

Blockchain Holdings Ltd.
(formerly Khot Infrastructure Holdings Ltd.)

Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Expressed in United States dollars)

Management's Responsibility for Financial Reporting

The condensed consolidated Interim financial statements of Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.) have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to shareholders.

“Wayne Lloyd”
President and Chief Executive Officer

“Alan Tam”
Chief Financial Officer

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Condensed Consolidated Interim Statements of Financial Position

(expressed in United States dollars)

	Notes	As at September 30, 2018	As at December 31, 2017
Assets			
Current assets:			
Cash and cash equivalents		\$ 3,862	\$ 223,086
Accounts receivable		8,050	-
Prepayment		35,581	3,350
Total current assets		<u>47,493</u>	<u>226,436</u>
Total assets		<u>\$ 47,493</u>	<u>\$ 226,436</u>
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities	4 and 8	236,924	\$ 262,508
Short term debt	5(a)(b)	661,659	429,394
Road repair provision	6	-	274,791
Total current liabilities		<u>898,583</u>	<u>966,693</u>
Noncurrent liabilities:			
Long term debt	5(b)	-	142,577
Total long term liabilities		<u>-</u>	<u>142,577</u>
Total liabilities		<u>\$ 898,583</u>	<u>\$ 1,109,270</u>
Shareholders' equity			
Share capital	7, 8 and 9	8,441,934	8,049,254
Other reserves		1,385,481	1,399,487
Deficit		<u>(10,678,505)</u>	<u>(9,975,943)</u>
		<u>(851,090)</u>	<u>(527,202)</u>
Non Controlling Interests		-	(355,632)
Total equity		<u>(851,090)</u>	<u>(882,834)</u>
Total liabilities and shareholders' equity		<u>\$ 47,493</u>	<u>\$ 226,436</u>

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

signed "James Passin"

 Director

signed "Don Padgett"

 Director

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Consolidated Statements of Comprehensive Loss

(expressed in United States dollars)

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expenses					
Development costs		27,751	-	112,707	-
Management fees	8	54,570	15,000	125,669	54,066
Regulatory, exchange, AGM, press release and transfer agent fees		14,090	25,295	36,508	39,403
Professional fees	8	78,802	45,943	293,954	66,440
Finance costs		8,932	4,979	27,569	5,359
General and administrative expense		21,744	13,925	40,644	39,433
		<u>205,889</u>	<u>105,142</u>	<u>637,050</u>	<u>204,701</u>
Other expense (income)					
Foreign exchange loss (gain)		1,632	15,507	(5,448)	16,446
Accretion expense		-	-	30,267	-
Recovery of payables	8	-	-	(40,148)	-
Sale of subsidiary AMZ	6	-	-	80,841	-
Total comprehensive loss for the year		<u>\$ 207,521</u>	<u>\$ 120,649</u>	<u>\$ 702,562</u>	<u>\$ 221,147</u>
Loss per common share:					
Basic and diluted		<u>\$ 0.03</u>	<u>\$ 0.02</u>	<u>\$ 0.11</u>	<u>\$ 0.03</u>
Weighted average number of common shares outstanding:					
Basic and diluted		<u>6,530,235</u>	<u>6,530,235</u>	<u>6,530,235</u>	<u>6,530,235</u>

The notes to the condensed consolidated interim financial statements are an integral part of these statements

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Condensed Consolidated Interim Statements of Changes in Equity

(expressed in United States dollars)

