

IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended November 30, 2020

Directors and Officers as at January 29, 2021

Directors:

Robert Eadie
Gary Arca
Anders Nilsson
Tanya Lutzke

Officers:

President and CEO – Robert Eadie
CFO & Corporate Secretary – Gary Arca

| | |
|--------------------|------------------|
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| TSX Venture Exchange Symbol: | IMIN-V |
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IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended November 30, 2020

1.1 Date of This Report

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements of iMining Blockchain and Cryptocurrency Inc. (the "Company" or "iMining") for the period ended November 30, 2020. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedar.com.

This MD&A is prepared as of January 29, 2021.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices of cryptocurrencies, operational successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

The Company does not undertake to update or revise any forward-looking statement, except as, and to the extent, required by applicable securities laws. The forward-looking statements contained in this MD&A is expressly qualified by this cautionary statement.

In March 2020 the World Health Organization declared coronavirus **COVID-19** a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

1.2 **Recent Activity**

iMining Re-enters Blockchain/Cryptocurrency Industry Cancels Proposed Change of Business

Management of the Company has decided to cancel its proposed change of business (“COB”) and Letter of Intent (“LOI”) announced in October, 2020, as outlined below. The Company is re-entering the blockchain and cryptocurrency industry to implement practical cryptocurrency and related blockchain applications and, as such, is pursuing its original business plan in the blockchain and cryptocurrency space.

The Company had entered into an LOI to acquire a 100% interest in various gold and silver properties in New South Wales, Australia (the “Properties”). The deadline to finalize the proposed transaction to acquire the Properties expired on December 31, 2020 and was not renewed. “COVID protocols in New South Wales severely impeded our ability to conduct our site visitations and perform our due diligence on the Properties,” said Gary Arca, then Interim President of iMining. “Any effort to access and perform work on the key properties was blocked by the COVID restrictions and made it difficult to complete a 43-101 report in a timely manner. The resulting delays were not acceptable to the Company and were not in the best interest of our shareholders.” The funds advanced as a refundable deposit towards the proposed transaction of \$150,000 have been refunded to the Company.

As the Company is not proceeding with the proposed acquisition of the Properties, Mr. Robert Eadie has been invited to rejoin the Board as a director and has been re-appointed President & CEO.

Pursuant to the cancellation of the COB, the TSX Venture Exchange (the “Exchange”), in reviewing the Company’s status prior to resumption of trading, has determined that the Company does not meet the Continued Listing Requirements (“CLR”) as a Tier 2 Issuer due to deficiencies in the criteria of Activity and Assets in the prior financial year. The Exchange has advised that the Company will be placed on notice to transfer to NEX with a deadline to meet CLR by no later than 90 days from the date its shares resume trading. Shares of the Company resumed trading on January 22, 2021.

Private placement

Pursuant to the Company resuming its business in the blockchain and cryptocurrency industry, the Company has proposed a private placement of up to \$2,000,000 (the “Financing”) through the issuance of up to 20,000,000 units (the “Units”) is priced at \$0.10 per Unit. Each Unit will be comprised of one common share and one-half of one common share purchase warrant (“Warrant”), with each whole Warrant entitling the holder to purchase one common share of iMining at a price of \$0.15 per share for a period of 2 years, provided that in the event the closing price of the Company’s Shares is equal to or greater than \$0.45 per share for 20 consecutive trading days, the Company may, by notice to the Warrant holders (which notice may be by way of general news release), reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice.

The proceeds of the private placement will be budgeted as follows:

| | |
|---|--------------|
| • Acquisition of cryptocurrency investment assets | \$ 1,100,000 |
| • Acquisition of infrastructure assets | 200,000 |
| • Operations | 240,000 |
| • G & A for 12 months | 180,000 |
| • Financing costs, filing fees and commission | 160,000 |
| • Working capital | 120,000 |
| Total | \$2,000,000 |

Finders' fees may be payable on this financing and the financing is subject to regulatory approval.

