ETHER CAPITAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve month period ended December 31, 2019

The purpose of this Management's Discussion and Analysis ("MD&A") is to help the reader understand and assess the material changes and trends in Ether Capital Corporation (the "Company", "Ether Capital", "we" or "us"), (formerly Movit Media Corp.) ("Movit"), results and financial position. It presents management's perspective on the Company's current and past activities and financial results, as well as an outlook on planned activities.

This MD&A is as of March 25, 2019 and reflects the results of operations and financial position for the three and twelve month periods ended December 31, 2019. This MD&A should be read in conjunction with the consolidated financial statements and accompanying notes for the period from January 1, 2019 to December 31, 2019 (the "Financial Statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted.

Caution on Forward-Looking Information

This MD&A may contain forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements, if and when made, include projections or estimates made by the Company and its management as to the Company's future objectives and business operations. Forward-looking statements include all disclosures regarding possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. The Company cautions the reader not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Often, but not always, forward-looking statements can be identified by the use of words or phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", "believes", and similar expressions or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved, and may be based on management's current assumptions and expectations related to all aspects of the Company's business, industry and the global economy.

Forward-looking statements relate to, among other things, executing on the Company's strategic plan. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions. Readers are cautioned not to place undue reliance on forward-looking information. Additional information identifying risks and uncertainties relating to the Company's business and the Transaction (as such term is defined below) are outlined in the Company's Annual Information Form dated March 25, 2020 and its other filings available on-line at www.sedar.com. Additional information on the Company is available on its website at www.ethcap.co. All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

Non-IFRS Measures

The MD&A includes non-IFRS measures, including basic and diluted loss per share before unrealized loss on digital intangible assets, and price ranges disclosed for MKR, that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company believes that these financial measures provide information that is useful to investors in understanding the Company's performance and facilitate comparison of quarterly and full year results from period to period. Information provided on market prices and ranges related to MKR tokens are not considered to be IFRS measures and are not appropriate for accounting purposes under IFRS for purposes of measuring asset these values as currently this market is not considered active or reliable for purposes of valuing these assets. Descriptions of these non-IFRS measures and reconciliation to or disclosure of the nearest IFRS measures, where necessary, are provided in the MD&A.

1.1 OVERVIEW

1.1.1 The Company

Ether Capital Corporation (the "Company"), formerly Movit Media Corp. ("Movit"), is incorporated under the laws of the Province of Ontario, Canada. The Company is the resulting entity following a reverse takeover transaction (the "Transaction") between Movit, Ethereum Capital Inc. ("Ethereum Capital") and 2617564 Ontario Inc. completed on April 18, 2018. Ethereum Capital Inc. was incorporated on January 11, 2018. The consolidated financial statements are a continuation of the financial statements of Ethereum Capital. The registered office and head office of the Company is located at 130 Adelaide Street West, Suite 3100, Toronto, Ontario M5H 3P5.

The Company's common shares and common share purchase warrants are listed on the Aequitas NEO Exchange Inc. (the "NEO Exchange") under the symbol "ETHC" and "ETHC.WT", respectively.

Ether Capital provides public market investors access and exposure to Ethereum and decentralized ("Web 3") technologies. Ether Capital's business strategy is to become the central business and investment hub of the Ethereum and Web 3 ecosystem.

As Phase 1 of its business strategy, the Company acquired the native Ethereum crypto-asset known as Ether, a digital intangible asset, and, as at December 31, 2019, held 34,208 Ether, the fair value of which was $7.0 million. As Ether is the commodity-like fuel used to access the Ethereum network and broadcast transactions, the Company believes it is important to own as demand picks up for use cases that may become prevalent in the months and years to come.

Phase 2 of the Company's strategy is to invest in projects, protocols, technologies and businesses that leverage the Ethereum ecosystem and Web 3 technologies. The Company's holdings in MKR tokens and Wyre, Inc. ("Wyre") are reflective of the Company's ongoing Phase 2 investment efforts.

