VALOUR

(Formerly DeFi Technologies Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nine months ended September 30, 2022

BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to Valour Inc. ("we", "our", "us", "Valour" or the "Company") (formerly DeFi Technologies Inc.) containing information through November 14, 2022, unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results for the three and nine months ended September 30, 2022 and 2021. The financial statements and related notes of Valour have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2021 annual audited consolidated financial statements for disclosure of the Company's significant accounting policies. The Company's presentation currency is the Canadian dollar. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information, including our press releases, have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's SEDAR profile at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to Valour certain information contained herein constitutes forward-looking information under Canadian securities legislation. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "goal", "predict", "potential", "should", "believe", "intend" or the negative of these terms and similar expressions are intended to identify forward-looking information and statements. The information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected. With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the Company's lack of operating history as an investment company; the volatility of the market price of the common shares of the Company; risks relating to the trading price of the common shares of the Company relative to net asset value; risks relating to available investment opportunities and competition for investments; the volatility of the share prices of investments in public companies; the dependence on management, directors and the investment committee; risks relating to additional funding requirements; potential conflicts of interest and potential transaction and legal risks, conflict of interests and litigation risks, as more particularly described under the heading "*Risk Factors*" in this MD&A and in the Company's Annual Information Form ("**AIF**") filed with Canadian securities regulators. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

OVERVIEW OF THE COMPANY

The Company is a publicly listed issuer on the NEO Exchange trading under the symbol "DEFI". The Company is a technology company bridging the gap between traditional capital markets and decentralized finance. The Company's mission is to expand investor access to industry-leading decentralized technologies which it believes lie at the heart of the future of finance. On behalf of its shareholders and investors, it identifies opportunities and areas of innovation, and builds and invests in new technologies and ventures in order to provide trusted, diversified exposure across the decentralized finance ecosystem. The Company does so through three distinct business lines: Valour ETPs, Valour Ventures and Valour Infrastructure.

The Company's condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

INVESTMENT PILLARS

Valour generates revenue through three core pillars:

Valour ETPs

The Company, through its 100% ownership of Valour Cayman Inc. ("**Valour Cayman**"), is developing Exchange Traded Notes ("**ETNs**") that synthetically track the value of a single DeFi protocol or a basket of protocols. ETNs simplify the ability for retail and institutional investors to gain exposure to DeFi protocols or basket of protocols as it removes the need to manage a wallet, two-factor authentication, various logins, and other intricacies that are linked to managing a decentralized finance protocol portfolio.

Valour Venture

The Company, whether by itself or through its subsidiaries, invests in various companies and leading protocols across the decentralized finance ecosystem to build a diversified portfolio of decentralized finance assets.

Valour Infrastructure

The Company's Valour Infrastructure line of business offer governance services and products within the DeFi ecosystem. The Company uses its expertise in DeFi to offer node management of decentralized protocols to support governance, security and transaction validation for their networks.

HIGHLIGHTS FOR NINE MONTHS ENDED SEPTEMBER 30, 2022 AND SUBSEQUENT EVENTS:

- On January 5, 2022, the Company announced its preferred partnership agreement with SEBA Bank AG ("SEBA"), a leading global private Swiss Crypto Bank. SEBA is a fully integrated, FINMA licensed, digital assets banking platform providing a seamless, secure, and easy-to-use bridge between digital and traditional assets.
- On January 12, 2022, the Company announced it is co-leading an investment of CHF25 million and will receive a seat on SEBA's Board of Directors.
- On January 26, 2022, the Company was added to CoinShares Blockchain Global Equity Index, administered by Solactive AG.
- On February 1, 2022, the Company announced that Valour Inc. received approval to begin trading Solana ETP on the Frankfurt Stock Exchange.
- On February 16, 2022, the Company received approval from the Nordic Growth Market stock exchange for the listing of two new ETPs, Valour Terra ("LUNA") SEK and Valour Avalanche (AVAX) SEK, these products were launched on February 28, 2022.
- On February 17, 2022, the Company entered into a strategic partnership with RockX to provide staking yield through financial products.
- On March 21, 2022, the Company created a special purpose vehicle to support distribution of an asset-backed product program.
- On March, 25, 2022, the Company's wholly owned subsidiary Valour Inc., an issuer of digital asset exchange-traded products (ETPs), has listed two of its low-fee ETPs tracking the price of the digital assets Valour terra (LUNA) and avalanche (AVAX) on Boerse Frankfurt Zertifikate AG. The Valour Terra ETP tracks the performance of LUNA, the native token of the Terra protocol, a leading decentralized and open-source public blockchain protocol for algorithmic stablecoins. LUNA is among the top 10 cryptocurrencies in the world by market capitalization, currently at US$33.2-billion. The Valour Avalanche (AVAX) ETP tracks the performance of AVAX, the native token of the avalanche platform. Avalanche is an open, programmable smart contracts platform for decentralized applications aiming to rival ethereum due to its high speed. AVAX is among the top 15 cryptocurrencies in the world by market capitalization, currently at US$22.7-billion.
- On April 5, 2022, the Company participated in the US$45-million Series A raise for Boba Network, a decentralized autonomous organization (DAO) and next-generation Ethereum layer 2 Optimistic Rollup scaling solution. The Series A raise values the project at $1.5-billion (U.S.). The financing will address Ethereum's computational limitations and foster greater functionality for decentralized applications (dApps) through Boba's Hybrid Compute platform.
- On April 6, 2022, the Company's subsidiary, Valour Inc., will began trading of Valour Cardano, Valour Polkadot and Valour Solana on the Euronext exchange in Paris and Amsterdam. Trading of these exchange-traded products (ETP) began today, April 6, 2022. These ETPs will be offered on Euronext Paris and Amsterdam enabling both retail and institutional investors to gain exposure to the native tokens of the Cardano, Polkadot and Solana networks safely and without navigating the process of opening a crypto wallet.
- On April 8, 2022, the Company extended its normal course issuer bid ("NCIB") to buy back common shares of the company through the facilities of Neo Exchange Inc. and/or other Canadian alternative trading platform. The NCIB was originally launched on April 13, 2021, and was set to expire on April 8, 2022. The actual number of common shares that may be purchased under the NCIB and the exact timing of such purchases will be determined by the company.

- On April 19, 2022, the Company qualified for trading on the OTCQB Venture Market in the United States, operated by OTC Markets Group Inc., and the Company's common shares began trading today on the OTCQB Venture Market under the symbol DEFTF. The company's common shares are also eligible for electronic clearing and settlement through Depository Trust Company (DTC). Defi Technologies' common shares will continue to trade on the NEO Exchange in Canada under the symbol DEFI and on the Frankfurt Stock Exchange under the symbol RMJ.

- On May 9, 2022, the Company's wholly owned subsidiary partnered with Seba Bank and MarketVector Indices (MVIS) to launch the Seba Valour Metaverse Index (SVMETA). The SVMETA index is an investable index for tokens building for the metaverse that provides exposure to crypto assets related to gaming, entertainment and social interactions within the virtual and augmented reality world.

- On May 26, 2022, the Company's wholly owned subsidiary received approval to begin trading Valour Enjin (ENJ) EUR and Valour Cosmos (ATOM) EUR on the Boerse Frankfurt Zertifikate AG (Frankfurt Stock Exchange). The Valour Enjin (ENJ) EUR ETP precisely tracks the price of ENJ, the native token of the Enjin protocol. Enjin (ENJ) is an on-line gaming community creation platform built on the ethereum blockchain. The Valour Cosmos (ATOM) EUR ETP tracks the performance of the native token of Cosmos. Cosmos (ATOM) is a cryptocurrency that powers an ecosystem of blockchains designed to scale and interoperate with each other.

- On June 6, 2022, the Company's Seba Valour Metaverse Index (SVMETA) is available for trading OTC (over the counter). Valour collaborated with Seba Bank and MVIS to launch an investable index for tokens building for the metaverse, SVMETA.

- On July 7, 2022, the Company appointed Marco Infuso to the role of chief sales officer. With his international experience in the field of digital assets and ETFs, he will drive sales throughout Europe, as well as win new customer groups globally.

- On July 11, 2022, the Company appoint Peter Markl to the role of its general counsel. With his international experience in investment banking and digital assets, he will head the legal department globally and lead Valour on all legal and regulatory matters, in particular in relation to ETPs.

- On July 26, 2022, the Company's has begun trading its exchange-traded products (ETP) on the Lang and Schwarz Exchange. Trading of Bitcoin Zero, Etherium Zero, Valour Uniswap ETP, Valour Polkadot ETP, Valour Cardano ETP, Valour Solana ETP, Valour Avalanche ETP, Valour Cosmos ETP and Valour Enjin ETP.

- On August 1, 2022, the Company appointed Elaine Buhler to the role of product manager. With her extensive experience in product and portfolio management with a diverse financial background, including private equity and derivatives, she will be responsible for enhancing Valour's ETP initiatives globally.

- On August 16, 2022, the Company formed a partnership with German on-line brokerage platform, justTrade. The partnership will retain Valour as the provider of physically-backed crypto ETPs to the online broker's savings plan program (Sparplan) by the end of the year. Valour will also offer its entire range of crypto ETPs like Bitcoin, Ethereum as well as others like Enjin and Uniswap immediately.

- On August 18, 2022, the Company signed an agreement with German banks Comdirect and Onvista that will enable banking clients to integrate Valour ETPs (exchange-traded products) into their investment portfolios. Comdirect and Onvista customers will have access to Valour's entire range of crypto ETPs.

- On August 24, 2022, the Company announced it will debut its new Binance Coin exchange-traded product (ETP) on Borse Frankfurt. Trading of Valour (BNB) ETP begins today, August 24, 2022.

- On September 23, 2022, the Company announced its new Carbon Neutral Bitcoin exchange-traded product (ETP) on Borse Frankfurt. Valour's Bitcoin Carbon Neutral ETP becomes the 11th ETP offered by Valour. Valour Bitcoin Carbon Neutral offers investors exposure to bitcoin and presents a trusted investment method that benefits the environment and aligns with ESG (environmental, social and governance) goals by financing certified carbon removal and offset initiatives in order to neutralize the associated bitcoin carbon footprint

- On October 16, 2022, the Company appointed Olivier Roussy Newton as chief executive officer. Russell Starr, formerly chief executive officer, will reassume the role of head of capital markets and maintain his role as executive chairman.