1.3 Description of Business

The Company was incorporated in the Province of British Columbia on June 1, 2007 under the Business Corporations Act of British Columbia. The Company completed a change of business transaction on the TSX Venture Exchange (the "Exchange") (see Section 1.5.1 *Cryptocurrency Mining* below) on April 17, 2018 and changed its name from Parlane Resource Corp. to iMining Blockchain and Cryptocurrency Inc. The Company is listed on the Exchange, having the symbol IMIN-V as a Tier 2 issuer and is a blockchain and cryptocurrency company (see also www.sedar.com for the Company's Filing Statement filed on April 6, 2018).

1.4 Selected Annual Information

The highlights of financial data for the Company's three most recently completed year-ends are as follows:

| | May 31, 2020 | May 31, 2019 | May 31, 2018 |
|---------------------------------------|--------------|--------------|--------------|
| (a) Revenues | \$ - | \$ 304,420 | \$ 28,526 |
| (b) Total other income (losses) | - | (896,536) | 796,485 |
| (c) Total expenses | (153,919) | (337,021) | (534,137) |
| (d) Net profit/ (loss) | (861,981) | (3,985,447) | 192,959 |
| (e) Income (loss) per share | | | |
| – basic and diluted | (0.03) | (0.14) | 0.01 |
| (f) Total assets | 16,012 | 806,180 | 4,718,034 |
| (g) Total long-term liabilities | Nil | Nil | Nil |
| (h) Cash dividends declared per share | Nil | Nil | Nil |

1.5 Results of Operations

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the November 30, 2020 unaudited financial statements of the Company and notes attached thereto.

1.5.1 Cryptocurrency Mining

During the year ended May 31, 2018, the Company acquired 500 S9 Antminer rigs (the "Rigs") at a cost of US\$2,000,000 and engaged a Provider to set-up, host and operate the cryptocurrency mining activities for 24

months to May 2020. In November, 2018, the Company suspended operation of its Rigs due to the market downturn in cryptocurrency values and, subsequently, the Rigs were determined to have no economic value and were written down to \$1. The Company subsequently abandoned the Rigs in the period ended November 30, 2020 and, as a result, believes there are no further commitments owing by the Company to the operator.

1.6 Results of Operations

The expenses relating to the loss for the period ending November 30, 2020 of \$88,802 and for the loss for the comparative period ended November 30, 2019 of \$91,327 are as follows:

| For the six months ended November 30, | 2020 | 2019 | Variance |
|---------------------------------------|--------------------|-------------|----------|
| <i>Expenses:</i> | | | |
| Accounting and audit fees | (12,159) | (11,708) | (451) |
| Foreign exchange loss | (47) | (871) | 824 |
| Legal and corporate services | (20,090) | (16,682) | (3,408) |
| Finance cost | (334) | (314) | (20) |
| Management services | (29,079) | (33,982) | 4,903 |
| Consulting fees | (4,585) | (1,124) | (3,461) |
| Office, rent and administration | (7,074) | (12,431) | 5,357 |
| Shareholder communications | (5,848) | (3,599) | (2,249) |
| Transfer agent and filing fees | (9,586) | (10,616) | 1,030 |
| Total Expenses | (88,802) | (91,327) | 2,525 |
| Net loss for the period | \$ (88,802) | \$ (91,327) | \$ 2,525 |

During the current period, the Company incurred slightly lower corporate overhead expenses, compared to the comparative period. The most significant decrease was in Office, rent and administration and management services, due to mining operations having been ceased since the year ending May 31, 2019.

Financings, Principal Purposes & Milestones

The Company completed a non-brokered private placement in August 2020. The Company issued 9,372,000 units at \$0.05 per unit for gross proceeds of \$468,600. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant (“unit warrant”) entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of 2 years.

The Company incurred finders’ fees in connection with the non-brokered private placement. The Company paid \$35,088 and issued 350,880 finders’ warrants, which were valued at \$10,697 using the Black Scholes model. Finders’ warrants have the same exercise terms as the unit warrants.

Investor Relations Activities

During the period ended November 30, 2020, the Company responded directly to investor inquiries.