The Company currently holds 2,300 MKR, which is a digital intangible asset that is the governance token of MakerDAO ("Maker"). Maker is a decentralized credit platform built on Ethereum in which collateral is leveraged to produce a stablecoin. Maker uses a dual token model: (1) the Dai token: a stablecoin whose value is pegged at approximately US$1.00 and (2) the MKR token: a token that provides voting and governance rights over the Maker platform and whose value derives from fees to use the credit system. As at December 31, 2019, based on information from CoinMarketCap, the value of the Company's MKR tokens was $1.3 million, which represents a non-IFRS (see "Non-IFRS Measures"). The carrying value of the Company's MKR assets, classified as digital intangible assets, is recorded at cost and tested for impairment at each reporting period. As at December 31, 2019 the carrying amount is $1.3 million.

The Company currently holds a minority interest Wyre, a cryptocurrency exchange and technology platform based in San Francisco, California that is focused on building compliant fiat-to-crypto on and off ramps. In connection with the Company's investment in Wyre, it was granted a board observer position on Wyre's Board of Directors. As at December 31, 2019, the fair value of the Company's minority interest in Wyre was $2.0 million.

Ether Capital is pursuing a long-term business model built on three pillars: (i) asset management through holdings of Ether and tokens or equity of other projects, (ii) technology development aimed at decentralized application adoption, and (iii) ancillary blockchain services that generate income from passive assets.

The Company's investment thesis is guided by a view of the development of the Ethereum and Web 3 ecosystem over the next few years. Before mass use and adoption of the Ethereum platform can occur, the Company believes that several challenges need to be addressed. These include (i) the lack of a decentralized stable unit-of-account, (ii) inefficient fiat-to-crypto onramps, and (iii) insufficient blockchain scaling. The Company's investment in Maker, as a credit platform that produces a stablecoin, is representative of the Company's strategy to address the challenge of a decentralized stable unit-of-account. The Company's investment in Wyre is representative of the Company's strategy to address inefficient fiat-to-crypto onramps. The Company's investment and technology development efforts are focused on projects that address these important challenges. Such investment and development efforts are currently subject to the Company's ability to raise additional capital or monetize portions of its Ether balance.

1.1.2 Highlights of the Year

Key milestones and announcements that occurred during the twelve month period ended December 31, 2019:

- ***Ether Capital Completes Capital Raise***: On February 7, 2019, the Company completed its non-brokered private placement of 2,208,875 units of the Company ("Units") for gross proceeds of approximately $1.1 million (the "Offering"). The offer price ("Offer Price") was $0.48 per Unit, which reflected the net asset value ("NAV") of the Company on January 18, 2019 ("Pricing Date") plus a pro-rata allocation of the expenses of the Offering. Each Unit is comprised of one common share of the Company (a "Common Share") and one common share purchase warrant of the Company (a "Warrant"). The final terms of the Warrants entitle a holder of a Warrant to purchase one Common Share at an exercise price of $0.48 prior to 5:00 p.m. (Eastern time) on February 6, 2021. The Company announced that it intended to use the proceeds from the Offering to fund working capital and for general corporate purposes including investment opportunities.

- ***Ether Capital Re-Asserts Importance of Governance and Security Practices***: On February 19, 2019, the Company highlighted and re-affirmed the importance of governance and security practices it had maintained since its inception specifically in light of news in the sector including a creditor protection filing by Quadriga CX, a major Canadian cryptocurrency exchange. The Company noted that the structure of its operations reflected what it considered to be best practices seeking to mitigate the specific risks that come with the custody of cryptocurrencies, including a multi-signature self-custody solution where cryptocurrencies are controlled by the directors of the Company as a group.