- On October 12, 2022, the Company announced it has partnered with Swedish index provider Vinter to launch Valour's first multiasset crypto exchange-traded product, the Valour Digital Asset Basket 10 Index (VDAB10). The Valour Digital Asset Basket 10 ETP tracks the 10 largest digital assets weighted by their current market capitalization, with a maximum portfolio allocation of 30 per cent per asset. The index, provided by Vinter, is rebalanced quarterly and weighted to enable investors to gain broad and trusted exposure to the largest disruptive digital assets, offering a diversified entry without the need to set up a dedicated trading account.

- On October 28, 2022, the Company filed a new European Union base prospectus covering digital asset ETPs (exchange-traded products) for approval with the Swedish regulator SFSA. If approved, Valour will be in a position to enhance the public offering of its digital asset performance tracking securities by various new index solutions, asset class mixes and derivative features. In the future Valour will be able to offer a wide range of ETP securities that combine digital assets exposure with other asset classes such as equities and commodities, third party funds' performances, and derivative tools, such as leveraged or capital protection investments.

DIGITAL ASSETS

As at September 30, 2022, the Company’s digital assets consisted of the below digital currencies, with a fair value of $146,762,996 (December 31, 2021 - $370,053,740). Digital currencies are recorded at their fair value on the date they are acquired and are revalued to their current market value at each reporting date. Fair value for Bitcoin, Cardano, Ethereum, Polkadot, Solana, Uniswap, Avalanche, Luna Terra, Cosmos and Enjin is determined by taking the price at 17:30 CET from Kraken, Bitfinex, Binance and Coinbase exchanges consistent with the pricing of the ETP. Fair value for the other digital assets is determined by taking the last closing price for the day (UTC time) from www.coinmarketcap.com.

The Company’s holdings of digital assets consist of the following:

	September 30, 2022		December 31, 2021	
	Quantity	$	Quantity	$
Binance Coin	2.5475	1,006	0.3000	197
Bitcoin	2,181.4102	58,705,706	1,837.5692	112,052,901
Ethereum	20,942.2350	38,357,749	18,666.2358	89,582,049
Cardano	36,285,234.4025	21,340,005	34,447,996.7900	59,079,245
Polkadot	968,079.3180	8,472,293	1,133,717.2970	40,213,624
Solana	377,322.46	17,684,480	294,114.51	65,591,792
Mobilecoin	2,855.5045	3,447	2,854.9570	35,506
Shyft	2,898,155.6819	65,189	1,137,025.7440	616,106
Uniswap	145,751.2602	1,273,555	66,993.0000	1,557,232
USDC	(126,083.51)	(172,705)		4,063
USDT		15,049		8,055
Cosmos	1.9992	35.6793		-
Avalanche	36,379.8450	859,502.8219		-
Enjin	9,009.9920	5,587.1377		-
Terra Luna	199,016.2941	1.3707		
Current		**146,610,902**		**368,740,770**
Blocto	257,380.45	14,625	251,425	607,519
Maps	285,713.09	33,014	285,713	92,478
Oxygen	400,000.00	16,202	400,000	352,266
OMG Network	250,000.00	59,317	-	-
Saffron.finance	86.21	3,293	86	24,850
Clover	290,000.00	20,468	190,000	118,032
Sovryn	15,458.95	5,116	13,917	117,771
Volmex	2,925,878.00	59	2,925,878	54
Long-Term		**152,094**		**1,312,970**
Total Digital Assets		**146,762,996**	**-**	**370,053,740**

The Company has classified digital assets as long-term where the digital assets acquired via a SAFT agreement have terms where the digital assets are to be released over time. SAFT is a contractual investment agreement that involves the agreement of the authorized investors to finance the crypto developers' projects in exchange for crypto tokens at a future date. The SAFT contract is deemed a hybrid instrument where the host is a prepayment denominated in the Company's functional currency and the embedded derivative is crypto asset forward contract. The embedded derivative is measured at fair with fair value changes recorded within statement of income. As at September 30, 2022, the embedded derivative component aggregate to $637,966 liability (December 31, 2021: $284,404 asset).

The continuity of digital assets for the nine months ended September 30, 2022 and year ended December 31, 2021:

	Setpember 30, 2022	December 31, 2021
Opening balance	$ 370,053,740	$ 636,600
Digital assets acquired	228,021,507	729,666,919
Digital assets disposed	(189,843,465)	(331,176,366)
Realized gain on digital assets	(236,120,171)	2,291,313
Digital assets earned from staking, lending and fees	5,629,115	3,356,020
Net change in unrealized gains and losses on digital assets	(30,977,729)	(34,720,746)
	$ 146,762,996	**$ 370,053,740**

In the normal course of business, the Company enters into open-ended staking and lending arrangements with certain financial institutions, whereby the Company stakes and loans certain fiat and digital assets in exchange for interest income payable in the underlying digital assets loaned or staked. The Company can demand the repayment of the loans and accrued interest can be terminated with 5 days notice and staked coins can be returned on 1 days notice. The digital assets on staked or loan are included in digital assets balances above.

As of September 30, 2022, the Company has on loan or staked select digital assets and fiat to borrowers at annual rates ranging from approximately 2.45% to 11.1% and accrue interest on a monthly basis. The digital assets and fiat on loan or staked are measured at fair value through profit and loss.

As of September 30, 2022 digital assets and fiat on loan or staked consisted of the following:

	Number of coins on loan		Fair Value	Fair Value Share
Digital and fiat currencies on loan:				
Polkdot	917,875.0000		8,032,922	19%
Cardano	32,903,495.9250		19,351,143	47%
Solana	295,000.0500		13,826,165	34%
Total	**34,116,370.9750**	**$**	**41,210,231**	**100%**

As of September 30, 2022, the digital assets on loan or staked by significant borrowing counterparty is as follows

	Interest rates	Number of coins on loan		Fair Value	Fair Value Share
Digital and fiat currencies on loan:					
Counterparty A	2.45% - 11.1%	8,921,353		24,309,972	59%
Counterparty B	2.8% - 3.2%	25,150,018		14,791,182	36%
Counterparty C	7%-8%	45,000		2,109,078	5%
Total		**34,116,371**	**$**	**41,210,231**	**100%**

As of September 30, 2022, digital assets on loan or staked were concentrated with counterparties as follows:

	Geography	September 30, 2022
Digital and fiat currencies on loan:		
Counterparty A	London, UK	59%
Counterparty B	Cayman Islands	36%
Counterparty C	United States	5%
Total		**100%**

The Company’s digital assets on loan or staked are exposed to credit risk. The Company limits its credit risk by placing its digital assets on loan or staked with high credit quality financial institutions that are believed to have sufficient capital to meet their obligations as they come due and on which the Company has performed internal due diligence procedures. The Company's due diligence procedures may include, but are not limited to, review of the financial position of the borrower, review of the internal control practices and procedures of the borrower, review of market information, and monitoring the Company’s risk exposure thresholds. As of September 30, 2022, the Company does not expect a material loss on any of its digital assets on loan or staked. While the Company intends to only transact with counterparties that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Company will not sustain a material loss on a transaction as a result.

INVESTMENTS, AT FAIR VALUE, THROUGH PROFIT AND LOSS, AS AT SEPTEMBER 30, 2022

At September 30, 2022, the Company’s investment portfolio consisted of one publicly traded investments and eight private investments for a total estimated fair value of $42,074,849 (December 31, 2021 – one publicly traded investment and seven private investments at a total estimated fair value of $10,275,906)

Public investments

At September 30, 2022, the Company's one publicly-traded investments had a total estimated fair value of $20,673.

Public Issuer	Note	Security description	Cost	Value	of FV
Smart Valor AG		19,000 SDR	150,908	20,673	100.0%
Total public investments			$ 150,908	$ 20,673	100.0%

At December 31, 2021, the Company's one publicly-traded investments had a total estimated fair value of $18,146.

Public Issuer	Note	Security description	Cost	Estimated Fair Value	% of FV
Silo Wellness Inc.**	(i)	403,250 common shares	40,325	18,146	100.0%
Total public investments			$ 40,325	$ 18,146	100.0%

**formerly known as Yukoterre Resources Inc

(i) Investments in related party entities

Private Investments

At September 30, 2022, the Company's eight private investments had a total fair value of $42,054,176.

2022 Private

Private Issuer	Note	Security description	Cost	Value	of FV
3iQ Corp.		187,007 common shares	$ 1,122,042	$ 3,740,140	8.8%
Brazil Potash Corp.	(i)	404,200 common shares	1,998,668	2,216,148	5.3%
Earnity Inc.		85,142 preferred shares	130,946	214,456	0.5%
Luxor Technology Corporation		201,633 preferred shares	630,505	685,418	1.6%
SDK:meta, LLC		1,000,000 units	3,420,000	-	0.0%
SEBA Bank AG		3,906,250 non-voting shares	34,498,750	34,965,000	83.1%
Skolem Technologies Ltd.		16,354 preferred shares	177,488	191,893	0.5%
VolMEX Labs Corporation		Rights to certain preferred shares and warrants	37,809	41,121	0.1%
Total private investments			$ 42,016,208	$ 42,054,176	99.9%

(i) Investments in related party entities

At December 31, 2021, the Company's seven private investments had a total fair value of $10,257,760.

Private Issuer	Note	Security description	Cost	Fair Value	of FV
3iQ Corp.		187,007 common shares	$ 1,122,042	$ 3,740,140	36.6%
Brazil Potash Corp.	(i)	404,200 common shares	1,998,668	2,049,779	20.0%
Earnity Inc.		85,142 preferred shares	130,946	198,356	1.9%
Luxor Technology Corporation		201,633 preferred shares	630,505	633,963	6.2%
SDK:meta, LLC		1,000,000 units	3,420,000	3,420,000	33.3%
Skolem Technologies Ltd.		16,354 preferred shares	177,488	177,488	1.7%
VolMEX Labs Corporation		Rights to certain preferred shares and warrants	37,809	38,034	0.4%
Total private investments			$ 7,517,458	$ 10,257,760	100.1%

3iQ Corp (“3iQ”)

The Company acquired 187,007 shares of 3iQ through its acquisition of Valour. 3iQ is a leading bitcoin and digital asset fund manager. As at September 30, 2022, the holdings of 3iQ was valued at $3,740,140 and the investment represented 1.4% of the total assets of the Company. A 10% decline in the fair market value of 3iQ would result in an estimated increase in loss to Valour of $374,014.

