

**FIRST BITCOIN CAPITAL CORP.**  
**Management's Discussion and Analysis**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in US dollars)**

Date: June 26, 2019

The following management discussion and analysis (“MD&A”) is a review of operations, current financial position and outlook for First Bitcoin Capital Corp. (the “company”, “we”, “us”, “our” or “First Bitcoin”) for the years ended December 31, 2018 and 2017 and should be read in conjunction with the consolidated financial statements for the years ended December 31, 2018 and 2017. Amounts reported and financial figures contained herein are denoted in United States dollars, unless otherwise noted as being denominated in Canadian dollars (“C\$”) and are based upon the consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), unless otherwise notated. Information contained herein is presented at June 20, 2018. Certain information in this MD&A or incorporated by reference, and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Words such as “may”, “will”, “believe”, “expect”, “anticipate”, “estimate” and similar expressions identify forward-looking statements. Forward-looking information includes information concerning the Company’s future financial performance, business strategy, plans, goals and objectives. Forward-looking statements are necessarily based upon estimates and assumptions considered reasonable by management but which are subject to business, economic and competitive uncertainties. Results could differ materially from those projected in forward-looking statements.

Although the forward looking information contained herein is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward looking statements. We have attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, however 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. First Bitcoin does not undertake to update any forward looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

### **Business Overview**

First Bitcoin is engaged in the business of digital cryptocurrency development and blockchain development. We were originally organized in the State of Nevada on November 7, 1989 as United Development International. In July 2005, we were renamed Mindenao Gold Mining Corporation and reincorporated in the State of Oregon. On February 6, 2006, we dissolved our filing in the State of Oregon and reincorporated in British Columbia, Canada as Grand Pacaraima Gold Corp. On February 27, 2014, we changed our name to First Bitcoin Capital Corp., which was approved by the Financial Industry Regulatory Authority on November 15, 2016.

In September 2016, we commenced our cryptocurrency generation operations. Throughout 2017, we expanded our cryptocurrency operations with the generation of more than 100 unique cryptocurrencies. We also entered into agreements with third parties in order to develop blockchains to track petroleum and agricultural supply chain management.

During 2017, we organized several crowdsales utilizing a protocol built upon the Bitcoin Blockchain. These included, but are not limited to Altcoin (COIN:ALT) based on our website [www.Altcoinmarketcap.com](http://www.Altcoinmarketcap.com) and WEED (COIN:WEED). The latter resulted in our company exchanging a portion of our WEED coin inventory for 5,000,000 shares of SinglePoint Inc. (\$SING), a company trading on the OTCQV Venture Market. The crowdsale of ALT was in exchange for Tether

(COIN:USDT). Both of these crowdsales began trading on the New Zealand Crypto exchange, Cryptopia. During 2018 the Company entered into a joint venture agreement with Medical Cannabis Payment Solutions (REFG) whereby REFG issued 2,000,000 shares of its common stock to First Bitcoin Capital for which the Company provided an analysis of this project including providing technical information of WEED tokens. These shares were valued at \$76,000. A complete list of all cryptocurrencies and investments owned by our company as at December 31, 2017 and 2018 are disclosed in the schedules to our consolidated financial statements.

Our cryptocurrency exchange, COINQX, which has been in testing and designed for institutional cryptocurrency traders has been redesigned to appeal to retail traders based on a user friendly interface with a planned launch late July 2019.

The price of Bitcoins or the anemic markets for our diversified altcoin inventories are volatile and fluctuations are expected. Declines in the price of Bitcoin would have negative impact in our operating results, liquidity and would harm the price of our common stock. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

Historical results from all of the Company's activities are available in the Company's news releases which are available on the Company's website (<http://bitcoincapitalcorp.com>) and SEDAR.

#### **Selected Financial Information and Results of Operations**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Total assets	1,955,062	1,279,832
Total long-term liabilities	-	-
Cash dividends declared	-	-
Total revenues	476,000	100,000
Cost of goods sold	-	-
Operating expenses	(331,552)	(2,848,265)
Other income	1,205,102	415,153
Net (loss) income	1,349,550	(2,333,112)
Comprehensive (loss) income	832,580	(1,899,976)
Net income(loss) income per share – basic and diluted	0.00	(0.01)

Total assets increased from \$1,279,832 at December 31, 2017 to \$1,955,062 at December 31, 2018, an increase of \$675,230. During the year ended December 31, 2018, the Company recorded a convertible promissory note from Kronos Advanced Technologies, Inc. in the amount of \$1,000,000. The note is due on December 31, 2023 and bears interest at 5% per annum. The loan and any accrued interest may be converted into shares of the Kronos's common stock at a rate of 80% multiplied by the average of the three lowest trading price during the previous ten (10) day trading period ending on the latest complete trading day prior to the conversion date. In addition accounts receivable went up from \$100,000 in year ended 2017 to \$233,500 for the year ended 2018, an increase of \$133,500. This increase was mainly due to a supply chain technology services agreement. These amounts were offset due to reductions of the value of our digital currencies from \$101,842 in 2017 to \$6,290 in 2018 and investments which went from \$500,000 in 2017 to \$135,500 in 2018.