	Number of common shares (#)	Share Capital	Foreign currency translation reserve	Reserves					Obligation to issue shares	Deficit	Attributable to Equity Holders of the Parent	Non - Controlling Interest	Shareholders' equity
				Warrants	Equity Component of Convertible Debt	Contributed Surplus	Share based payment reserve						
Balance at December 31, 2016	65,302,351	\$ 8,049,254	\$ 103,980	\$ 650	\$ -	\$ -	\$ 1,333,619	\$ -	\$ (9,630,283)	\$ (350,740)	\$ (355,632)	\$ (706,372)	
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(221,147)	(221,147)	-	(221,147)	
Balance at September 30, 2017	65,302,351	\$ 8,049,254	\$ 103,980	\$ 650	\$ -	\$ -	\$ 1,333,619	\$ -	\$ (9,851,430)	\$ (571,887)	\$ (355,632)	\$ (927,519)	
Balance at December 31, 2017	65,302,351	\$ 8,049,254	\$ (28,762)	\$ 650	\$ 44,837	\$ 49,143	\$ 1,333,619	\$ -	\$ (9,975,943)	\$ (527,202)	\$ (355,632)	\$ (882,834)	
Amortization of imputed interest on related party loan						(14,006)			\$ (14,006)			(14,006)	
Share subscription receipts		\$ 392,680										392,680	
Share consolidation 10 to 1	(58,772,188)												
Sale of AMZ											\$ 355,632	355,632	
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(702,562)	\$ (702,562)	-	(702,562)	
Balance at September 30, 2018	6,530,163	\$ 8,441,934	\$ (28,762)	\$ 650	\$ 44,837	\$ 35,137	\$ 1,333,619	\$ -	\$ (10,678,505)	\$ (1,243,770)	\$ -	\$ (851,090)	

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Condensed Consolidated Interim Statements of Cash Flows

(expressed in United States dollars)

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash flow from operating activities		
Loss for the period	\$ (702,562)	\$ (221,147)
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion expense	30,267	-
Recovery of accounts payable	(40,148)	-
Interest expense and imputed interest	24,414	-
Unrealized foreign exchange	(5,448)	-
Loan for services provided	16,483	-
Sale of AMZ	80,841	-
Change in non-cash working capital balances:		
Deposit receivable	(8,050)	-
Prepayments	(32,231)	(4,535)
Accounts payable and accrued liabilities	3,528	87,619
Short term debt	21,002	4,769
Total cash used in operating activities	(611,904)	(133,294)
Cash flows from financing activities		
Proceeds from sale of subscription receipts	\$ 392,680	\$ -
Proceeds from loans	-	366,679
Total cash provided from financing activities	\$ 392,680	\$ 366,679
Effect of foreign exchange on cash	\$ -	\$ 4,301
Total decrease in cash during the period	\$ (219,224)	\$ 237,686
Cash and cash equivalents - Beginning of the period	223,086	12,780
Cash and cash equivalents - End of the period	\$ 3,862	\$ 250,466
Cash interest payments made during the period	\$ -	\$ -

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Expressed in United States dollars)

1. CORPORATE INFORMATION

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings Ltd.) [the “Company”] is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “BCX”. The Company has completed a change of business to develop broad-based indexing products and blockchain tracking (see note 10).

The registered office of the Company is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

2. BASIS OF PREPARATION

(a) Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Certain comparative figures have been reclassified to conform to the restated financial statement presentation for the current period. Since the unaudited Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2017.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates, judgments, and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These Financial Statements were authorized for issue by the Board of Directors on November 26, 2018 and have been prepared under the historical cost convention, except for certain financial instruments. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Certain comparative figures have been reflected to conform to the restated financial statement presentation for the current period.

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Expressed in United States dollars)

2. BASIS OF PREPARATION (continued)

(b) Going concern

The assessment of the Company's ability to continue as a going concern and ability to fund potential projects, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's business involves a high degree of risk and there can be no assurance that current development activity will ultimately result in profitable operations. The Company's continued existence is dependent upon its ability to secure future customers and the achievement of profitable operations, or the ability of the Company to raise additional financing.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after January 1, 2018, or later periods.

The following new IFRSs will not have a material effect on the Company's future results and financial position.

- IFRS 9 *Financial Instruments (New; to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9;*
- IFRS 15 *Revenue from Contracts with Customers (New; to replace IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31); and*
- IFRS 16 *Leases (New, to replace IAS 17, IFRIC 4, SIC 15 and SIC 27).*

Other accounting standards or amendments to existing accounting standards that have been issued but have future dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
	\$	\$
Trade payables	101,787	188,328
Accrued liabilities	135,137	74,180
	<u>236,924</u>	<u>262,508</u>

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Expressed in United States dollars)

5. SHORT TERM DEBT

(a) Loan Agreements

	Short Term Debt \$
Balance, December 31, 2017	429,394
Issued	40,474
Equity portion accreted back to the loan balance	30,267
Repayments	(7,747)
Accrued interest	17,840
Foreign exchange	(13,740)
Balance, September 30, 2018	<u>496,488</u>

