

**CALYX VENTURES INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
PERIOD ENDED MARCH 31, 2019**

This Management Discussion and Analysis (“MD&A”) of Calyx Ventures Inc. (the “Company”) provides an analysis of the Company’s financial results for the period ended March 31, 2019. The following information should be read in conjunction with the accompanying audited financial statements and the notes to the audited financial statements for the period ended March 31, 2019.

The Company reports in accordance with International Financial Reporting Standards (“IFRS”) and the following disclosure, and associated unaudited financial statements, are presented in accordance with IFRS. These statements are filed with the relevant regulatory authorities in Canada. All monetary amounts are expressed in Canadian dollars, unless otherwise specified.

**FORWARD LOOKING INFORMATION AND DATE OF REPORT MAY 30, 2019**

Certain statements contained in this document constitute “forward looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward- looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward- looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by law.

The condensed interim consolidated financial statements have been prepared on a going concern basis which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The ability of the Company to continue as a going concern is dependent upon obtaining ongoing financing and there can be no assurance that the Company will be able to raise any capital through any type of offering or similar financial arrangement. For more information on the Company, investors should review the Company’s continuous disclosure filings that are available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

**HIGHLIGHTS & RECENT DEVELOPMENTS**

On January 15, 2018, the Company announced that its wholly-owned subsidiary Canada Blockchain Hosting Corp. has changed its name to Canada Blockchain Holdings Corp. (“CBH”) to better reflect its purpose as the holding company for all cryptocurrency and blockchain operations of the Company. This includes mining operations, data validation and assets, data acquisition, cryptocurrencies and other blockchain-related assets. As of December 31, 2017, CBH reported that it had recognized revenue of approximately \$50,000 USD in its first full month of operation, utilizing one-quarter of its owned capacity, based on the market value of both Bitcoin and Ethereum at the time and the total amount of cryptocurrency owned. CBH has subsequently revised this amount to recognize revenues of \$34,048 during the same time period, based on the accepted accounting practices employed by the auditors of the Company. CBH will continue to use these principals in any further reporting situations.

On January 31, 2018, the Company announced that it will undertake a corporate rebranding and name change to “Calyx Ventures Inc.” This name change will better reflect the focus of the Company as a diversified provider of software solutions to the indoor agriculture, cannabis, and blockchain technology sectors. The change of name was effective at the open of markets on Monday, February 5, 2018. There was no change to the Company’s ticker symbol in connection with the name change.

On February 26, 2018, the Company provided an update on the development status of its Canadian Cannabis Exchange Platform. Calyx's wholly-owned subsidiary, Cannigistics Agri-Solutions Corp. is both on schedule and on budget in building out its commercial platform which when completed will facilitate mass commercial cannabis and derivative transactions in an orderly market-based fashion.

On June 28, 2018, the Company closed a non-brokered private placement issuing 9,285,700 units at a price of \$0.07 per unit for gross proceeds of \$650,000. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant is exercisable to acquire one additional common share at a price of \$0.15 per share for a period of 12 months.

On October 9, 2018, the Company announced the grant of 2,500,000 incentive stock options to directors, officers, and consultants of the Company. The options are exercisable at a price of \$.10 per share for a period of twelve months.

On November 20, 2018, the Company announced the completion of the development of its Canadian Cannabis Exchange Platform. The wholesale component of the application was completed and the Company began to proceed with the identification of third-party partners for the testing of the platform. In addition to the Company's extensive development and customization of this model to date, the final application framework includes a private distributed ledger to handle and track contracts and transactions.

On March 5, 2019, the Company provided an updated to announce the redesign and upgrade of its LeafHub platform. The Company has built a fully integrated cannabis and hemp online portal which can facilitate both retail and wholesale transactions from a single interface. The new version of LeafHub has been significantly redesigned and engineered to include many new features as well as a "fully integrated" messaging application.

## **NATURE OF BUSINESS AND OVERALL PERFORMANCE**

Calyx Ventures Inc. (the "Company" or "Calyx") was incorporated under the Business Corporations Act (British Columbia) on June 10, 2008. The registered address of the Company is located at 1111 – 1590 West Georgia Street, Vancouver, BC, V6E 4G2.

Through its wholly owned subsidiary, Cannigistics Agri-Solutions Corp. ("Cannigistics"), the Company is in the business of bringing technology solutions to advanced indoor agriculture. On November 30, 2016, the Company incorporated LEAFHub Technologies Inc. as a wholly-owned subsidiary of Calyx.