- ***Ether Capital Invests in MakerDAO***: On March 14, 2019, the Company made a US$1.0 million investment in MKR, the governance token of MakerDAO ("Maker"). Maker is a decentralized credit platform built on Ethereum in which collateral is leveraged to produce a stablecoin. Ether Capital purchased 2,300 MKR tokens from the Maker Ecosystem Growth Foundation (the "Maker Foundation") in exchange for 7,374 Ether ("ETH").

1.2 RESULTS OF OPERATIONS

Financial Position:

At December 31, 2019 the Company had:

- Total assets of $9.3 million; total liabilities of $0.3 million and a working capital surplus of $0.1 million.
- Accumulated deficit of $36.4 million, the majority of which represents a non-cash unrealized loss on the value of Ether.

Based on information from CoinMarketCap, during the three month period ended December 31, 2019, Ether has ranged in price from a low of US$104.54 to a high of US$336.75, and as of the date of this MD&A is trading at approximately US$136.43 per Ether. The 24-hour trading volume, which includes transfers from fiat currency to cryptocurrency as well as transfers between cryptocurrencies, during the period ended December 31, 2019 has ranged from a low of US$2.2 billion to a high of US$18.7 billion but has generally been in the US$7.0 billion per day range. As of the date of this MD&A, the total value of the Ether held by the Company was $6.5 million.

Based on information from CoinMarketCap, during the three month period ended December 31, 2019, MKR has ranged in price from a low of US$369.93 to a high of US$787.95, and as of the date of this MD&A is trading at approximately US$281.41 per MKR. The 24-hour trading volume, which includes transfers from fiat currency to cryptocurrency as well as transfers between cryptocurrencies, during the period ended December 31, 2019 has ranged from a low of US$0.1 million to a high of US$48.0 million but has generally been in the US$4.8 million per day range. As a reliable and active market does not currently exist for MKR, the price ranges disclosed are considered to be non-IFRS measures and are provided for information purposes and have not been applied in the valuation of the MKR digital assets reported in the consolidated financial statements as at December 31, 2019. Under IFRS, these digital intangible assets are recorded at initial cost and when indicators of impairment exist, the carrying value is tested for impairment. See "Non-IFRS Measures."

Volatility of price and trading volume of Ether and MKR remains elevated relative to levels seen in other asset classes, such as stocks and bonds, and the Company expects this volatility to persist for cryptocurrencies, in general, and for both Ether and MKR, specifically.

Revenue

For the year ended December 31, 2019, the Company reported revenue of $96,010 from services income as well as interest earned on cash deposits compared to $84,665 from interest for the period ended December 31, 2018.

Operating Expenses

For the period ended December 31, 2019, operating expenses were $1,566,644. The expenses during the period were driven by the net change in unrealized gain on fair value remeasurement of digital intangible assets of $5,495,864, realized loss on digital intangible assets of $5,873,936 but also included salaries, benefits and professional fees of $520,798 and insurance of $251,775.

Below is a summary of key financial measures:

Financial Measures	For the period from incorporation on January 11, 2018 to March 31, 2018 (as adjusted) [2]	Quarter ended June 30, 2018 (as adjusted) [2]	Quarter ended September 30, 2018 (as adjusted) [2]	Quarter ended December 31, 2018(as adjusted) [2]	Quarter ended March 31, 2019	Quarter ended June 30, 2019	Quarter ended September 30, 2019	Quarter ended December 31, 2019
Revenue	$38,630	$31,709	$7,027	$45,919	$2,418	$91,611	$1,197	$784
Operating expenses excluding loss on digital intangible assets	$60,224	$3,533,888	$901,815	$878,917	$594,515	$565,240	$439,794	($410,977)
Unrealized gain (loss) on digital intangible assets	$-	($12,766,461)	($12,759,879)	($4,474,212)	($5,540,461)	$7,706,864	$5,817,369	($13,479,636)
Realized loss on digital intangible assets	$-	$-	$-	$-	$5,212,403	$-	$179,285	$482,248
Operating expenses	$60,224	$16,300,349	$13,661,694	$5,354,134	$266,457	($7,141,624)	$6,436,448	$1,627,291
Filing and listing fees	$22,500	$2,762,675	$7,908	$54,279	$123,094	$59,960	$9,080	$5,417
Net gain (loss)	$21,595	$16,300,349	$13,654,667	$5,276,506	$264,039	$7,233,235	($6,435,251)	($683,951)
Net loss before unrealized gain (loss) on digital intangible assets	$21,595	$3,502,325	$894,788	$834,002	$692,097	$473,629	$617,882	($683,951)
Basic weighted average shares outstanding	8,677,778	17,268,631	20,776,251	20,776,251	22,077,033	22,985,126	22,985,126	22,985,126
Diluted weighted average shares outstanding	8,677,778	17,268,631	20,776,251	20,776,251	22,077,033	22,985,126	22,985,126	22,985,126
Basic net income (loss) per share	($0.00)	($0.94)	($0.66)	($0.25)	($0.01)	$0.31	$0.28	($0.06)
Diluted net income (loss) per share	($0.00)	($0.94)	($0.66)	($0.25)	($0.01)	$0.31	$0.28	($0.06)
Basic net income (loss) per share before unrealized gain (loss) on intangibles[1]	$0.00	$0.20	$0.04	$0.04	$0.03	$0.02	$0.02	($0.01)
Diluted net income (loss) per share before unrealized gain (loss) on intangibles[1]	$0.00	$0.20	$0.04	$0.04	$0.03	$0.02	$0.02	($0.01)
Total assets	$44,917,905	$29,101,776	$14,781,393	$10,002,363	$10,954,134	$18,122,491	$11,956,219	$9,322,984
Total liabilities	$39,277	$1,268,344	$375,148	$873,761	$912,383	$747,841	$886,889	$317,058
Shareholders' equity	$44,878,627	$27,833,432	$14,406,245	$9,128,602	$10,041,751	$17,374,650	$11,069,330	$9,005,924
Working capital surplus (deficit)	$44,878,628	$3,022,894	$2,356,467	($450,982)	$134,568	($197,547)	($444,089)	$85,232

(1) See non-IFRS Measures. Basic and diluted loss per share before unrealized loss on digital intangible assets are non-IFRS measures and are not a substitute for the IFRS measures basic and diluted loss per share. These non-IFRS measures are computed by adding back the non-cash unrealized loss on the re-measurement of digital intangible assets in the determination of loss per share to provide the reader with additional information on the loss per share from operating activities.

(2) These key financial measures have been adjusted to reflect the impact of commodity taxes being expensed in the respective period. As a result, operating expenses have been increased by $156,727, $13,785 and $22,184 for the quarter ended June 30, 2018, September 30, 2018 and December 31, 2018 respectively.

1.3 LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2019, the Company had a working capital surplus of $0.1 million.

The Company continues to pursue ongoing cost management and has forecast the need to raise additional capital or monetize a portion of its Ether balance to fund its operations and execute its business strategy. Please refer to the Going Concern Risk in section 1.6.6 of this MD&A as well as note 2(b) and note 14 Subsequent Events of the audited financial statements of the Company for the year ended December 31, 2019.

1.4 FINANCIAL AND OTHER INSTRUMENTS

Aside from the Company's holding in Wyre, which is carried at fair value under an FVOCI measurement elected in accordance with IFRS 9, the Company's financial instruments consist of cash and accounts payable and accrued liabilities and, unless otherwise noted, 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 values of such financial instruments approximate their carrying values due to the short-term or demand nature of the instruments.

1.5 ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Please refer to note 3 of the consolidated financial statements for the year ended December 31, 2019 for full disclosure of all other significant accounting policies and critical accounting estimates.

1.6 ADDITIONAL DISCLOSURES

1.6.1 Off-Balance Sheet Arrangements

No off-balance sheet arrangements were made in this reporting period.