During the period ended September 30, 2018, the Company received short-term advances of \$16,054 (2017 - \$417,297). The Company also recorded loans of \$16,483 for consulting services provided. During the period ended September 30, 2018, the Company accrued interest of \$17,840 (2017 - \$11,550). The notes bear interest of 8% per annum, which is calculated and payable semiannually. The term of the loans is one year. During the period, the convertible portion of all previous loans outstanding was extinguished and therefore the equity portion of the loans of \$30,267 (2017 - \$44,837) recognized in the prior year was accreted back to the loan balance. The Company therefore recognized accretion expense of \$30,267 (2017 - \$14,315).

(b) Renegotiated Indebtedness Prior to 2017

	Current Long Term Debt \$
Balance, December 31, 2017	142,577
Interest	22,594
Balance, September 30, 2018	<u>165,171</u>

On December 31, 2017, the Company renegotiated the terms of indebtedness in the amount of \$191,720 with three shareholders such that the first repayment date is after June 30, 2019. The loan does not accrue interest. In the period ended December 31, 2017, the Company recorded \$49,143 as a credit to contributed surplus reflecting the discount compared to a similar loan that pays interest at market rates. A discount rate of 20% was used. During the period ended September 30, 2018, the Company recognized imputed interest of \$14,006 (2017 - \$nil). As at July 1, 2018, the remaining term of the original long term debt is within 12 months and therefore now considered current short term debt. See note 8.

6. ROAD REPAIR PROVISION

	September 30, 2018 \$	December 31, 2017 \$
Balance, beginning of period	274,791	293,474
Sale of AMZ	(274,791)	-
Effect of changes in foreign exchange rates	-	(18,683)
Balance, end of period	<u>-</u>	<u>274,791</u>

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Expressed in United States dollars)

6. ROAD REPAIR PROVISION (continued)

Road repair obligations were recognized in a previous year from when the Company was engaged in the construction and maintenance of roads and bridges in Mongolia.

The Company has not received any correspondence from the Mongolian government regarding repairs to be made to the road. On April 24, 2018, the Company sold its share of the Mongolian subsidiary Ashid Munkhiin Zam LLC for \$1. The investment in the subsidiary was previously written down to \$nil.

Consequently, the Company removed the non-controlling interest from the Statements of Financial Position and the road repair provision from the Statement of Financial Position.

7. SHARE CAPITAL

Authorized share capital

The authorized capital of the company consists of unlimited common shares without par value.

Issued share capital

On May 11, 2018, the Company completed a 10:1 share consolidation of its issued and outstanding common shares. The effects of the share consolidation have been applied on a retroactive basis.

On April 17, 2018, the Company completed a private placement of 5,000,000 shares for proceeds of \$392,680 at a price of \$0.078 per share. See note 10.

Stock options

As at September 30, 2018, there were 82,500 options outstanding with a weighted average life and weighted average exercise price of 205 days and \$2.42, respectively.

In addition, the Company reached an agreement with its lenders to repay CAD\$628,305 of short-term loans and accrued interest by the issuance of 6,283,047 common shares at a price of CAD\$0.10 per share. See note 10.

8. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with key management personnel

Key management of the Company are members of the Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management remuneration includes the following:

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Expressed in United States dollars)

8. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel (continued)

	Three months ended		Nine months ended	
	September 30		September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Key management compensation	64,534	26,225	181,147	65,291

Management fees include \$37,500 (2017 - \$45,000) paid or accrued to Mr. Donald Padgett, for duties as the Company's Chief Executive Officer and as a Director. Mr. Padgett was compensated \$5,000 per month from January to April as the Chief Executive Officer and is compensated \$3,500 per month as a Director for the Company. As at September 30, 2018, \$106,812 (2017 - \$94,812) was due to Mr. Padgett. On December 31, 2017, the Company renegotiated the terms of an original amount of \$74,298 of indebtedness such that the first repayment date is after June 30, 2019. The loan is unsecured and non-interest bearing. See note 5(b).