Through its wholly owned subsidiary, Canada Blockchain Holdings (CBH), the Company has a unique computing infrastructure that is well suited to support next generation blockchain based applications including cryptocurrency technologies. This will set the stage for advanced mining activities and other crypto opportunities such as blockchain-based remittance, inventory control, logistics, provenance tracking, and data accountability. It will also create a hosting environment for blockchain-based development and testing, proof of stake pools, proof of work pools, and private blockchain hosting.

Calyx operates a software development business which produces custom software for enterprises and innovative, startups. Calyx operates through its wholly-owned subsidiaries, Cannigistics Agri-Solutions Corp., a software development business that has created a software platform originally designed for advanced indoor agriculture, and has now evolved to serve a wider range of industries, LeafHub Technologies Inc., a media and marketing company that provides online access to information and products for the legal cannabis and hemp industries, and Canada Blockchain Holdings Corp., a company operating in the blockchain technology and cryptocurrency sector which is in the process of discontinuing any and all cryptocurrency operations. Calyx also owns a portfolio of proprietary intellectual property with applications in crop enhancement, as well as messaging software assets.

On December 31, 2018, the Company reassessed the profitability of its cryptocurrency mining operations. It was determined due to the costs of mining cryptocurrency; the operations are unprofitable and the Company ceased all mining of cryptocurrency.

In December of 2018, management initiated a plan to dispose of the mining assets. As a result of this decision, CBH's results for the year ended December 31, 2018 have been classified as loss from discontinued operations in the consolidated statement of income and comprehensive income. The assets and liabilities have been classified as assets held for sale and liabilities of assets held for sale, respectively, in the consolidated statement of financial position as of December 31, 2018. In accordance with IFRS, management has estimated the fair value less costs to sell. During the month of December, management actively searched for a buyer to purchase the net assets of CBH. As at December 31, 2018, this resulted in an impairment on the equipment held for sale of \$45,325.

Assets and liabilities related to the Company's mining operations have been reclassified as assets held for sale and liabilities associated with assets held for sale:

As at	March 31, 2019	December 31, 2018
Investment in cryptocurrency	\$ 120	\$ 24,821
Equipment	480,850	480,850
Accounts payable	(209,358)	(235,314)
Provision	(363,513)	(363,513)
<b>Net assets held for sale</b>	<b>\$ (91,901)</b>	<b>\$ (93,156)</b>

Subsequent to the period end, the Company's equipment was transferred in a settlement agreement and the remaining cryptocurrency was applied against an outstanding accounts payable balance.

The Company's focus has been on the development of its IndustryCast Platform and the development of applications based on its software, including the LeafHub platform. The LeafHub platform is expected to launch in April of 2019.

## **RESULTS OF OPERATIONS**

### **For the First Quarter Ended March 31, 2019**

Net loss for the first quarter ended March 31, 2019 for continued operations was \$154,051 (2018 - \$155,500), comprised of the following significant items:

- Revenue of \$Nil (2018 – \$2,200); decreased as the Company discontinued all contracts for hosting services in the prior year;
- Development expenses of \$27,600 (2018 – \$32,840); decrease in fees as the Company's concluded on major development expenses leading up to the launch of the LeafHub application;
- Personnel costs of \$40,750 (2018 - \$40,200); consistent compared to the previous period;
- Professional and regulatory expenses of \$11,878 (2018 - \$46,900) decreased in the period due to less activities;

Discontinued operations for the quarter ended March 31, 2019 was \$26,686 (2018 - \$52,292) relating to the Company's cryptocurrency mining operations.

- Revenue of \$807 (2018 - \$70,735) consists of mined cryptocurrency, operations were ceased in December of 2018 and the majority of the cryptocurrency was sold;
- Cost of sales of \$28,276 (2018 - \$25,359) consisting of utilities and hosting fees related to cryptocurrency mining operations;
- Depreciation of \$193 (2018 - \$56,376) relates to mining rigs used to mine cryptocurrency;
- Professional and regulatory fees of \$Nil (2018 - \$33,988).