Our revenues increased from \$100,000 from the year ended December 31, 2017 to \$476,000 for the year ended December 31, 2018 an increase of \$376,000 as a direct result of revenues earned from blockchain development.

Our expenses decreased from \$2,848,265 for the year ended December 31, 2017 to \$331,552 for the year ended December 31, 2018, a decrease of \$2,516,713 primarily as a result of a reduction of mining activity fees 2017 in which the Company incurred \$2,356,988 as we issued 3,415,924 shares of our common stock, valued at \$2,356,988, as a fee for mining activity performed on our BITCF coin and we incurred \$0 for the year ended 2018, a reduction of \$2,356,988. The mining activity fee in 2017 was a non-recurring event. In addition, we incurred \$374,500 of director fees in 2017 and had incurred \$0 in 2018, a reduction of \$374,500. These reductions were offset by an overall increase in activity resulted in increases in general and administration expense, product development fees, professional fees and sales and marketing expense.

Other income increased from \$415,153 for the year ended December 31, 2017 to \$1,205,102 for the year ended December 31, 2018 an increase of \$789,949. During 2018, we recorded a gain on exchange or acquisition of digital currencies of \$1,000,000. During 2017, we exchange one million WEED coins for five million common shares of Singlepoint and recorded a gain on exchange of \$150,000. We settled amounts payable to our Chief Executive Officer with 2,000 Bitcoin Futures (XBU) and recorded a gain on settlement of \$154,179 in 2017 and in 2018 we settled amounts payable to our Chief Executive Officer with 20,000 Bitcoin Futures (XBU) and recorded a gain on settlement of \$205,102.

#### **Other Financial Disclosure**

Our general and administrative expenses consists of:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Outside Services	24,255	1,495
Office Expenses and Supplies	65,944	1,581
Rent	38,700	0
Regulatory	4,180	17,333
Travel	1,137	6,148
Website	6,773	5,424
<b>Total general and administrative</b>	<b>140,989</b>	<b>31,981</b>

#### **Liquidity and Capital Resources**

As of December 31, 2018, we had cash of \$5,622 compared to \$6,540 as of December 31, 2017. We had working capital of \$1,037,030 at December 31, 2018 (December 31, 2017 - \$(29,552)). During the year ended December 31, 2018, we generated \$197,717 of cash inflow from operating activities (December 31, 2017 – \$147,646). During the year ended December 31, 2018, we used \$32,782 of cash in investing activities due to the purchase of fixed assets and in December 31, 2017 we used \$92,005 for the purchase of kiosks.

We have historically financed our business through management’s advancement of funds or payment our obligations as they come due. Management’s plans include putting into operation our supply management blockchain services being developed through joint ventures. We also plan on exchanging existing digital asset inventories for Bitcoins, other altcoins and common shares of publicly traded companies, raising new capital through equity or debt issuances and potentially curtailing any operations to ensure our company can continue operations.

As of the date of this report, our company has no commitments for capital expenditures.

### **Off-Balance Sheet Arrangements**

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

### **Transactions with Related Parties**

Payable to related parties include \$16,695 due to our company's Chief Executive Officer (December 31, 2017 - \$202,318). During the year ended December 31, 2018, we recognized a gain on settlement of amounts due to our company's Chief Executive Officer of \$205,102 as a result of being settled with 20,000 Bitcoin Futures (XBU) digital currency. During the year ended December 31, 2017, we recognized a gain on settlement of amounts due to our company's Chief Executive Officer of \$154,179 as a result of being settled with 2,000 Bitcoin Futures (XBU) digital currency.

During the year ended December 31, 2017, we issued 350,000 common shares to directors for services and recorded the fair value of the shares, \$374,500, as directors' fees. We did not issue any shares during the year ended December 31, 2018.

### **Changes in Accounting Policy**

Our company adopted IFRS on January 1, 2017, with a transition date of January 1, 2016. Under IFRS 1 First-time Adoption of International Financial Reporting Standards the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities taken to retained

earnings unless certain exemptions are applied. A detailed description of our transition to IFRS is included in Note 16 to the consolidated financial statements for the years ended December 31, 2017 and 2016.

### **Financial Instruments and Other Instruments**

The Company's financial instruments are exposed to certain risks, which include credit risk, liquidity risk and market risks (market price risk).

#### Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Our accounts receivable is due from a single customer and was received subsequent to year end. As such, we considers this risk to be minimal.

#### Liquidity risk

Liquidity risk is the risk that our company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and due to related parties are due within the current operating period. Our company manages liquidity risk through the management of its capital structure.

#### Market risk

Our company is exposed to market risk related to the fluctuation in the market price of our investment. The market price for the investment has experienced significant volatility over the period covered by our consolidated financial statements and we therefore closely monitors the market value of the investment in order to determine the most appropriate course of action.

### **Outstanding Share Data**

Our company is authorized to issue 500,000,000 common shares with a par value of \$0.001 per share.

	Issued and Outstanding	
	At December 31, 2018	At the date of this MD&A
Common shares	301,842,291	301,842,291