Management fees include \$21,000 (2017 - \$Nil) paid or accrued to Mr. Jeremy Gardner, for duties as a Director. Mr. Gardner is compensated \$3,500 per month as a Director for the Company. As at September 30, 2018, \$7,000 (2017 - \$Nil) was due to Mr. Gardner.

Management fees include \$21,000 (2017 - \$Nil) paid or accrued to Mr. Gregory Kallinikos for duties as a Director. Mr. Kallinikos is compensated \$3,500 per month as a Director for the Company. As at September 30, 2018, \$7,000 (2017 - \$Nil) was due to Mr. Kallinikos.

Management fees include \$58,538 (2017 - \$Nil) paid or accrued to Mr. Wayne Lloyd, for duties as the Company's Chief Executive Officer from April to September 2018. Mr. Lloyd is compensated CAD\$10,000 per month as the Chief Executive Officer. As at September 30, 2018, \$15,338 (2017 - \$Nil) was due to Mr. Lloyd.

Professional fees include \$43,109 (2017 - \$Nil) paid to the Company's Chief Financial Officer. As at September 30, 2018, \$1,610 was due to Mr. Tam.

Consulting and advisory fees include \$Nil (2017 - \$9,066). As at September 30, 2018, an amount of \$35,072 was payable (2017 - \$75,220) to a former director of the Company for consulting fees. During the period ended September 30, 2018, the Company recognized an expense recovery relating to a portion of the payable amount for \$40,148, which was forgiven by the former director.

On August 14, 2018, the Company arranged a CAD\$500,000 revolving operating line of credit with Mr. James Passin, the Chairman of the Board of Directors, at a rate of 8%. As at September 30, 2018, the revolving operating line of credit with James Passin had not been utilized and the Company was indebted the December 31, 2017 total loan amount including accrued interest of \$135,267, which is included in short term debt. See note 9.

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2018

(Expressed in United States dollars)

9. SUBSEQUENT EVENTS

On October 12, 2018, the common shares of the Company resumed trading on the Canadian Securities Exchange.

On October 15, 2018, the Company issued 6,530,163 common shares at a price of CAD\$0.10 per common share as settlement of principal debt of CAD\$628,304.68 and accrued interest. Mr. James Passin, the Chairman of the Board of Directors was issued 1,719,597 common shares for settlement of his debt of CAD\$171,959 (USD\$135,267). See note 8.

On October 15 2018, the Company issued another 5,000,000 common shares at a price of CAD\$0.10 per common share for completion of the \$500,000 non-brokered private placement of subscription receipts as disclosed in the CSE Form 2A and news release both dated September 20, 2018.

On October 15, 2018, pursuant to the terms and conditions of its stock option plan, an aggregate of 1,500,000 stock options to purchase common shares of the Company have been granted to certain directors, officers and consultants of the Company. The options are exercisable for a period of five years at a price of \$0.20 per share.

On November 19, 2018, the Company announced a non-brokered private placement offering of up to 2,000,000 shares at a price of CAD\$0.50 per share for total proceeds of up to CAD\$1,000,000. As of November 26, 2018, the Company has received CAD\$460,525 (USD\$350,000) in subscription deposits.

BLOCKCHAIN HOLDINGS LTD.

(FORMERLY KHOT INFRASTRUCTURE HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED SEPTEMBER 30, 2018

Cautionary Statements

Forward-Looking Information

Except for statements of historical fact relating to Blockchain Holdings Ltd., certain statements contained in this MD&A constitute forward-looking information, future oriented financial information or financial outlooks (collectively "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings, Blockchain Holdings Ltd.'s future outlook and anticipated events or results and in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, access to sufficient capital resources, the timing and amount of future infrastructure development, the timing of construction of the proposed infrastructure projects, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, employee relations, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of Blockchain Holdings Ltd.'s public filings, availability and final receipt of required approvals, licenses and permits, ability to acquire necessary road construction, sufficient working capital to complete road development projects, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee relations, lack of social opposition and legal challenges, and the ability to settle disputes. While Blockchain Holdings Ltd. considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other Blockchain Holdings Ltd.'s filings. Forward-looking statements are based upon management's beliefs, estimate and opinions on the date the statements are made and other than as required by law, Blockchain Holdings Ltd. does not intend and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

The following management's discussion and analysis ("MD&A") of Blockchain Holdings Ltd. (the "Company"), is prepared as of November 26, 2018, and should be read together with the condensed consolidated interim financial statements for the period ended September 30, 2018. All financial amounts are stated in United States dollars unless otherwise indicated.