## **SUMMARY OF QUARTERLY RESULTS**

	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	June 30, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	-	-	-	-	2,400	16,400	19,200	41,550
Net loss – continuing operations	(154,051)	(1,134,192)	(250,099)	(140,444)	(154,770)	(619,129)	(146,338)	(148,577)
Net loss – discontinued operations	(26,686)	(717,851)	(4,448)	(37,659)	(52,292)	(391,654)	-	-
Net income (loss)	(180,737)	(1,852,043)	(254,547)	(178,103)	(207,062)	(1,010,783)	(146,338)	(148,577)
Income (loss) per share (basic and diluted)	(0.002)	(0.03)	(0.003)	(0.002)	(0.002)	(0.016)	(0.002)	(0.002)

The financial data for the quarters have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

## **LIQUIDITY AND CAPITAL RESOURCES**

Cash provided by operating activities during the period ended March 31, 2019 was \$46,539 (March 31, 2018 – cash used in operations \$296,031). During the three months ended March 31, 2018, cash balances on hand were used to decrease outstanding accounts payables and accrued liabilities.

Cash used in financing activities during the period ended March 31, 2019 was \$7,449 (March 31, 2018 – cash used in financing activities \$29,000) from \$22,449 in lease payments and partially offset by \$15,000 in subscriptions received for a private placement financing. In March 31, 2018, cash was used for the repayment of a promissory note of \$52,000.

There was no cash used in investing activities during the period ended March 31, 2019. During the period ended March 31, 2018 \$33,302 in cash was used for the acquisition of computers and other office equipment as well as leasehold improvements.

The Company had a working capital deficiency of \$970,128 at March 31, 2018 (December 31, 2018 - \$736,126) and cash and cash equivalents of \$292 (December 31, 2018 - \$726).

In January 2018, the Company issued 450,000 common shares at \$0.115 from the exercise of options for gross proceeds of \$51,750.

The Company's primary source of funding comes from raising capital through the equity markets.

## **OFF-BALANCE SHEET ARRANGEMENTS**

At March 31, 2019, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## **TRANSACTIONS WITH RELATED PARTIES**

### **Transactions:**

Key management personnel include directors and senior management members. The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Management fees	\$ 46,500	\$ 37,500
	\$ 46,500	\$ 37,500

During the three months ended March 31, 2019, the Company reimbursed a company controlled by an officer \$13,500 (December 31, 2018 – \$54,000) for cloud hosting costs incurred on behalf of the Company.

#### **a) Due to (receivable from) related parties:**

As at March 31, 2019, accounts payable and accrued liabilities includes \$110,298 owed from the CEO and a company controlled by the CEO (December 31, 2018: \$1,614 due from the CEO included in receivables). These balances bear no specific terms of interest or repayment.

As at March 31, 2019, accounts payable and other liabilities includes \$15,000 owed to a director of the Company (December 31, 2018: \$12,000). These balances bear no specific terms of interest or repayment.

During the three months ended March 31, 2019, the Company reimbursed a company controlled by an officer \$13,500 (December 31, 2018 – \$54,000) for cloud hosting costs incurred on behalf of the Company.

Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

## **OUTSTANDING SHARE DATA**

As at the date of the MD&A, the following common shares and options were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares	94,781,658		
Share purchase warrants	6,728,571	\$0.150	October 28, 2018
	4,656,850	\$0.150	November 10, 2019
Stock options	900,000	\$0.115	October 24, 2021
	1,650,000	\$0.210	November 19, 2022
	2,500,000	\$0.100	October 9, 2019
Fully diluted at May 30, 2019	111,217,079		

## **PROPOSED TRANSACTIONS**

There is currently no proposed transaction.

## **FINANCIAL INSTRUMENTS AND OTHER RISKS**

The Company's financial instruments consist of cash, receivables, digital currencies, accounts payable and accrued liabilities and promissory notes. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair market values of these financial instruments approximate their carrying values, unless otherwise noted.

### ***Credit Risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and accounts and other amounts receivable. The cash consists of operating funds with two commercial banks. This risk is managed by using major banks that are high credit quality financial institutions, as determined by rating agencies.

### ***Liquidity risk***

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. At March 31, 2019, the Company had a cash balance of \$292 (December 31, 2018 - \$726) to settle current liabilities of \$1,030,080 (December 31, 2018 - \$801,388).

### ***Market risk***

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

#### a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in short-term treasury bills issued by the Government of Canada and its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### b) Foreign currency risk

The Company is not currently exposed to significant foreign currency risk as most transactions are denominated in Canadian dollars.

### ***Capital Management***

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its strategic plan. The Company manages and performs regular review of financial information. The Company does not have any externally imposed capital requirement to which it is subject.

There was no change in the Company's approach to capital management during the period.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Company's management is responsible for presentation and preparation of the interim financial statements and the Management's Discussion and Analysis. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information, we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity

and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.