1.7 Summary of Quarterly Results

The following is a summary of the Company's financial results for the most recent eight quarterly periods:

| | Q2 <u>30-Nov-20</u> | Q1 <u>31-Aug-20</u> | Q4 <u>31-May-20</u> | Q3 <u>29-Feb-20</u> |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Revenue: | \$ - | \$ - | \$ - | \$ - |
| Net Loss: | | | | |
| Total | \$ (52,298) | \$ (36,504) | \$ (739,706) | \$ (30,948) |
| Per share – basic and fully diluted | \$ (0.00) | \$ (0.00) | \$ (0.03) | \$ (0.00) |

| | Q2 <u>30-Nov-19</u> | Q1 <u>31-Aug-19</u> | Q4 <u>31-May-19</u> | Q3 <u>28-Feb-19</u> |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Total Revenue: | \$ - | \$ - | \$ - | \$ - |
| Net Gain (Loss): | | | | |
| Total | \$ (46,333) | \$ (44,994) | \$ 1,336 | \$ (1,877,566) |
| Per share – basic and fully diluted | \$ (0.00) | \$ (0.00) | \$ 0.00 | \$ (0.06) |

Discussion

For the discussion of results for the period ended November 30, 2020, see Section 1.6 *Results of Operations*.

1.8 Liquidity and Capital Resources

In management's view, given the nature of the 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 extent to which it can start its mining operations. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

As at November 30, 2020, the Company had \$98,044 in cash and a working capital of \$91,540. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, if management believes that additional funds are required, there is no assurance it will be able to raise funds in this manner in the future.

1.9 Off Balance Sheet Arrangements

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

1.10 Transactions with Related Parties

The following is a summary of charges incurred by the Company with related parties:

| For the period ended November 30, | 2020 | 2019 |
|--|------------------|------------------|
| Accounting fees | \$ 9,000 | \$ 3,000 |
| Management services | 28,000 | 30,000 |
| Office, rent and administration | 6,000 | 6,000 |
| Total | \$ 43,000 | \$ 39,000 |

During the period ended November 30, 2020, the Company incurred expenses of \$43,000 (2019 - \$39,000) from companies controlled by officers of the Company.

Included in accounts payable at November 30, 2020 is \$134,400 (May 30, 2020 - \$219,671) due to officers of the Company and to a company controlled by an officer. These balances are in respect of management activities and reimbursable expenses.

1.11 Changes in Accounting Policies and upcoming policies not yet effective

The Company continues to evaluate new and amended standards but currently no material impact is expected as a result of adoptions of new and amended standards.

1.12 Second Quarter

The second quarter November 30, 2020 results are similar to the previous quarter. See Review discussion in Section 1.6 – Results of Operations.

1.13 Financial and Other Instruments

a) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's financial instruments are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's financial instruments, the Company is exposed to interest rate price risk. The Company's exposure to interest rate fluctuations is minimal.

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2020. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

b) 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 is exposed to credit risk with respect to its cash, the balance of which at November 30, 2020 is \$98,044 and advance to Future Farm. Cash is held at a chartered Canadian financial institution, and the Company has recognised an allowance against the full amount of the Future Farm advance, accordingly management believes credit risk is minimal.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at November 30, 2020 the Company was holding cash of \$98,044. The Company's trade and other payables are due in the short term. As at November 30, 2020, the Company had a working capital of \$91,540. The Company may not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year.

1.14 Disclosure of Outstanding Share Capital as at January 29, 2021:

| | Number | Book Value |
|---------------|------------|--------------|
| Common Shares | 38,458,265 | \$ 8,622,428 |

The Company has the following outstanding warrants exercisable to purchase one common share for each warrant held:

| <u>Number of Warrants</u> | <u>Exercise Price</u> | <u>Expiry Date</u> |
|---------------------------|-----------------------|--------------------|
| 520,000 | \$0.30 | December 7, 2021 |
| 4,736,880 | \$0.10 | August 17, 2022 |
| 300,000 | \$0.10 | August 20, 2022 |
| 5,556,880 | | |

1.15 Approval

The Board of Directors has approved the disclosure contained in this MD&A.