For the purpose of preparing this MD&A, Management in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (1) if such information results in or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; or (ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at www.sedar.com.

All amounts in this MD&A are expressed in United States dollars ("US\$"), unless otherwise noted.

DESCRIPTION OF BUSINESS

Blockchain Holdings Ltd., (formerly Khot Infrastructure Holdings, Ltd.) [the “Company”] was engaged in the construction and maintenance of roads and bridges in Mongolia.

On December 18, 2013, Undur Tolgoi Minerals Inc. completed the continuance from the laws of the Province of British Columbia to the laws of the British Virgin Islands. Effective on January 7, 2014, the Company changed its name from Undur Tolgoi Minerals Inc. to Khot Infrastructure Holdings, Ltd. to have its name reflect the Company’s new focus on cash generating, non-resource infrastructure projects within Mongolia.

The Company’s common shares are listed and posted for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “KOT”; however, on May 5, 2017, the Company’s common shares were suspended from trading by the CSE and a cease trade order was issued against the Company by the Ontario Securities Commission for failure to file annual audited financial statements and accompanying management’s discussion and analysis and CEO and CFO certifications.

On February 2, 2018, the cease trade order was revoked. The Company has proposed a change of business to develop broad-based indexing products and blockchain tracking metrics and is currently proceeding with a re-listing application with the CSE. On October 12, 2018, the change of business was approved and the common shares resumed trading on the CSE under the new symbol “BCX”

The registered office of the Company is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

Blockchain Holdings Ltd. has a 100% interest in Jucca Holdings Limited [“Jucca”], Wishland Properties Limited [“Wishland”] and Great Hoard Holdings S. à r. l. [“GHH”].

OVERALL OBJECTIVE

The Company’s strategic focus is to develop proprietary information indexes and ancillary data products for emerging blockchain and digital currency markets. In addition, the Company may develop indexes for third parties. Its focus will be collecting and aggregating the data from emerging blockchain software applications.

Emerging uses of the blockchain allow for new and sometimes disruptive financial market applications. However, due to the decentralized nature of the blockchain, the data created by a blockchain application is often spread out and dispersed in a large number of locations. This makes data aggregation and information processing more costly and time-consuming than the centralized applications they are replacing. The resulting increased cost and time required to process data presents the opportunity for the Company to provide to the marketplace a service (the collection and aggregation of data) and a product (datasets).

**BLOCKCHAIN HOLDINGS LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2018**

SELECTED FINANCIAL INFORMATION

The following tables provide selected annual and quarterly financial information in accordance with IFRS for the Company's three and nine months ended September 30, 2018. In the quarter ended September 30, 2018, the Company has not generated any revenue and incurred loss from discontinued operations and extraordinary items of \$207,521.

Three Months Ended	Total Revenue for the period US\$	Total Expenses for the period US\$	Total discontinued operations US\$	Net Loss for the period US\$	Loss per share basic and fully diluted US\$	Cash dividends per common share US\$
September 30, 2016	-	(146,203)	-	(76,910)	-	-
December 31, 2016	-	37,935	(441,075)	(622,324)	(0.01)	-
March 31, 2017	-	(58,214)	-	(58,214)	-	-
June 30, 2017	-	(42,285)	-	(42,285)	-	-
September 30, 2017	-	(120,649)	-	(120,649)	-	-
December 31, 2017	-	(124,512)	-	(124,512)	-	-
March 31, 2018	-	(72,841)	-	(72,841)	-	-
June 30, 2018	-	(422,200)	-	(422,200)	(0.06)	-
September 30, 2018	-	(207,521)	-	(207,521)	(0.11)	-

DIVIDEND PAYMENT

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

The comprehensive loss for the three months ended September 30, 2018, was \$207,521 (2017 - \$120,521).

The comprehensive loss for the nine months ended September 30, 2018, was \$702,562 (2017 - \$221,147).