Brazil Potash Corp. (“BPC’)

BPC is a Canadian private company which engaged in the extraction and processing of potash ore, an essential input for agriculture in Brazil. During Q3, 2020, the Company acquired 404,200 common shares of BPC through the sale of its royalty interest. These shares were valued at US$3.75 per share for a total consideration of US$1,515,750 ($1,998,668). As at September 30, 2022, the holdings of BPC was valued at $2,216,148 an unrealized gain of $97,554 and a cumulative unrealized gain of $217,480. The BPC investment represented 0.8% of the total assets of the Company. A 10% decline in the fair market value of BPC would result in an estimated increase in loss to Valour of $221,615.

Earnity Inc. (“Earnity”)

On December 3, 2021, the Company acquired 85,142 series A preferred shares of Earnity. Earnity is a group of dedicated fintech veterans who believe managing cryptocurrency should be a lot easier. The Company made an initial investment of $130,946 in exchange for the preferred shares, the investment was valued at $214,456 at September 30, 2022 resulting in an unrealized gain of $16,099 and a cumulated gain of $83,509. As at September 30, 2022, the Earnity investment represented 0.1% of the total assets of the Company. A 10% decline in the fair market value of Earnity would result in an estimated increase in loss to Valour of $21,446.

Luxor Technology Corporation (“LTC”)

LTC is building infrastructure to support the next generation of digital assets. During the year ended December 31, 2021, the Company subscribed US$162,500 ($203,874) in LTC for the rights to certain preferred shares of LTC. During Q3, 2021, these rights were converted into 25,204 series A preferred shares and 76,429 of series A-1 preferred shares. The investment was valued at $685,418 at September 30, 2022 resulting in a cumulated gain of $54,913. As at September 30, 2022, the LTC investment represented 0.3% of the total assets of the Company. A 10% decline in the fair market value of LTC would result in an estimated increase in loss to Valour of $68,542.

SDK:meta, LLC (“SDK”)

SDK is a privately held Web3 blockchain technology company driving mass adoption of user-centric platforms and mobile consumption of decentralized finance and related offerings. During Q2, 2021, the Company signed a share exchange agreement with SDK and traded 3 million shares of the Company with 1 million membership units of SDK at a fair value of $3,420,000. As at September 30, 2022, the SDK investment represented 0.0% of the total assets of the Company. A 10% decline in the fair market value of SDK would result in an estimated increase in loss to Valour of $0.

SEBA Bank AG ("SEBA")

SEBA is a pioneer in the financial industry and is the only global smart bank providing a fully universal suite of regulated banking services in the emerging digital economy. During Q1, 2022, the Company acquired 3,906,250 non-voting shares for $34,498,750. As at September 30, 2022, the SEBA investment had a fair market value of $34,965,000 represented 13.3% of the total assets of the Company. A 10% decline in the fair market value of SEBA would result in an estimated increase in loss to Valour of $3,496,500.

Skolem Technologies Ltd. ("STL")

STL is an Institutional DeFi trade execution platform. In Q4, 2020, the Company invested US$20,000 ($25,612) in STL for the rights to certain preferred shares of STL. During Q4, 2021, these rights were converted into 16,354 series A preferred shares. As such, the investment was valued at $191,893 at September 30, 2022 resulting in an cumulated unrealized gain of $14,405. As at September 30, 2022, the STL investment represented 0.01% of the total assets of the Company. A 10% decline in the fair market value of STL would result in an estimated increase in loss to Valour of $19,189.

VolMEX Labs Corporation ("VLC")

VLC is a protocol for volatility indices and non-custodial trading build on Ethereum. During Q1, 2021, the Company invested US$30,000 ($37,809) in VLC for the rights to certain preferred shares of VLC. The investment was valued at $41,121 at September 30, 2022 resulting in an cumulated unrealized gain of $3,312. As at September 30, 2022, the VLC investment represented 0.00% of the total assets of the Company. A 10% decline in the fair market value of VLC would result in an estimated increase in loss to Valour of $4,112.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three and nine months ended September 30, 2022 and 2021. They should be read in conjunction with the Company's condensed interim consolidated interim financial statements for the three and nine months ended September 30, 2022 and 2021 and related notes.

Three and nine months ended September 30, 2022 and 2021

	September 30,		September 30,	
	2022	2021	2022	2021
Revenues				
Realized and net change in unrealized gains and losses on digital assets	$ 5,905,183	$ 43,613,625	$ (280,297,199)	$ (5,864,006)
Realized and net change in unrealized gains and losses on ETP payables	(6,966,869)	(41,482,075)	275,281,221	10,845,887
Realized loss on derivative asset	(419,791)	-	(419,791)	-
Unrealized (loss) on derivative assets	598,134	-	-	-
Staking and lending income	628,720	843,072	4,062,966	925,600
Management fees	268,901	333,070	1,232,302	333,070
Node revenue	20,288	545,601	333,847	545,601
Realized (loss) on investments, net	-	735,253	(12,077)	(1,179,787)
Unrealized (loss) gain on investments, net	234,322	4,036,002	(3,338,494)	4,355,749
Interest income	26,717	1,898	54,293	5,262
Total revenues	295,605	8,626,446	(3,102,932)	9,967,376
Expenses				
Management and consulting fees	1,924,238	2,355,095	5,418,247	4,640,412
Share based payments	(911)	4,817,306	15,697,391	13,065,978
Travel and promotion	530,640	923,052	2,036,323	1,489,298
Office and rent	65,314	632,666	747,388	1,243,879
Accounting and legal	2,403,802	255,214	3,495,910	543,457
Regulatory and transfer agent	(81,191)	9,233	34,812	352,648
	134	-	340	-
Depreciation - property, plant and equipment	3,237	3,904	9,713	5,048
Depreciation - right of use assets	15,854	16,650	21,324	32,739
Amortization- intangibles	589,290	993,350	1,767,868	2,188,533
Finance costs	1,060,483	183,939	3,088,692	648,711
Transaction costs	145,917	462,221	925,669	823,898
Foreign exchange (gain) loss	(548,382)	384,954	(289,108)	342,337
Total expenses	6,108,424	11,037,584	32,954,569	25,376,938
(Loss) income before other item	(5,812,819)	(2,411,138)	(36,057,501)	(15,409,562)
Excess purchase price over fair value of asset assumed (expense)	-	-	-	(6,044,968)
Net (loss) for the period	(5,812,819)	(2,411,138)	(36,057,501)	(21,454,530)
Other comprehensive loss				
Foreign currency translation loss	(3,198,556)	333,714	(4,376,014)	202,934
Net (loss) and comprehensive (loss) for the period	$ (9,011,375)	$ (2,077,424)	$ (40,433,515)	$ (21,251,596)

For the three and nine months ended September 30, 2022, the Company recorded a net (loss) of $(9,011,375) and $(40,433,515) ($(0.04) and ($0.19) per basic share) on total revenues of $295,605 and $(3,102,932) compared to net (loss) of $(2,077,424) and $(21,251,596) ($(0.06) and $(0.11) per basic share) on total revenues of $8,626,446 and $9,967,376 for the three and nine months ended September 30, 2021.

For the three months and nine ended September 30, 2022, realized and net change in unrealized gains and loss on digital assets was $5,905,183 and $(280,297,199) and realized and net change in unrealized gains and loss on ETP was $(6,966,869) and $275,281,221. Lower digital asset prices in Q1 and Q2 2022 resulted in losses on our digital assets that was offset by gains on ETP payables due to the decreased share price of the ETPs.

The Company earned staking and lending income of $628,720 and $4,062,966 for three and nine months ended September 30, 2022 compared to $843,072 and $925,600 for the three and nine month periods in 2021. The Company actively stakes and lends its cryptocurrencies to earn additional revenue. Please see Digital Assets section for more details.

The Company had management fee revenue of $268,901 and $1,232,302 for three and nine months ended September 30, 2022 compared to $333,070 for the three and nine months ended September 30, 2021. In 2021 and 2022, Valour launched new ETP products – Cardano, Polkadot, Solana, UNI, Avalanche and Luna Terra, Cosmos and Enjin. Each of these products charge management fees of 1.9% per annum.

The Company had node revenue of $20,288 and $333,847 for three and nine months ended September 30, 2022 compared to $545,601 for the same periods in 2021. In July 2021, the Company became one of the main node validators on the Shyft network. During the nine months ended September 30, 2022, the Company earned approximately 1,761,130 Shyft tokens for its services.

The Company had realized (loss) gain of $nil and $(12,077) on investments for the three and nine months ended September 30, 2022 compared to $735,253 and $(1,179,787) for the same period in 2021. The Company had unrealized (loss) gain of $234,322 and $(3,338,494) on investments compared to $4,036,002 and $4,355,749 in the prior period. The unrealized loss for the nine months ended September 30, 2022 primarily consisted of the write down on the Company's investment holding in SDK: Meta, LLC.

Management and consulting fees were $1,924,238 and $5,418,247 for the three and nine months ended September 30, 2022 compared to $2,355,095 and $4,640,412 during the same period in 2021. Management and consulting fees are higher in 2022 as the Company made additions to the global management team the second half of 2021, adding new advisors and consultants.

Share based payments were $(911) and $15,697,391 for the three and nine months ended September 30, 2022 compared to $4,817,306 and $13,065,978 in the same periods in 2021. The Company granted 3,800,000 options and 4,000,000 deferred share units to directors, officers and consultants of the Company during Q1, Q2 and Q3 2022. Q1, Q2 and Q3 2022 share-based payments included expenses from the vesting of options and DSUs granted in Q2, Q3 and Q4 2022.

Travel and promotion was $530,640 and $2,036,323 for the three and nine months ended September 30, 2022 compared to $932,666 and $1,489,298 during the same period in 2021. Corporate activities and business development increased in 2022 with the acquisitions of Valour and DeFi Capital.

Office and rent was $65,314 and $747,388 for the three and nine months ended September 30, 2022 compared to $632,666 and $1,243,879 during the same period in 2021 due to opening and acquiring new office locations in Q2 2021.

Accounting and legal was $2,403,802 and $3,495,910 for the three and nine months ended September 30, 2022 compared $255,214 and $543,457 during the same period in 2021 due to increased legal fee from the Company's potential Nasdaq listing, increased auditing costs and a provision for potential losses related the November 8, 2022 Court ruling related to the incentive stock option agreement between the respective individual and Company was enforceable.