1.6.2 Related Party Transactions

Through the relation of Som Seif being the CEO of Purpose LP as well as the Chairman & Co-CIO of Ether Capital, it is determined that Purpose LP is a related party. The Company has also entered into a services agreement with Purpose LP in order for the Company to receive accounting, tax, financial reporting, administrative, human resources, information technology, legal, management and product services from Purpose LP. During the period Ether Capital paid Purpose LP $110,278 (2018 - $222,382) including amounts that were direct cost reimbursements and general administration service fees, which are included in other general & administrative cost. As at December 31, 2019, Ethereum Capital had a balance outstanding of $9,595 (2018 - $71,508) under the services agreement with Purpose LP and as direct cost reimbursements. In addition, during the year ended December 31, 2019 the Company provided consulting services to a related party of Purpose LP of $89,100.

Through the relation of Benjamin Roberts being the CEO of Citizen Hex as well as the Co-CIO and a Director of Ether Capital, it is determined that Citizen Hex is a related party. The Company has also entered into a services agreement with Citizen Hex, to help develop and implement crypto asset custody procedures at the direction of the Company, consult on blockchain security, provide crypto asset exchange and investment analysis and provide due diligence and trade execution support. During the period Ether Capital has paid Citizen Hex $nil (2018 - $8,050). To date the amounts paid to Citizen Hex relate to direct cost reimbursement, in particular travel expenses included in marketing & investor relations on the consolidated statements of net loss and comprehensive loss), and no fees have been paid or incurred by Ether Capital under the services agreement with Citizen Hex.

On June 19, 2019, the issuance of 400,000 common shares of the Company to settle $400,000 of indebtedness to certain directors relating to accrued directors' fees, was passed as an ordinary resolution of the shareholders of the Company. Subsequent to the shareholders' approval, the board of directors of the Company determined that it would be in the best interests of the Company to satisfy the indebtedness through the issuance of options in lieu of the common shares. On November 12, 2019, the board of directors of Company approved the issuance of 400,000 options to settle such indebtedness. Such options were issued on December 16, 2019 pursuant to the Company's stock option plan at an exercise price of $0.35 under vesting terms described in the stock option plan.

1.6.3 Outlook and Growth Strategy

The Company is focused on pursuing selective investments in projects, protocols, technologies and businesses that leverage the Ethereum ecosystem and Web 3 technologies. Through its highly experienced Board of Directors, Advisory Board and management team, Ether Capital sees a strong opportunity pipeline to invest in industry-shifting disruptive technologies. However, the Company's investment strategy will be implemented based on its ability to fund future investments, which is dependent on raising additional capital or monetizing portions of its Ether balance. See Liquidity and Capital Resources above. See Risk Factors - *COVID-19 Outbreak* below.

1.6.4 Outstanding Share Data

As at December 31, 2019:

- Authorized share capital – unlimited common shares, with no par value.
- 22,985,126 common shares issued and outstanding.
- 1,490,754 stock options outstanding.
- 2,260,075 common share purchase warrants.

1.6.5 Dividend Policy

To date, the Company has neither declared nor paid any dividends, nor does the Company anticipate that dividends will be declared or paid in the foreseeable future. Rather, the Company intends to retain any earnings to finance its operations as well as future growth and development. Any future payment of cash dividends will be dependent upon, amongst other things, the Company's future earnings, financial condition, capital requirements, and such other factors as the board of directors may deem relevant at that time.

1.6.6 Board of Directors

As of the date of this MD&A, the Company's board of directors consists of Stefan Coolican, Camillo di Prata, Liam Horne, Joey Krug, Colleen McMorrow, Brian Mosoff, Benjamin Roberts, John Ruffolo, Som Seif, and Boris Wertz.