Significant variances for the three months ended September 30, 2018

Development began for blockchain index products and consequently, there were development costs expensed in the quarter ended September 30, 2018 compared to the same period in 2017.

The increase in the management fees for the three months ended September 30, 2018 compared to the same period in 2017 was due management fees paid to a new CEO, Wayne Lloyd and director fees paid to three directors in 2018, which did not occur in 2017.

Regulatory, exchange, AGM, press release and transfer agent fees were substantially lower in Q3 2018, compared to Q3 2017. The decrease is due to a higher level of activity related to the cease trade order for the Company and AGM costs in the Q3 2017. For Q3 2018 the resumption of trading was finalized and consequently the activity was nearing the end.

**BLOCKCHAIN HOLDINGS LTD.
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Professional fees increased in Q3 2018 compared to Q2 2017. The increase is due to activity related to legal invoices for the re-listing application with the CSE, which did not occur in the prior comparable period Q2 2017.

Finance fees for the three months ended September 30, 2018 increased compared to the same period in 2017 due to imputed interest on the related party short term debt.

General and Administrative and Other expense slightly increased for the three months ended September 30, 2018 compared to the same period in 2017. The increase is due to the Company's activity related to travel costs and the re-listing application with the CSE.

Overall expenses increased for the three months ended September 30, 2018 compared to the period in 2017 due to an increase in legal fees related to re-listing application with the CSE, the start of development costs for the blockchain index products and new management fee expenses for a new CEO and Directors.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2018, the Company had a working capital deficit of \$851,090 [September 30, 2017 - \$938,869]. All of the current accounts payable and accrued liabilities, current loan and interest payable are due and payable within 12 months. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

The Company's working capital amounts are as follows:

	September 30, 2018	September 30, 2017
	\$	\$
Cash	3,862	250,467
Accounts receivable	8,050	-
Prepayments	35,581	3,249
Accounts payable and accrued liabilities	(236,924)	(516,035)
Loan and interest payable	(661,659)	(383,076)
Road repair provision	(\$Nil)	(293,474)
	(851,090)	(938,869)

The Company, which was involved in early stage infrastructure development and has changed its business to developing broad-based indexing products and blockchain tracking metrics, had revenues of \$Nil in Q3 2018. Until the Company is able to secure sufficient revenue, the Company must utilize its current cash reserves and other financing transactions to maintain its capacity to meet working capital requirements. The Company anticipates going to the market to raise capital when the opportunity arises.

During the nine months ended September 30, 2018, the Company expended \$219,224 (September 30, 2017 – increased \$237,686) cash on operating and finance activities.

NAME CHANGE, SHARE CONSOLIDATION AND DEBT SETTLEMENT

On April 9, 2018, the Company's management and directors were provided with approval by the shareholders at the annual general and special meeting of shareholders to change the Company's name to Blockchain Holdings Ltd., change from the business of transportation infrastructure development to developing proprietary indexes and ancillary data products for emerging blockchain and digital currency markets and conduct a share consolidation on the basis of one (1) post-Consolidated common shares for every ten (10) pre-Consolidated common share.

On April 17, 2018, the Company completed its non-brokered private placement of subscription receipts for gross proceeds of CAD\$500,000 at a price of CAD\$0.10 per Receipt (after the completion of a 10:1

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share consolidation). The proceeds of the Private Placement will be held in escrow pending completion of the share consolidation transaction and each Receipt will automatically convert into common shares.

In addition, the Company reached agreement with its lenders to repay CAD\$628,305 in debt by the issuance of 6,283,047 common shares at a price of \$0.10 per share (after the completion of a 10:1 share consolidation).

The name change was completed on April 25, 2018 and the 10:1 share consolidation was completed on May 11, 2018.

On October 15, 2018, the Company issued 6,530,163 common shares at a price of CAD\$0.10 per common share as settlement of principal debt of CAD\$628,304.68 and accrued interest. Mr. James Passin, the Chairman of the Board of Directors was issued 1,719,597 common shares for settlement of his debt of CAD\$171,959 (USD\$135,267).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as: obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or that engages in leasing, hedging or research and development services with the Company.