Regulatory and transfer agent costs were $(81,191) and $34,812 during the three and nine months ended September 30, 2022 compared to $9,233 and $352,648 during the prior period. The decrease is due to listing costs of the Company's shares in NEO in Q1 2021 and a refund received in Q3 2022.

Total depreciation and amortization was $608,381 and $1,798,905 for the three and nine months ended September 30, 2022 from $1,013,904 and $2,226,320 in the prior period. This relates to the equipment, right of use assets and intangible assets acquired as part of the acquisitions of DeFi Capital and Valour Inc. (Cayman Islands).

Finance costs were $1,060,483 and $3,088,692 for the three and nine months ended September 30, 2022 from compared to $183,939 and $648,711 in the prior period. The increase in financing costs related loans payable provided by digital asset liquidity providers.

Transaction costs were $145,917 and $925,669 for the three and nine months ended September 30, 2022 compared to $462,221 and $823,898 in the prior periods. The increase in transaction costs related to trading of digital assets as brokerage commission and ETP issuance costs.

Foreign exchange loss (gain) was $(548,382) and $(289,108) for the three and nine months ended September 30, 2022 compared to $384,954 and $342,337 in the prior period. The gain reflects the currency fluctuations in the Company's assets and liabilities denominated in US dollars, British Pounds, Euro and Swiss Franc.

During the nine months ended September 30, 2022, the Company used $92,707,293 in operations of which $34,649,658 used in purchase of investments, $228,021,507 was used to purchase digital assets offset by $28,248 provided from sales of investments, $1,137,565 was provided from the change of working capital and $189,843,465 was provided from the disposal of digital assets. During the comparative nine months ended September 30, 2021, the Company used $178,017,106 in operations of which $75,787 was used in purchase of investment, $369,291,579 was used in purchase of digital assets offset by $12,138,158 provided from sale of investments and $189,713,680, provided from the sales of digital assets and $3,891,409 provided by the change of working capital.

During the nine months ended September 30, 2022, the Company provided $nil from investing activities compared to providing $3,795,458 in the prior period. September 30, 2021 investing activities were from cash acquired as part of the Valour acquisition.

During the nine months ended September 30, 2022, $88,203,112 was provided from financing activities compared to $184,588,494 in the prior period. The Company received proceeds of $242,378,583 from ETP holders, proceeds of $54,803,331 from loan from digital asset liquidity providers, $45,000 from exercise of stock options, $647,284 from exercise of warrants offset by $196,516,517 used for payments to ETP holders and $13,154,570 used for repurchasing shares under the NCIB.

LIQUIDITY AND CAPITAL RESOURCES

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency

and planned expenditures. The Company's financial success will be dependent upon the execution and development of its new investment strategy and business operations. Such execution and development may take years to complete and the amount of resulting income, if any, is difficult to determine.

Valour relies upon various sources of funds for its ongoing operating activities. These resources include proceeds from dispositions of investments, interest and dividend income from investments and private placement financing.

Valour used cash of $92,708,293 in its operating activities during the nine months ended September 30, 2022. Included in cash used in operations are $34,649,658 used in the purchase of investment and $228,021,507 used in the purchase of digital assets offset by $1,137,565 provided from the changes of working capital, $28,248 generated from proceeds on sale of investments and $189,843,465 generated from the disposal of digital assets. Valour provided $88,203,112 in financing activities. Included in cash provided in financing activities are $242,378,583 from proceeds from ETP holders, $54,803,331 provided from loan from a digital asset liquidity provider, $45,000 from the exercise of options, $647,284 from the exercise of warrants offset by $196,516,517 used for payments to ETP holders and $13,154,570 used for repurchasing shares under the NCIB.

On January 14, 2022 and January 17, 2022, the Company entered into various loans with a digital asset liquidity provider totaling $46,235,200 (US$37,000,000). Interest is accrued and calculated at rates between 8.15% to 8.27% per annum. Principal plus accrued interest are due and payable on April 14, 2022 and April 17, 2022. The loans were secured with 315 BTC and 7,330 ETH. The loans were extended with new maturity dates between May 14, 2022 and July 14, 2022 with interest rates ranging from 6.9% to 8.7%. The extended loans was secured with 415 BTC and 8,130 ETH. on April 4, 2022 the Company entered into a loan with a second digital asset provider for US$5,500,000. This second loan matures of June 4, 2022. The interest accrued interest at 7% annually and is payable monthly. The second loan was secured with 143 BTC. The Company partially repaid of one of the loans of $3,500,000 in April 2022, while the remainder of these loans have since been rolled and continue to be outstanding. The Company has spread the loans among 3 different digital asset liquidity providers to reduce single entity concentration and be able to obtain more competitive rates. Subsequent to June 30, 2022, the loans were extended with new maturity dates varying between open term, September 14, 2022 and October 14, 2022 with interest rates ranging from 7.6% to 8.65%. The extended loans were secured with 1895 BTC and 18216 ETH.

As at September 30, 2022, the Company's sources of funds include the estimated fair value of its cash of $4,655,853, equity investments of $42,074,849 and digital assets of $146,762,996 offset by total liabilities of $208,799,679.

Normal Course Issuer Bid ("NCIB")

On April 13, 2021, the Company commenced a NCIB to buy back common shares of the Company through the facilities of Neo Exchange Inc. and/or other Canadian alternative trading platforms. Under the terms of the NCIB, the Company may, if considered advisable, purchase its Common Shares in open market transactions through the facilities of the Exchange and/or other Canadian alternative trading platforms not to exceed up to 9.7% of the public float for the Common Shares as of April 9, 2021, or 18,162,177 Common Shares, purchased in aggregate. The price that the Company will pay for the Common Shares shall be the prevailing market price at the time of purchase and all purchased Common Shares will be cancelled by the Company. In accordance with Exchange rules, daily purchases (other than pursuant to a block purchase exception) on the Exchange under the NCIB cannot exceed 25% of the average daily trading volume on the Exchange as measured from November 9, 2020 to April 8, 2021.

On April 9, 2022, the Company extended its NCIB to buy back common shares of the Company through the facilities of Neo Exchange Inc. and/or other Canadian alternative trading platform. The NCIB was originally launched on April 13, 2021 and was set to expire on April 8, 2022. Under the terms of the NCIB, the company may, if considered advisable, purchase its common shares in open-market transactions through the facilities of the exchange and/or other Canadian alternative trading platforms not to exceed up to 10 per cent of the public float for the common shares as of April 8, 2022, or 20,359,513 common shares, purchased in aggregate. The price that the company will pay for the common shares shall be the prevailing market price at the time of purchase and all purchased common shares will be cancelled by the company. In accordance with exchange rules, daily purchases (other than pursuant to a block purchase exception) on the exchange under the NCIB cannot exceed 25 per cent of the average daily trading volume on the exchange as measured from Nov. 8, 2021, to April 8, 2022. The NCIB will be extended until April 7, 2023, or to such earlier date as the NCIB is complete.

During the nine months ended September 30, 2022, the Company purchased and cancelled 8,560,100 shares at an average price of $1.54 per share (2021 - $1.90).

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates.

As at September 30, 2022, the Company had the following financial assets and liabilities denominated in foreign currencies:

	September 30, 2022			
	United States Dollars	British Pound	Swiss Franc	European Euro
Cash	$ 4,655,641	$ -	$ -	$ -
Receivables	143,577	-	-	-
Private investments	7,089,176	-	34,965,000	-
Prepaid investment	1,275,661	-	-	178,513
Accounts payable and accrued liabilities	(2,463,568)	(66,775)	-	(20,075)
ETP holders payable	(146,544,849)	-	-	-
Net assets (liabilities)	$ (135,844,362)	$ (66,775)	$ 34,965,000	$ 158,438

As at September 30, 2022, United States Dollar was converted at a rate of $1.3707 (December 31, 2021 - $1.2678) Canadian Dollars to $1.00 US Dollar. British Pounds was converted at a rate of $1.6417 (December 31, 2021 - $1.7132) Canadian Dollars to 1.00 British Pound. Euro was converted at a rate of $1.3853 (December 31, 2021 - $1.4391) Canadian Dollars to 1.00 Euro. Swiss France was converted at a rate of $1.3542 (December 31, 2021 - $1.3897)

Capital Management

The Company considers its capital to consist of share capital, equity reserve and deficit. The Company's objectives when managing capital are:

- to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
- to give shareholders sustained growth in value by increasing shareholders' equity; while
- taking a conservative approach towards financial leverage and management of financial risks.

The Company's management reviews its capital structure on an on-going basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company's current capital is composed of its shareholders' equity and, to-date, has adjusted or maintained its level of capital by:

- raising capital through equity financings; and
- realizing proceeds from the disposition of its investments

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the NEO Exchange which requires one of the following to be met: (i) shareholders equity of at least $2.5 million, (ii) net income from continuing operations of at least $375,000, (iii) market value of listed securities of at least $25 million, or (iv) assets and revenues of at least $25 million. There were no changes to the Company's capital management during the nine months ended September 30, 2022.

Commitments

Management Contract Commitments

The Company is party to certain management contracts. These contracts require that additional payments of approximately $2,214,000 be made upon the occurrence of certain events such as a change of control. Minimum commitments remaining under these contracts were approximately $1,029,000, all due within one year.

Legal Commitments

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2022, no amounts have been accrued related to such matters.