1.6.7 Risk Factors

The following risks should be considered when evaluating the Company's business and prospects:

General Investment Risk

An investor's return on investment in the Company will vary directly with the Company's market value, which in turn relies on numerous factors, including, but not limited to, its financial condition and operating results and, at this time, the value of Ether and MKR, as well as its equity interest in Wyre, that it currently holds.

No Guaranteed Return

There is no guarantee that an investment in the Company will earn any positive return. An investment in the Company is risky and highly speculative and should be considered only by persons who can bear the risk of losing all of their investment in the Company.

Limited Operating History

Although all persons involved in the management of Ether Capital have significant experience in their respective fields of specialization, Ether Capital has a limited operating or performance history upon which prospective investors can evaluate the Company's likely performance. There can be no assurances that the Company will earn profits in the future or that any profitability will be sustained.

Going Concern Risk

Ether Capital has undertaken to identify when events or conditions indicate that significant doubt may exist about the Company's ability continue as a going concern. Significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that it is probable that the Company will not be able to meet its obligations as they become due for a period at least twelve months from the statement of financial position date. Ether Capital believes that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. However, if the price of Ether continues to decline, the Company may not be able to meet its business and investment objectives. While the Company holds some illiquid investments, it still holds a significant amount of Ether which it considers to be sufficiently liquid to convert to cash for operating purposes. The Company anticipates the need to raise additional capital or monetize a portion of its Ether balance to fund its operations and execute its business strategy. If the price of Ether begins to trade in the $30 USD to $50 USD range, the Company may be unable to continue as a going concern and therefore may be required to realize its assets and discharge its liabilities other than in the normal course of business.

Reliance on Management, the Board of Directors and Track Record

The success of the Company, including sourcing and closing on investment opportunities, is dependent upon the skill, judgment, industry relationships and expertise of the board of directors and management. The loss of a director or of a key person of management may materially and adversely affect the business of the Company. There can be no assurance that these individuals will continue to be employed by or remain involved with the Company for a particular period of time. Recruiting and retaining highly qualified personnel is critical to the success of the Company.

Changes in Applicable Law

Changes in applicable laws, regulations or taxation arrangements, including those relating to blockchain technologies and crypto assets, which may occur at any time, may materially and adversely affect the Company's business strategy.

Focused Investment Strategy

The Company is focused on investments related to the Ethereum ecosystem and Web 3 technologies. The specific investment focus is inherently more risky than traditional investments and could cause the Company to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences when compared with a company that has a more mature business model. In addition, as materials made available to the Company in the course of its due diligence process relating to potential investment opportunities will generally not be available to investors as such, investors will generally be unable to ascertain the merits or risks of any particular target business' operations.

Access to Funding

The Company may require additional capital and financing to fund future operations or to fulfill its obligations under future agreements and execute on its business strategy. There are no assurances that the Company will have access to sufficient funding for such purposes or on satisfactory terms.

Potential Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies, or may have significant investment positions or shareholdings in other projects, protocols or companies including those in the same sector as Ether Capital. Situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company's interests. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' fiduciary duties.

Liquidity of Shares

The Company's common shares are relatively illiquid due to low trading volumes and, as such, the market price of such shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as interest rate changes or international currency fluctuations, may adversely affect the market price of the Company's common shares, even if we are successful in maintaining revenues, cash flows or earnings. In addition, this illiquidity and fluctuation in market price may adversely affect the Company's ability to raise additional funds through the issuance of common shares.

The following risks are associated with investments in Ethereum and blockchain technologies and should be considered:

Speculative and Volatile Nature of Ether

To date, the Company has deployed most of the capital it has raised into Ether. The price of Ether is subject to significant volatility. In addition, there is no guarantee that the Company may be able to sell its Ether at prices quoted on various cryptocurrency trading platforms or at all if it determines to do so. In addition, the supply of Ether is currently controlled by the source code of the Ethereum platform, and there is a risk that the developers of the code and the participants in the Ethereum network could develop and/or adopt new versions of the Ethereum software that significantly increase the supply of Ether in circulation, negatively impacting the trading price of Ether. Any significant decrease in the price of Ether may materially and adversely affect the Company and the value of the Company's shares.