PROPOSED TRANSACTIONS

As is typical with a change of business, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Group that is not otherwise disclosed herein.

GOING CONCERN

The assessment of the Company's ability to continue as a going concern and ability to fund potential development, involves significant judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's business involves a high degree of risk and there can be no assurance that current development activity will ultimately result in profitable operations. The Company's continued existence is dependent upon its ability to secure future customers and the achievement of profitable operations, or the ability of the Company to raise additional financing.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company will require additional financing, through various means including but not limited to equity financing, to continue to pursue the development of indexing products and blockchain tracking metrics, and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

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The Company has had a history of losses and has accumulated a \$10,678,505 deficit as at June 30, 2018 and has a working capital deficiency of \$851,090 (September 30, 2017 - \$938,869), including \$3,862 (September 30, 2017 - \$250,466) in cash and cash equivalents. As at September 30, 2018, the Company had abandoned its infrastructure activities in Mongolia and has proposed a change of business to develop broad-base indexing products and blockchain tracking metrics.

On November 19, 2018, the Company announced a non-brokered private placement offering of up to 2,000,000 shares at a price of CAD\$0.50 per share for total proceeds of up to CAD\$1,000,000. As of November 26, 2018, the Company has received CAD\$460,525 (USD\$350,000) in subscription deposits.

RELATED PARTY TRANSACTIONS

Management fees include \$37,500 (2017 - \$45,000) paid or accrued to Mr. Donald Padgett, for duties as the Company's Chief Executive Officer and as a Director. Mr. Padgett was compensated \$5,000 per month from January to April as the Chief Executive Officer and is compensated \$3,500 per month as a Director for the Company. As at September 30, 2018, \$106,812 (2017 - \$94,812) was due to Mr. Padgett. On December 31, 2017, the Company renegotiated the terms of an original amount of \$74,298 of indebtedness such that the first repayment date is after June 30, 2019. The loan is unsecured and non-interest bearing. See financial statement note 5(b).

Management fees include \$21,000 (2017 - \$Nil) paid or accrued to Mr. Jeremy Gardner, for duties as a Director. Mr. Gardner is compensated \$3,500 per month as a Director for the Company. As at September 30, 2018, \$7,000 (2017 - \$Nil) was due to Mr. Gardner.

Management fees include \$21,000 (2017 - \$Nil) paid or accrued to Mr. Gregory Kallinikos for duties as a Director. Mr. Kallinikos is compensated \$3,500 per month as a Director for the Company. As at September 30, 2018, \$7,000 (2017 - \$Nil) was due to Mr. Kallinikos.

Management fees include \$58,538 (2017 - \$Nil) paid or accrued to Mr. Wayne Lloyd, for duties as the Company's Chief Executive Officer from April to September 2018. Mr. Lloyd is compensated CAD\$10,000 per month as the Chief Executive Officer. As at September 30, 2018, \$15,338 (2017 - \$Nil) was due to Mr. Lloyd.

Professional fees include \$43,109 (2017 - \$Nil) paid to the Company's Chief Financial Officer. As at September 30, 2018, \$1,610 was due to Mr. Tam.

Consulting and advisory fees include \$Nil (2017 - \$9,066). As at September 30, 2018, an amount of \$35,072 was payable (2017 - \$75,220) to a former director of the Company for consulting fees. During the period ended September 30, 2018, the Company recognized an expense recovery relating to a portion of the payable amount for \$40,148, which was forgiven by the former director.

On August 14, 2018, the Company arranged a CAD\$500,000 revolving operating line of credit with Mr. James Passin, the Chairman of the Board of Directors, at a rate of 8%. As at September 30, 2018, the revolving operating line of credit with James Passin had not been utilized and the Company was indebted the December 31, 2017 total loan amount including accrued interest of \$135,267, which is included in short term debt. See financial statement note 9.

All related party transactions were within the normal course of operations and have been recorded at amounts agreed to by the transacting parties.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. Given their short-term nature, the fair value of these instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

Risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, liquidity risk and commodity price risk. Reflecting the current stage of development of the Company's various projects,

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the Company's overall risk management program focuses on facilitating the Company's ability to continue as a going concern and seeks to minimize potential adverse effects on the Company's ability to execute its change of business plan. Risk management is the responsibility of the finance function. Material risks are identified and monitored and are discussed by senior management and with the Audit Committee and the Board of Directors.