In November 2021, the Company received a notice of application from two individuals seeking the enforceability of certain incentive stock option agreements between the respective individual and the Company and an additional $500,000 in punitive damages per individual. On November 8, 2022, the Superior Court of Justice (the "Court") issued a ruling that the incentive stock option agreement between the respective individual and Company was enforceable. The Court ruled against any punitive damages. The Company is currently reviewing its options with regards to this ruling, including grounds for appeal.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	2022	2022	2022	2021	2021	2021	2021
Revenue	$295,605	($5,219,545)	$1,821,008	$5,113,702	$8,626,446	($1,920,427)	$3,261,357
Net (loss) income and comprehensive (loss) income	($9,011,375)	($18,870,125)	($12,552,015)	($50,243,623)	($2,077,424)	($12,321,876)	($6,852,296)
(Loss) income per Share - basic	(0.04)	(0.09)	(0.06)	(0.26)	($0.01)	($0.06)	($0.04)
(Loss) income per Share - diluted	(0.04)	(0.09)	(0.06)	(0.26)	($0.01)	($0.06)	($0.04)
Total Assets	$263,678,822	$241,666,497	$468,623,726	$459,690,575	$372,062,311	$261,772,737	$194,017,574
Total Long Term Liabilities	$1,681,358	$0	$0	$5,646	$22,048	$ 38,240	$Nil

SELECTED ANNUAL INFORMATION

The highlights of financial data for the Company for the three most recently completed financial years are as follows:

	31-Dec-21	31-Dec-20	31-Dec-19
(a) Net Revenue	$15,081,078	($46,776)	($831,560)
(b) Net Income (Loss) and Comprehensive Income (Loss)			
(i) Total income (loss)	($71,495,219)	$2,073,533	($1,507,338)
(ii) Income (loss) per share – basic	($0.37)	$0.04	($0.04)
(iii) Income (loss) per share – diluted	($0.37)	$0.04	($0.04)
(c) Total Assets	$459,690,575	$7,296,044	$636,459
(d) Total Liabilities	$367,909,179	$992,248	$1,802,024

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

COMPENSATION OF DIRECTORS AND OFFICERS

During the nine months ended September 30, 2022, the Company paid $200,000 (2021 - $1,241,549) to directors of the Company and $1,256,867 (2021 - $1,364,250) to officers of the Company in fees and share-based compensation.

At September 30, 2022, the Company had $41,632 (December 31, 2021 - $11,124) owing to its current key management and $356,340 (December 31, 2021 - $655,296) owing to its former key management. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment or “due on demand”.

More detailed information regarding the compensation of officers and directors of the Company is disclosed in the management information circular and such information is incorporated by reference herein. The management information circular is available under profile of the Company on SEDAR at www.sedar.com

RELATED PARTY TRANSACTIONS

The Company’s directors, officers and insiders may have investments in and hold management and/or director and officer positions in some of the investments that the Company holds. The following is a list of total investments and the nature of the relationship of the Company’s directors, officers and insiders with the investment as of September 30, 2022 and December 31, 2021.

Investment	**Nature of relationship to invesment**	**Estimated Fair value**
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) of Investee	$ 2,216,148
Total investment - September 30, 2022		$ 2,216,148

* Private companies

Investment	Nature of relationship to invesment	Estimated Fair value
Brazil Potash Corp.*	Director (Stan Bharti), officer (Ryan Ptolemy) of Investee	$ 2,049,779
Silo Wellness Inc.***	Former Director and Officer (Fred Leigh), Former Officer (Kenny Choi, Ryan Ptolemy) and common shareholders of investee	18,146
Total investment - December 31, 2021		$ 2,067,925

Valour Inc. holds 4,000,000 (December 31, 2021 – 4,000,000) common shares of the Company.

The Company has a diversified base of investors. To the Company's knowledge, no investor holds more than 10% of the Company's shares on a basic share and partially diluted share basis as of September 30, 2022.

During the nine months ended September 30, 2022, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

- The Company incurred $90,000 (2021 - $90,000) of expenses for its proportionate share of shared office costs with other corporations that may have common directors and officers. The costs associated with this space are administered by 2227929 Ontario Inc. As at September 30, 2022, the Company had a payable balance of $56,500 (December 31, 2021 - $nil) with 2227929 Ontario Inc. to cover shared expenses. Such amounts are unsecured, non-interest bearing, with no fixed terms of payment and due on demand. Fred Leigh, a former officer and former director of the Company, is also a director of 2227929 Ontario Inc.

- The Company incurred $41,086 (2021 - $nil) in legal fees to a firm in which a director of the Company is a partner. Included in accounts payable and accrued liabilities were legal expenses of $12,503 (2021 – $8,550) incurred in the ordinary course of business at a law firm where a director of the company is a Partner.

- Included in accounts payable and accrued liabilities were expenses of GBP 44,228 ($69,296) (December 31, 2021 - $76,678) expenses owed to Vik Pathak, a former director and officer of Valour.

All of the above noted transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statements of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company has determined the carrying values of its financial instruments as follows:

- The carrying values of cash, amounts receivable, accounts payable and accrual liabilities approximate their fair values due to the short-term nature of these instruments.
- Public and private investments are carried at amounts in accordance with the Company's accounting policies as set out in Note 2 of the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020.
- Digital assets classified as financial assets relate to USDC which is measured at fair value.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at September 30, 2022.

Investments, fair value	**Level 1** *(Quoted Market price)*	**Level 2** *(Valuation technique -observable market Inputs)*	**Level 3** *(Valuation technique - non-observable market inputs)*	Total
Publicly traded investments	$ 20,673	$ -	$ -	$ 20,673
Privately traded invesments	-	-	42,054,176	42,054,176
Digital assets	-	(172,705)	-	(172,705)
September 30, 2022	$ 20,673	$ (172,705)	$ 42,054,176	$ 41,902,144
Publicly traded investments	$ 18,146	$ -	$ -	$ 18,146
Privately traded invesments	-	-	10,257,760	10,257,760
Digital assets	-	4,063	-	4,063
December 31, 2021	$ 18,146	$ 4,063	$ 10,257,760	$ 10,279,969

Level 2 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 2 during the period ended September 30, 2022 and December 31, 2021. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statements of loss.

Investments, fair value for the period ended	*September 30, 2022*	*December 31, 2021*
Balance, beginning of period	$ 4,063	$ 636,600
Purchases	-	-
Disposal	(176,768)	(632,537)
Balance, end of period	$ (172,705)	$ 4,063

Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 during the period ended September 30, 2022 and December 31, 2021. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the statements of loss.

Investments, fair value for the period ended		September 30, 2022		December 31, 2021
Balance, beginning of period	$	10,257,760	$	3,018,493
Purchases		34,498,750		4,710,797
Transferred to Level 2		-		(1,051,233)
Realized and unrealized gain/(loss) net		(2,702,334)		3,579,703
Balance, end of period	$	42,054,176	$	10,257,760

Within Level 3, the Company includes private company investments that are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly traded companies.

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at September 30, 2022.

Description		Fair vaue	Valuation technique	Significant unobservable input(s)	Range of significant unobservable input(s)
3iQ Corp.	$	3,740,140	Recent financing	Marketability of shares	0% discount
Brazil Potash Corp.		2,216,148	Recent financing	Marketability of shares	0% discount
Earnity		214,456	Recent financing	Marketability of shares	0% discount
Luxor Technology Corporation		685,418	Recent financing	Marketability of shares	0% discount
SEBA Bank AG		34,965,000	Recent financing	Marketability of shares	0% discount
SDK:meta, LLC		-	Recent financing	Marketability of shares	0% discount
Skolem Technologies Ltd.		191,893	Recent financing	Marketability of shares	0% discount
VolMEX Labs Corporation		41,121	Recent financing	Marketability of shares	0% discount
September 30, 2022	$	42,054,176			

3iQ Corp. ("3iQ")

On September 30, 2020, the Company acquired 187,007 common shares of 3iQ as part of the Company's acquisition of Valour (see Note 3 and 11). As at September 30 2022, the valuation of 3iQ was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2022. As at September 30, 2022, a +/- 10% change in the fair value of 3iQ will result in a corresponding +/- $374,014 change in the carrying amount.

Brazil Potash Corp. ("BPC")

On September 11, 2020, the Company received 404,200 common shares of BPC as consideration of selling the Company's Royalties to a non-arms length party of the Company. As at September 30, 2022, the valuation of BPC was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2022. As at September 30, 2022, a +/- 10% change in the fair value of BPC will result in a corresponding +/- $221,615 change in the carrying amount.

Earnity Inc. (“Earnity”)

On April 13, 2021, the Company subscribed US$40,000 ($50,076) to acquire certain rights to certain future equity of Earnity (see Note 3). As at September 30 2022, the valuation of Earnity was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2022, a +/- 10% change in the fair value of Clove will result in a corresponding +/- $21,446 change in the carrying amount.

Luxor Technology Corporation (“LTC”)

On December 29, 2020, the Company subscribed US$100,000 ($128,060) to acquire certain rights to the preferred shares of LTC. The transaction was closed on February 15, 2021. On May 11, 2021, the Company subscribed additional rights of US$62,500 ($75,787). As at September 30, 2022, the valuation of LTC was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30 2022. As at September 30, 2022. a +/- 10% change in the fair value of LTC will result in a corresponding +/- $68,542 change in the carrying amount.

SEBA Bank AG (“SEBA”)

On January 14, 2022, the Company invested $34,498,750 to acquire 3,906,250 non-votes shares of SEBA. As at September 30, 2022, the valuation of SEBA was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2022. As at September 30, 2022, a +/- 10% change in the fair value of SEBA will result in a corresponding +/- $3,496,500 change in the carrying amount.

Skolem Technologies Ltd. (“STL”)

On December 29, 2020, the Company invested US$20,000 ($25,612) to acquire certain rights to the preferred shares of STL. On October 29, 2021, the Company rights were converted into 16,354 series A preferred shares. As at September 30, 2022, the valuation of STL was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2022. As at September 30, 2022, a +/- 10% change in the fair value of STL will result in a corresponding +/- $19,189 change in the carrying amount.

VolMEX Labs Corporation (“VLC”)

On February 23, 2021, the Company invested US$30,000 ($37,809) to acquire certain rights to the preferred shares of VLC. As at September 30, 2022, the valuation of VLC was based on the most recent financing which is indicative of being the fair market value. Management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2022. As at September 30, 2022. A +/- 10% change in the fair value of VLC will result in a corresponding +/- $4,112 change in the carrying amount.

OUTSTANDING SHARE DATA

Authorized unlimited common shares without par value – 211,191,136 are issued and outstanding as at November 14, 2022.

Authorized 20,000,000 preferred shares, at 9% cumulative dividends, non-voting, non-participating, non-redeemable, non-retractable, and non-convertible – 4,500,000 are issued and outstanding as at November 14, 2022.

Stock options and convertible securities outstanding as at November 14, 2022 are as follows:

Stock Options:
18,698,100 with exercise price ranging from $0.09 to $3.92 expiring between December 18, 2022 and October 19, 2027.

Warrants:
12,684,560 with exercise price ranging from $0.25 expiring February 13, 2023.

