requirements of the TSXV;
"Stock Option Plan"	means the Company's rolling 10% stock option plan, as constituted as of the date of this Annual Information Form;
"Subscription Receipts"	means the subscription receipts of the Company issued in connection with the Subscription Receipt Financing, with each Subscription Receipt having converted into one Common Share and one-half Subscription Receipt Warrant on June 9, 2021;
"Subscription Receipt Financing"	means the non-brokered private placement of 20,000,000 Subscription Receipts of the Company at an issue price of $0.25 per Subscription Receipt for aggregate gross proceeds of $5.0 million, which closed on March 23, 2021;
"Subscription Receipt Warrant"	means the warrants issued to holders of Subscription Receipts upon the automatic conversion thereof on June 9, 2021, with each Subscription Receipt Warrant entitling the holder thereof to purchase one Common Share at a price of $0.40 per Common Share for a

	period of 12 months from the date of conversion of the Subscription Receipts, subject to the Accelerated Expiry;
"TPS"	Transactions Per Second;
"TSXV"	means the TSX Venture Exchange; and
"Virtual Currency"	means all digital currency based upon a computer-generated math-based and/or cryptographic protocol that may, among other things, be used to buy and sell goods or pay for services. Bitcoin and Bitcoin Cash represent two types of Virtual Currencies.