Interest rate risk

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

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed rate current accounts in the bank and borrowings. As of the reporting date, the Company has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Company has no floating rate financial assets and liabilities.

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk are primarily composed of cash. Maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. At September 30, 2018, the Company had a working capital deficit. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

Foreign exchange risk

During the period the Company subsidiary operations various jurisdiction where many of its transactions are denominated in other currencies. Accordingly, the results of operations and financial position of the Company are subject to changes in the exchange rate between the US dollar ("USD") and the other currencies.

The Company is listed on a Canadian stock exchange and incurs annual transactions in Canadian dollars to maintain its listing.

The Company's policy is to manage its foreign financial assets and liabilities using the best available foreign currency exchange rates.

The Company's management has decided to discontinue all operations in Mongolia. Due to the minimal activity of the Company and its subsidiaries, foreign exchange risk is believed to be limited.

SHARE CAPITAL AND OUTSTANDING SHARE INFORMATION

Authorized capital

The authorized capital of the company consists of unlimited common shares without par value.

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The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at the Company's meetings. All shares are ranked equally with regards to the Company's residual assets.

Issued share capital

On May 11, 2018, the Company completed a 10:1 share consolidation of its issued and outstanding common shares. The effects of the share consolidation have been applied on a retroactive basis.

On April 17, 2018, the Company completed a private placement of 5,000,000 shares for proceeds of \$392,680 at a price of \$0.078 per share.

Information with respect to outstanding common shares and stock options as at September 30, 2018, and September 30, 2017, is as follows:

	September 30, 2018	September 30, 2017
Common shares	6,530,163	6,530,163
Stock options	82,500	265,500
	<u>6,612,663</u>	<u>6,795,663</u>

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions about the future that affect the amounts recorded in the Consolidated Financial Statements and accompanying notes. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on the new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

The Company's significant accounting policies and estimates are fully described in Note 3 to the consolidated financial statements for the year ended December 31, 2017.

BOARD PURPOSE AND FUNCTION

The directors and management of the parent company have extensive experience operating and taking projects through to various stages of exploration and development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the period the board consisted of five members.

RISK FACTORS

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Dependence on Key Personnel, Contractors and Service Providers

Shareholders of our Company rely on the good faith, experience and judgment of the Company's management, contractors and service providers in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent

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on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. There is no assurance that sufficient equity financing will be available at reasonable terms to the Company. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Conflicts of Interest

Certain Directors of the Company also serve as Directors of other companies. Consequently, there exists the possibility that such Directors will be in a position of conflict of interest. Any decision made by such Directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing intellectual property and development, taxes, labor standards and occupational health and other matters. Technology development is also subject to various federal, provincial and local laws and regulations relating to the protection of intellectual property. A violation of these laws may result in the imposition of substantial fines and other penalties.

Litigation risk

Disputes are common in the information service and technology industry and as such, in the normal course of business, the Company may be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover claims that may arise in the future. Furthermore, the Company may be subject to the risk of claims and legal actions for various contractual matters, primarily arising from service and technology infringement disputes, in respect of which insurance is not available.

Insufficient revenues

As of the date of this MD&A, the Company did not have sufficient revenues to cover its operating costs. All of the Company's short to medium-term operating and project expenses must be derived from its existing cash position or from external financing.

New business venture

As of the date of this MD&A, the Company has abandoned its infrastructure activities in Mongolia and has begun to change its business to the development of broad-based indexing products and blockchain tracking metrics. There is no assurance that the Company will be successful in transitioning to the new business venture and eventually become profitable.

Potentially dilutive loans from related parties

As of the date of this MD&A, the Company has signed loan agreements and debt settlement agreements with individual investors and related parties to raise cash to continue to fund operations.

STRATEGY AND OUTLOOK

The Company's remains committed to the creation of shareholder value. The directors and management have a wide entrepreneurial network which can provide a range of future opportunities. The focus will be on projects and sectors that attract investor interest and offer significant growth potential.

OTHER INFORMATION

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Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at www.SEDAR.com.

Corporate Office's

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