Deferred shares units:
6,515,000 with vesting terms ranging from one year to two years.

RISKS AND UNCERTAINTIES

The Company is exposed to a number of risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following outlines certain risk factors specific to the Company. These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward–looking information relating to the Company. Please also refer to the Company's AIF for the year ended December 31, 2022 filed on SEDAR for a full description of the Company's risks in addition to those highlighted below.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. To date, COVID-19 has had minimal affect on the Company's operations or on the Company's ability to finance it operations.

Risks Relating to the Business and Industry of the Company

Staking and Lending of Cryptocurrencies, DeFi Protocol Tokens or other Digital Assets

The Company may stake or lend crypto assets to third parties, including affiliates. On termination of the staking arrangement or loan, the counterparty is required to return the crypto assets to the Company; any gains or loss in the market price during the period would inure to the Company. In the event of the bankruptcy of the counterparty, the Company could experience delays in recovering its crypto assets. In addition, to the extent that the value of the crypto assets increases during the term of the loan, the value of the crypto assets may exceed the value of collateral provided to the Company, exposing the Company to credit risks with respect to the counterparty and potentially exposing the Company to a loss of the difference between the value of the crypto assets and the value of the collateral. If a counterparty defaults under its obligations with respect to a loan of crypto assets, including by failing to deliver additional collateral when required or by failing to return the crypto assets upon the termination of the loan, the Company may expend significant resources and incur significant expenses in connection with efforts to enforce the staking or loan agreement, which may ultimately be unsuccessful.

Furthermore, the Company and its affiliates may also pledge and grant security over its crypto assets to secure loans. In the event that the Company or its affiliates defaults under its obligations with respect to the loan, including failure to repay the principal amount of the loan or accrued interest, lenders may realize upon its security and take possession to such pledged crypto assets.

The crypto assets that are staked, loaned or pledged to third parties by the Company include crypto assets held by Valour for the purposes of hedging its ETPs. The Company is exposed to a potentially significant liquidity risk if, for example, the aggregate sale of ETPs exceed the quantum of uncommitted cryptocurrency available to the Company to satisfy such sale requests. A similar risk applies with respect to individual reserves of each type of cryptocurrency should the sale of ETPs, and correspondingly, the underlying cryptocurrency, exceed the Company's available reserves.

Cryptocurrencies, DeFi Protocol Tokens and Digital Assets Momentum Pricing Risk

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

The profitability of our operations will be significantly affected by changes in prices of cryptocurrencies, DeFi protocol tokens and other digital assets. Cryptocurrencies, DeFi protocol tokens and other digital assets prices are highly volatile, can fluctuate substantially and are affected by numerous factors beyond our control, including use of such cryptocurrencies, DeFi protocol tokens and other digital assets in the DeFi industry, demand, inflation and expectations with respect to the rate of inflation, global or regional political or economic events. If cryptocurrencies, DeFi protocol tokens and other digital assets prices should decline and remain at low market levels for a sustained period, we could determine that it is not economically feasible to continue activities.

The price and trading volume of any crypto asset is subject to significant uncertainty and volatility, depending on several factors, including, but not limited to:

- changes in liquidity, market-making volume, and trading activities;
- investment and trading activities of highly active retail and institutional users, speculators, miners, and investors;
- decreased user and investor confidence in crypto assets and crypto platforms;

- negative publicity or events and unpredictable social media coverage or "trending" of crypto assets;
- the ability for crypto assets to meet user and investor demands;
- the functionality and utility of crypto assets and their associated ecosystems and networks;
- consumer preferences and perceived value of crypto assets and crypto asset markets;
- regulatory or legislative changes and updates affecting the cryptoeconomy;
- the characterization of crypto assets under the laws of various jurisdictions around the world;
- the maintenance, troubleshooting, and development of the blockchain networks;
- the ability for crypto networks to attract and retain miners or validators to secure and confirm transactions accurately and efficiently;
- interruptions in service from or failures of major crypto platforms;
- availability of an active derivatives market for various crypto assets;
- availability of banking and payment services to support crypto-related projects;
- level of interest rates and inflation;
- national and international economic and political conditions;
- global cryptocurrency supply;
- changes in the software, software requirements or hardware requirements underlying a blockchain network;
- competition for and among various cryptocurrencies; and
- actual or perceived manipulation of the markets for cryptocurrencies.

Cryptocurrencies, DeFi Protocol Tokens and Digital Assets Volatility Risk

As Valour's ETPs track the market price of cryptocurrencies and DeFi protocol tokens, the value of the Common Shares relates partially to the value of such cryptocurrencies and DeFi protocol tokens, and fluctuations in the price of cryptocurrencies, DeFi protocol tokens and other digital assets could materially and adversely affect an investment in the Common Shares. Several factors may affect the price of cryptocurrencies, DeFi protocol tokens and other digital assets, including: the total number of cryptocurrencies, DeFi protocol tokens and other digital assets in existence; global cryptocurrency, DeFi protocol tokens and other digital assets demand; global cryptocurrencies, DeFi protocol tokens and other digital assets supply; investors' expectations with respect to the rate of inflation of fiat currencies; investors' expectations with respect to the rate of deflation of cryptocurrencies, DeFi protocol tokens and other digital assets; interest rates; currency exchange rates, including the rates at which cryptocurrencies, DeFi protocol tokens and other digital assets may be exchanged for fiat currencies; fiat currency withdrawal and deposit policies of cryptocurrency exchanges and liquidity of such cryptocurrency exchanges; interruptions in service from or failures of major cryptocurrency exchanges; Cyber theft of cryptocurrencies, DeFi protocol tokens and other digital assets from online wallet providers, or news of such theft from such providers or from individuals' 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 cryptocurrencies, DeFi protocol tokens and other digital assets as a form of payment or the purchase of cryptocurrencies, DeFi protocol tokens and other digital assets; the availability and popularity of businesses that provide cryptocurrencies, DeFi protocol tokens and other digital assets and blockchain-related services; the maintenance and development of the open-source software protocol of various cryptocurrency or DeFi protocol networks; increased competition from other forms of cryptocurrency or payments services; global or regional political, economic or financial events and situations; expectations among cryptocurrencies, DeFi protocol tokens and other digital assets economy participants that the value of cryptocurrencies, DeFi protocol tokens and other digital assets will soon change; and fees associated with processing a cryptocurrency, DeFi protocol token or other digital asset transaction.

Cryptocurrencies, DeFi protocol tokens and other digital assets have historically experienced significant intraday and long-term price volatility. If cryptocurrency, DeFi protocol token and other digital asset markets continue to be subject to sharp fluctuations, shareholders may experience losses if they need to sell their Common Shares at a time when the price of cryptocurrencies, DeFi protocol tokens and other digital assets is lower than it was when they purchased their Common Shares. In addition, investors should be aware that there is no assurance that cryptocurrencies, DeFi protocol tokens and other digital assets will maintain their long term value in terms of future purchasing power or that the acceptance of cryptocurrencies, DeFi protocol tokens and other digital assets payments by mainstream retail merchants and commercial businesses will continue to grow.

Cybersecurity Threats, Security Breaches and Hacks

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

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

Any security procedures implemented 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. The security procedures and operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or otherwise, and, as a result, an unauthorized party may obtain access to the Company's crytocurrency account, private keys, data or cryptocurrencies. 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. If an actual or perceived breach of one of the Company's accounts occurs, the market perception of the effectiveness of the Company could be harmed.

As technological change occurs, the security threats to the Company's cryptocurrencies, DeFi protocol tokens and other digital assets will likely adapt and previously unknown threats may emerge. The Company's ability to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of the Company's cryptocurrencies, DeFi protocol tokens and other digital assets. To the extent that the Company is unable to identify and mitigate or stop new security threats, the Company's cryptocurrencies, DeFi protocol tokens and other digital assets may be subject to theft, loss, destruction or other attack

Cryptocurrency Exchanges and other Trading Venues are Relatively New

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

Regulatory Risks

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. Ongoing 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 DeFi ecosystem or any cryptocurrency, project or protocol that the Company may hold is impossible to predict, but such change could be substantial and adverse to the space as a whole, as well as potentially to the Company.

Governments may, in the future, restrict or prohibit the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency mining companies to additional regulation. On August 24, 2017 and June 11, 2018, the Canadian Securities Administrators published CSA Staff Notice 46-307 – Cryptocurrency Offerings and CSA Staff Notice 46-308 – Securities Law Implications for Offerings of Tokens, respectively, each providing guidance on whether token offerings are subject to Canadian securities laws.

While the Company does not have operations in the United States, the Company reviews development of the cryptocurrency regulatory environment in the United States on an ongoing basis due to the proximity of United States to Canada and the Company's application to list the Common Shares on the Nasdaq Stock Market. In comparison to traditional securities or commodities markets, U.S. law and regulation remains thinly developed with respect to financial services provided to the cryptocurrency and crypto asset markets. Although recent years have seen some guidance emerge with respect to the question of whether a crypto asset constitutes a security for certain purposes under U.S. law, there remains little or no clear legal authority or established practice with respect to the application to crypto assets of concepts like staking and lending of cryptocurrency, fungibility, settlement, trade execution and reporting, collateralization rehypothecation, custody, repo, margin, restricted securities, short sales, bankruptcy and insolvency and many others. Some or all of these concepts may be needed for crypto-related marketplaces to continue to grow, mature and attract institutional participants; there can be no assurances that rules and practices for such concepts will develop in the United States in a manner that is timely, clear, favorable to the Company or compatible with other jurisdictions' regimes in which the Company operates. Furthermore, to the extent the Company offers any of these financial services, emerging regulation or enforcement activity may have a material impact on the Company's ability to continue providing such service thereby affecting the Company's revenues and profitability as well as its reputation and resources.

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

U.S. Classification of Crypto Assets and Investment Company Act of 1940

The SEC and its staff have taken the position that certain crypto assets fall within the definition of a "security" under the U.S. federal securities laws. The legal test for determining whether any given crypto asset is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular crypto asset as a security. Furthermore, the SEC's views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. It is also possible that a change in the governing administration or the appointment of new SEC commissioners could substantially impact the views of the SEC and its staff. Public statements by senior officials at the SEC indicate that the SEC does not intend to take the position that Bitcoin or Ether are securities (in their current form). Bitcoin and Ether are the only crypto assets as to which senior officials at the SEC have publicly expressed such a view. Moreover, such statements are not official policy statements by the SEC and reflect only the speakers' views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other crypto asset. With respect to all other crypto assets, there is currently no certainty under the applicable legal test that such assets are not securities, notwithstanding the conclusions we may draw based on 19 our risk-based assessment regarding the likelihood that a particular crypto asset could be deemed a "security" under applicable laws. Similarly, though the SEC's Strategic Hub for Innovation and Financial Technology published a framework for analyzing whether any given crypto asset is a security in April 2019, this framework is also not a rule, regulation or statement of the SEC and is not binding on the SEC.