Speculative and Volatile Nature of Blockchain

The participation and investment in blockchain, Web 3 technologies (including Ethereum) and digital assets are speculative activities as these are relatively new sectors involving a high degree of financial risk. The price and value of blockchain technologies and digital assets have historically been subject to dramatic fluctuations and are highly volatile, which may materially and adversely affect the Company. The Company's business plan depends upon the growth and adoption of blockchain and Web 3 technology generally and Ethereum in particular. If industry participants determine that Ethereum is not an effective protocol, due to security risks or other shortcomings, or if another technology emerges which is superior to Ethereum, then it is highly likely that the value of the Company's assets, which are primarily held in Ether, will fall and could become worthless.

Development of the Ethereum Platform

The Ethereum platform is an open source project being developed by a network of software developers, including Vitalik Buterin. Mr. Buterin or another key participant within the core development group could cease to be involved with the Ethereum platform. Factions could form within the Ethereum community, resulting in different and competing versions of Ethereum being adopted by network participants. Furthermore, network participants running the Ethereum software may chose not to update their versions of the software, resulting in different versions of the Ethereum software running on the network. Any of the foregoing developments could have a significant negative impact on the viability and overall health of the Ethereum platform, the value of Ether and the Company's business model and assets.

In particular, the Ethereum network is anticipated to shift from the use of a proof of work validation model to a Proof of Stake model. The current proposal for Ethereum's shift to Proof of Stake has a number of unknown variables, including uncertainty over timing, execution and ultimate adoption; and there is not yet a definitive plan that is established and approved. If the Company cannot successfully anticipate and react to the impacts of this shift, its business and results of operations may be adversely affected.

Functioning of Cryptocurrency Trading Platforms

The Company has acquired Ether and MKR, and may acquire additional Ether, MKR or other crypto-assets in the future. The Company expects to acquire crypto-assets on liquid, regulated exchanges with robust anti-money laundering ("AML") and know-your-client ("KYC") policies and procedures. However, there are no assurances that cryptocurrency trading platforms on which the Company transacts will continue to operate effectively, maintain adequate liquidity or that their AML and KYC policies and procedures will be effective, which could negatively impact the Company and its ability to acquire or sell Ether and other crypto-assets.

Period of Cryptocoin Speculation

The market prices of Ether, Bitcoin and other cryptocurrencies have been subject to extreme fluctuations and have depreciated significantly since the date of the Transaction. Nevertheless, some market participants believe that cryptocurrencies remain overvalued.

Regulation of Blockchain & Crypto-Assets

The regulatory and legal regimes governing blockchain technologies and digital assets across the globe are uncertain and evolving, and new regulations, protocols or policies, including a change of laws, potential bans or restrictions on the trading of crypto-assets, may materially and adversely affect the Company.

Uncertainty Regarding the Growth of Blockchain and Web 3 Technologies

The further development and use of blockchain, Web 3 technologies and digital assets are subject to a variety of factors that are difficult to evaluate and predict. The slowing of or stopping of the development or acceptance of blockchain networks, specifically Ethereum, and blockchain assets would have a material adverse effect on the Company. Furthermore, blockchain and Web 3 technologies, including Ethereum, may never be implemented to a scale that provides identifiable economic benefit to blockchain based-businesses, including the Company.

Security Risks

Several security risks may adversely affect the Company. Blockchain, Web 3 technologies and digital assets are at risk of cyber-security breaches and attacks. Accordingly, the Company and the projects, protocols and businesses that it may invest in are subject to these threats. Furthermore, the Company's information technology and infrastructure may be vulnerable to security breaches and cyber-attacks or breaches due to employee error, malfeasance or other disruptions. The Company holds crypto-assets through self-custody which includes various security measures. Despite all reasonable security measures being introduced by the Company, if the credentials to a digital wallet are lost, stolen or destroyed, the crypto-assets are not recoverable and would be lost by the Company.