Several foreign jurisdictions have taken a broad-based approach to classifying crypto assets as "securities," while other foreign jurisdictions, such as Switzerland, Malta, and Singapore, have adopted a narrower approach. As a result, certain crypto assets may be deemed to be a "security" under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations, or directives that affect the characterization of crypto assets as "securities." The classification of a crypto asset as a security under applicable law has wide-ranging implications for the regulatory obligations that flow from the offer, sale, trading, and clearing of such assets.

Additionally, we do not currently intend to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). If certain crypto assets that form a part of our ETPs are determined to be crypto assets, we may be obligated to register as an investment company under the Investment Company Act, and we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

Further, the classification of certain crypto assets as securities could draw negative publicity and a decline in the general acceptance of the crypto asset, which could have a negative effect on our ETPs that contain such crypto assets.

Valour Venture Portfolio Exposure

Given the nature of the Company's DeFi Venture activities, the results of operations and financial condition of the Company are dependent upon the market value of the securities, tokens and cryptocurrencies that comprise Valour Venture's portfolio assets. Market value can be reflective of the actual or anticipated operating results of companies or projects in the portfolio and/or the general market conditions that affect the technology, crypto and DeFi sectors. Various factors affecting these sectors could have a negative impact on the Company's portfolio of investments and thereby have an adverse effect on its business. Additionally, the Company's investments are mostly in early stage ventures that may never mature or generate adequate returns or may require a number of years to do so. Junior companies may never achieve commercial success. This may create an irregular pattern in the Company's investment gains and revenues (if any) and an investment in the Company's securities may only be suitable for investors who are prepared to hold their investment for a long period of time. Macro factors such as commodity prices, the growth and decline of disruptive technologies, including DeFi technologies, and global political and economic conditions could have an adverse effect on the mining, technological and Defi sectors, thereby negatively affecting the Company's portfolio of investments. Company and project-specific risks, such as the risks associated with emerging companies and project in the technology, crypto and DeFi sectors generally, could have an adverse effect on one or more of the investments in the portfolio at any point in time. Company, project and industry-specific risks that materially adversely affect the Company's investment portfolio may have a materially adverse impact on operating results.

Banks May Cut off Banking Services to Businesses that Provide Cryptocurrency-related Services

A number of companies that provide cryptocurrency-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 cryptocurrency related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-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 cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's cryptocurrency inventory.

Impact of Geopolitical Events

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies 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 cryptocurrency holdings. The possibility of large-scale purchases of cryptocurrencies in times of crisis may have a short-term positive impact on the prices of same. Future geopolitical crises may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Company's cryptocurrency holdings.

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

Further Development and Acceptance of Cryptocurrency and DeFi Networks

The further development and acceptance of cryptocurrency and other cryptographic and algorithmic protocols governing the issuance of transactions in cryptocurrencies and DeFi Protocols, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of such networks may adversely affect the value of the corresponding cryptocurrencies and DeFi Protocol tokens, and thus may adversely affect the Company's operations. The factors affecting the further development of the industry, include, but are not limited to the following:

- continued worldwide growth in the adoption and use of cryptocurrencies and DeFi;
- governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency and DeFi systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of relevant networks;

- 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 decentralized finance; and
- negative consumer sentiment and perception of cryptocurrencies.

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

As relatively new products and technologies, cryptocurrencies have not been widely adopted, for example as a means of payment for goods and services, by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services or other direct use cases that may arise. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's operations, investment strategies, and profitability. Further, if fees increase for recording transactions in the applicable Blockchain, demand for cryptocurrencies may be reduced and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of cryptocurrencies.

There are material risks and uncertainties associated with custodians of digital assets

The Company uses multiple custodians (or third-party "wallet providers") to hold digital assets for its Valour Ventures business line as well as for digital assets underlying Valour ETPs. Such custodians may or may not be subject to regulation by U.S. state or federal or non-U.S. governmental agencies or other regulatory or self-regulatory organizations. The Company could have a high concentration of its digital assets in one location or with one custodian, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware or cyberattacks. Custodians may not indemnify us against any losses of digital assets. Digital assets held by certain custodians may be transferred into "cold storage" or "deep storage," in which case there could be a delay in retrieving such digital assets. The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect our trading execution, the value of our and the value of any investment in our common shares. Furthermore, there is, and is likely to continue to be, uncertainty as to how U.S. and non-U.S. laws will be applied with respect to custody of cryptocurrencies and other digital assets held on behalf of clients. For example, U.S.- regulated investment advisers may be required to keep client "funds and securities" with a "qualified custodian"; there remain numerous questions about how to interpret and apply this rule, and how to identify a "qualified custodian" of, digital assets, which are obviously kept in a different way from the traditional securities with respect to which such rules were written. The uncertainty and potential difficulties associated with this question and related questions could materially and adversely affect our ability to continuously develop and launch our business lines. The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect the execution of hedging ETPs, the value of the Company's assets and the value of any investment in the Common Shares.

Risk of Loss, Theft or Destruction of Cryptocurrencies

There is a risk that some or all of the Company's cryptocurrencies could be lost, stolen or destroyed. If the Company's cryptocurrencies are lost, stolen or destroyed under circumstances rendering a party liable to the Company, the responsible party may not have the financial resources sufficient to satisfy the Company's claim.

Irrevocability of Transactions

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

Potential Failure to Maintain the Cryptocurrency Networks

Many cryptocurrency networks, including the Bitcoin Network, operates based on an open-source protocol maintained by the core developers of such networks and other contributors. As such protocols are not sold and their uses do not generate revenues for its development team, the core developers are generally not compensated for maintaining and updating such network protocols. Consequently, there is a lack of financial incentive for developers to maintain or develop such networks and the core developers may lack the resources to adequately address emerging issues with such network protocol. Although the many networks, including 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 such network protocol and the core developers and opensource contributors are unable to address the issues adequately or in a timely manner, such networks and an investment in the Common Shares may be adversely affected.

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. 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.

Miners May Cease Operations

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

Risks Related to Insurance

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

Concentration of Investments

Other than as described herein, there are no restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to any particular investment. The Company may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavorable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company, commodity or geographic area resulting in the performance of the Company depending significantly on the performance of such company, commodity or geographic area. As at September 30, 2022, the Company's investments through its Valour Venture business arm comprise of $42,295,579 represented approximately 16.0% of the Company's total assets.

Competition

We operate in a highly competitive industry and we compete against unregulated or less regulated companies and companies with greater financial and other resources, and our business, operating results, and financial condition may be adversely affected if we are unable to respond to our competitors effectively.

The cryptoeconomy is highly innovative, rapidly evolving, and characterized by healthy competition, experimentation, frequent introductions of new products and services, and subject to uncertain and evolving industry and regulatory requirements. We expect competition to further intensify in the future as existing and new competitors introduce new products or enhance existing products. The Valour ETPs and Valour Infrastructure business line compete against several companies and expect that we will face even more competition in the future. These competitors could have various competitive advantages over us, including but not limited to:

- greater name recognition, longer operating histories, and larger market shares;
- larger sales and marketing budgets and organizations;
- more established marketing, banking, and compliance relationships;

- greater resources to make acquisitions;
- lower labor, compliance, risk mitigation, and research and development costs;
- operations in certain jurisdictions with lower compliance costs and greater flexibility to explore new product offerings; and
- substantially greater financial, technical, and other resources.

If we are unable to compete successfully, or if competing successfully requires the Company to take costly actions in response to the actions of the Company's competitors, the Company's business, operating results, and financial condition could be adversely affected.

Harm to the Company's brand and reputation could adversely affect the Company's business. The Company's reputation and brand may be adversely affected by complaints and negative publicity about the Company, even if factually incorrect or based on isolated incidents. Damage to the Company's brand and reputation may be caused by:

- cybersecurity attacks, privacy or data security breaches, or other security incidents;
- complaints or negative publicity about us, our ETPs, our management team, our other employees or contractors or third-party service providers;
- actual or alleged illegal, negligent, reckless, fraudulent or otherwise inappropriate behavior by our management team, our other employees or contractors or third-party service providers;
- unfavorable media coverage;
- litigation involving, or regulatory actions or investigations into our business;
- a failure to comply with legal, tax and regulatory requirements;
- any perceived or actual weakness in our financial strength or liquidity;
- any regulatory action that results in changes to or prohibits certain lines of our business;
- a failure to operate our business in a way that is consistent with our values and mission;
- a sustained downturn in general economic conditions; and
- any of the foregoing with respect to our competitors, to the extent the resulting negative perception affects the public's perception of us or our industry as a whole.

Private Issuers and Illiquid Securities

Through its Valour Ventures business line, the Company invests in securities and / or digital assets of private issuers or projects. These may be subject to trading restrictions, including hold periods, and there may not be any market for such securities or digital assets. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers or projects are subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of the Company's private investments, or that the Company will otherwise be able to realize a return on such investments.

The value attributed to securities and / or digital assets of private issuers or projects will be the cost thereof, subject to adjustment in limited circumstances, and therefore may not reflect the amount for which they can actually be sold. Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments.

The Company may also invest in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

The Company may also make direct investments in publicly traded securities that have low trading volumes. Accordingly, it may be difficult to make trades in these securities without adversely affecting the price of such securities.

Cash Flow, Revenue and Liquidity

The Company's revenue and cash flow is generated primarily from financing activities, proceeds from the disposition of investments, management fees of ETPs and staking and lending activities of cryptocurrencies and DeFi protocol tokens. The availability of these sources of income and the amounts generated from these sources depend upon various factors, many of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to us, if the value of our investments decline, resulting in losses upon disposition, if there is low demand for our ETPs, resulting in lack of management fees received, and if rates provided by counterparties for staking and lending decrease.

Dependence on Management Personnel

The Company is dependent upon the efforts, skill and business contacts of key members of management, the Board and the Advisory Board, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success may depend upon the continued service of these individuals who are not obligated to remain consultants to the Company. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and could harm its ability to maintain or grow existing assets and raise additional funds in the future.

Sensitivity to Macro-Economic Conditions

Due to the Company's focus on decentralized finance industry, the success of the Company's investments is interconnected to the growth of disruptive technologies. The Company may be adversely affected by the falling share prices of the securities of investee companies, cryptocurrencies, DeFi Protocol tokens and other crypto assets, as the trading price for the Common Shares may reflect the estimated aggregate value of the Company's portfolio of investments and assets under management. The factors affecting current macro-economic conditions are beyond the control of the Company.

Available Opportunities and Competition for Investments

The success of the Company's Valour Ventures line of business will depend upon: (i) the availability of appropriate investment opportunities; (ii) the Company's ability to identify, select, acquire, grow and exit those investments; and (iii) the Company's ability to generate funds for future investments. The Company can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Company, may be better capitalized, have more personnel, have a longer operating history and have different return targets. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of attractive investments.

Share Prices of Investments

Investments in securities of public companies are subject to volatility in the share prices of the companies. There can be no assurance that an active trading market for any of the subject shares is sustainable. The trading prices of the subject shares could be subject to wide fluctuations in response to various factors beyond the Company's control, including quarterly variations in the subject companies' results of operations, changes in earnings, results of exploration and development activities, estimates by analysts, conditions in the mining, technological and cryptocurrency industries and general market or economic conditions. In recent years equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments.

Additional Financing Requirements

The Company anticipates ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or debt financing. There are no assurances that additional funding will be available on acceptable terms, at an acceptable level or at all. Any additional equity financing may cause shareholders to experience dilution, and any debt financing would result in interest expense and possible restrictions on the Company's operations or ability to incur additional debt. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on its ability to grow its investment portfolio.

No Guaranteed Return

There is no guarantee that an investment in the Company's securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments. In addition, past performance provides no assurance of future success.

Management of the Company's Growth

Significant growth in the business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase costs, which could have a materially adverse effect on the Company's operating results and overall performance.

Due Diligence

The due diligence process undertaken by the Company in connection with investment opportunities may not reveal all facts that may be relevant in connection with the investments. Before making investments, the Company conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company relies on resources available including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence process that is carried out with respect to investment opportunities may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Exchange Rate Fluctuations

A significant portion of the Company's cryptocurrency, DeFi protocol tokens and digital asset holdings could be invested in United States dollar denominated investments or other foreign currencies. Changes in the value of the foreign currencies in which the Company's investments are denominated could have a negative impact on the ultimate return on its investments and overall financial performance.

Non-controlling Interests

The Company's investments include debt instruments and equity securities of companies that it does not control. Such instruments and securities may be acquired through trading activities or through purchases of securities directly from the issuer. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing was to occur, the value of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Changes in Legislation and Regulatory Risk

There can be no assurance that laws applicable to the Company or the businesses in which the Company invests, including securities legislation, will not be changed in a manner which adversely affects the

Company. If such laws change, such changes could have a negative effect upon the value of the Company and upon investment opportunities available to the Company.

Risks Relating to the Financial Condition of the Company

Limited Operating History as a Valour Company

The Company announced its focus in the DeFi industry on January 19, 2021. The Company's limited operating history and the lack of meaningful historical financial data makes it difficult to fully evaluate the Company's prospects. To the extent that the Company is able to execute its business plan, its business will be subject to all of the problems that typically affect a business with a limited operating history, such as unanticipated expenses, capital shortfalls, delays in program development and possible cost overruns. Investment in the securities of the Company is highly speculative given the nature of the Company's business.

The Company's success will depend on many factors, including some which may be beyond its control or which cannot be accounted for at this time, such as the market's acceptance of the products of its investee companies, the emergence of potential competitors, and changes in economic conditions. For the reasons discussed in this section and elsewhere in this AIF, it is possible that the Company may not generate revenues or profits in the foreseeable future or at all.

No History of Operating Revenue and Cash Flow

The Company is dependent on financings and future cash flows to meet its obligations. The future performance of the business and the ability of the Company's subsidiaries to provide the Company with payments may be constrained by factors such as, among others: success of the Company's corporate strategy, economic downturns; technological and regulatory changes; the cash flows generated by operations, investment activities and financing activities; and the level of taxation, particularly corporate profits and withholding taxes. If the Company is unable to generate sufficient cash from operations, the Company may be required to incur indebtedness, raise funds in a public or private equity or debt offering, or sell some or all of its assets. There can be no assurance that any such financing will be available on satisfactory terms or that it will be sufficient.

The Company may be subject to limitations on the repatriation of earnings in each of the countries where the Company, including its investee companies, do business. In particular, there may be significant withholding taxes applicable to the repatriation of funds from foreign countries to Canada. There can be no assurance that changes in regulations, including tax treaties, in and among the relevant countries where the Company or its investee companies do business will not take place, and if such changes occur, they may adversely impact the Company's ability to receive sufficient cash payments from its subsidiaries.

Insufficient Cash Flow and Funds in Reserve

The Company's cash flow and funds in reserve may not be sufficient to fund its ongoing activities at all times and from time to time and it may require additional financing in order to carry out its activities. In addition, the Company may incur major unanticipated liabilities or expenses. Although the Company has been successful in the past in financing its activities, there can be no assurance that the Company will be able to obtain additional financing on commercially acceptable terms. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of Company. There is risk that if the economy and banking industry experienced unexpected and/or prolonged deterioration, the Company's access to additional financing may be affected. This may be further complicated by the limited market liquidity for shares of smaller companies such as the Company, restricting access to some institutional investors. Due to uncertainty in the capital markets, the Company may from time to time have restricted access to capital and increased borrowing costs. To the extent that external sources of capital become limited, unavailable, or available on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition, results of operations and prospects may be affected materially and adversely as a result.

The Company, along with all other companies, may face reduced cash flow and restricted access to capital if the global economic situation deteriorates. A prolonged period of adverse market conditions may impede the Company's ability to grow and complete additional acquisitions, if desired. In addition, a prolonged period of adverse market conditions may impede the Company's ability to service any of its loans or arrange alternative financing when the existing loans become due. In each case, the Company's business, financial condition, results of operations and prospects would be adversely affected.

Conflicts of Interest may Arise

Certain current or future directors and officers of the Company and its subsidiaries may be shareholders, directors and officers of other companies that may operate in the same sectors as the Company. Such associations may give rise to conflicts of interest from time to time. The directors and officers 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 interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in such conflict is required under the applicable corporate laws to disclose his or her interest and to abstain from voting on such matter.

Risks Relating to the Common Shares

Market Price of Common Shares may Experience Volatility

The market price of the Common Shares has been volatile in the past and may continue to be volatile. The market price is, and could be, subject to wide fluctuations due to a number of factors, including actual or anticipated fluctuations in the Company's results of operations, changes in estimates of its future results of operations by management or securities analysts, market rumours, investments or divestments by the Company or its competitors and general industry changes.

Many of the factors that could affect the market price of the Common Shares are outside of the Company's control. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the Common Shares. The stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of the Common Shares.

Shareholders' Interest in the Company may be Diluted in the Future

If the Company raises additional funding by issuing additional equity securities, or securities convertible into equity, such financing may substantially dilute the interests of shareholders.

The Company has Never Paid Dividends and may not do so in the Foreseeable Future

The Company has never paid cash dividends on its Common Shares. Currently, the Company intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its Common Shares in the near future. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in any Common Shares in the foreseeable future.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation, and that such information is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures.

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Internal controls over financial reporting

The CEO and CFO, together with other members of Management, have designed internal controls over financial reporting based on the Internal Control–Integrated Framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 1992). These controls are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual audited financial statements in accordance with IFRS.

We have not identified any changes to our internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at September 30, 2022.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies can be found in Note 2 of its annual audited financial statements for the years ended December 31, 2021 and 2020.

Future accounting change

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated financial statements and rseported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated financial statements are as follows:

Accounting for digital assets

Among its digital asset holdings, only USDC was classified by the Company as a financial asset. The rest of its digital assets was classified following the IFRS Interpretations Committee (the "Committee") published its agenda decision on Holdings of Cryptocurrencies in June 2019. The Committee concluded that IAS 2 – Inventories applies to cryptocurrencies when they are held for sale in the ordinary course of business, otherwise an entity should apply IAS 38 - Intangible Assets to holdings of cryptocurrencies. The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2 - Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital assets. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value less costs to sell are recognized in profit or loss. Digital currencies consist of cryptocurrency denominated assets (see Note 6) and are included in current and long-term assets. Digital currencies are carried at their fair value determined by the spot rate less costs to sell. The cost to sell digital assets is nominal. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. Fair Value for Bitcoin, Ethereum, Cardano, Polkadot, Solana, Uniswap, Avalanche, Terra Luna, Cosmos and Enjin determined by taking the price at 17:30 CET from Kraken, Bitstamp, Bitfinex, Binance and Coinbase exchanges consistent with the pricing of the Exchange Trade Products ("ETP"). Fair value for the other digital assets is determined by taking the last closing price for the day (UTC time) from www.coinmarketcap.com.

Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Share-based payments

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company’s shares at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

Business combinations and goodwill

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets and liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Goodwill is assessed for impairment annually.

Contingencies

Estimated useful lives and impairment considerations

Amortization of intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Impairment of non-financial assets

The Company’s non-financial assets include prepaid expenses, digital assets excluding USDC, equipment and right of use assets. Impairment of these non-financial assets exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights. See Note 6 for the discussion regarding impairment of the Company’s non-financial assets.

Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. To date, COVID-19 has had minimal effect on the Company's operations or on the Company's ability to finance its operations.

Functional currency

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and the currencies in which expenses are settled, by each entity, as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

Assessment of transaction as an asset purchase or business combination

Assessment of a transaction as an asset purchase or a business combination requires judgements to be made at the date of acquisition in relation to determining whether the acquiree meets the definition of a business. The three elements of a business include inputs. processes and outputs. When the acquiree does not have outputs, it may still meet the definition of a business if its processes are substantive which includes assessment of whether the process is critical and whether the inputs acquired include both an organized workforce and inputs that the organized workforce could convert into outputs.