Competition Risks

Because there may be other companies with a business plan similar to the Company seeking to effectuate similar investments, the Company faces significant competition in the blockchain and digital asset sectors. The Company's competitors may include other acquisition vehicles and major blockchain based-businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

Sourcing of Investments
Ether Capital depends on its senior management and directors to source suitable investment opportunities for the Company. In addition, the Company encounters competition for such investment opportunities from other entities having similar business objectives including private investors, pension funds and private equity firms and such competition may impact the Company's ability to close on an investment as well as the purchase price for any such investment. There is no assurance that the Company will be able to source suitable investment opportunities or that it will be able to do so at an appropriate price.

Although Ether Capital conducts considerable due diligence on potential investments, the presence of one or more material liabilities that are unknown to Ether Capital at the time of investment, or the materialization of one or more material risks after the time of investment, could lead to a loss of value of such investment and, in turn, have a material adverse effect on the business, results of operations, prospects and financial condition of the Company.

In addition, there can be no assurance that the Company's existing investments, including its investments in Wyre and MKR, will be successful. To the extent that the Company experiences a loss of value in these investments, the Company's market value will accordingly decrease.

COVID-19 Outbreak

In December 2019, the 2019 novel coronavirus (COVID-19) surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak, then characterized it as a pandemic on March 11, 2020. The outbreak has spread throughout Europe, the Middle East, Canada and the United States, causing companies and various governments to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and the measures taken by companies and governments to combat the coronavirus have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of Ether. At this point, the extent to which the coronavirus may impact, or may continue to impact, the market price of Ether and, in turn, the market price of our common shares, is uncertain and cannot be predicted. There is no assurance that the outbreak will not have a material adverse impact on the realizable value of assets and future results of the Company. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

A more complete discussion of the risks and uncertainties facing the Company is disclosed in the Company's Annual Information Form dated March 25, 2020 and in the Company's other continuous disclosure filings with Canadian securities regulatory authorities, available at www.sedar.com.

1.6.8 Controls and procedures

In compliance with the Canadian Securities Administrators' National Instrument 52-109 ("NI 52-109"), the Company has filed with applicable Canadian securities regulatory authorities, certificates signed by its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure controls and procedures
Disclosure controls and procedures have been designed under the supervision of the CEO and CFO, to provide reasonable assurance that all relevant information required to be disclosed by the Company is recorded, processed, summarized and reported on a timely basis to senior management, as appropriate, to allow timely decisions regarding required public disclosure. Pursuant to NI 52-109, as of December 31, 2019, an evaluation of the effectiveness of the Company's disclosure controls and procedures was carried out under the supervision of the CEO and CFO. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective. This

evaluation considered the Company's disclosure policy, a sub-certification process and the functioning of the Company's Disclosure Committee.

Internal controls over financial reporting
The Company's CEO and CFO are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with IFRS. As at December 31, 2019, an evaluation was carried out of the effectiveness of the design and operation of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting. Based on that evaluation, the Company's CEO and CFO have concluded that, as at December 31, 2019, the design and operation of controls over financial reporting was effective. These evaluations were conducted in accordance with the standards established in "Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission", and the requirements of NI 52-109. The control framework used by the CEO and the CFO to design the Company's internal control over financial reporting is the "Internal Control – Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

There were no changes to the Company's internal control over financial reporting during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

1.6.9 Legal Proceedings

There are no legal proceedings, current or pending, to which the Company is a party or to which any of its assets are subject.

1.6.10 Appointment of Auditor

KPMG LLP, of Toronto, Ontario was appointed as the Company's auditor on June 19, 2019.

Approval and Further Information

This MD&A is dated as of the close of business on March 25, 2020.

The board of directors of the Company has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.