ZeU Crypto Networks Inc.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018

Date prepared: May 01, 2019

The following Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for ZeU Crypto Networks Inc. ("Company") should be read in conjunction with the audited financial statements for the year ended December 31, 2018. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are in Canadian dollars, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their very nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated. The Company considers the assumptions upon which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond the Company's control, may ultimately prove to be incorrect.

OVERVIEW

The Company was incorporated under the Canadian Corporation Act on January 4, 2018. The Company is a subsidiary of St-Georges Eco-Mining Corp. (the "St-Georges") a publicly traded corporation listed on the Canadian Securities Exchange under the trading symbol "SX".

The Company is a private blockchain technology company that develops, markets and implements high performance private blockchain protocols and distributed application (Dapps). The company's main focus is the development of its own private, permission based, blockchain protocol that integrate big data and machine learning solutions. The company's plan is to initially commercializing its Random Number Generator on the blockchain solution in collaboration with gambling operators and to commercializing its Blockchain based email solution in a hybrid open-source commercial licence product offering.

The Company has been working on a series of patents with the focus on technologies that can be quickly commercially deployed and conducted tests on potentially patentable new applications and testing smart contract improvements for applications in the gambling industry.

In October 2018, a US provisional patent titled "Biocrypt Digital Wallet" was filed. The invention is a newly designed biometric digital wallet allowing the cold storage of cryptocurrencies. The Company is planning to commercialize the wallet in collaboration with other influencers and plans to use alternative financing solutions to cover the pre-revenue costs of its commercialization.

In early December 2018, the Company filed a provisional patent titled "System and Method for Augmenting Database Applications with Blockchain Technology". The application developed by the Company and related to this invention patent provides a migration method that allows a database application that accesses a local database to be synchronized with a blockchain. The invention is protocol agnostic and the management believe that it could be used as a gateway to share data between application using different protocols.

DESCRIPTION OF BUSINESS

On January 14, 2018, in order to accelerate development and better accommodate future financings, St-Georges assigned a blockchain and smart contract technology license agreement (the License") to the Company in consideration of 20,000,000 common shares of the Company at a fair value of $496,433 and the assumption of the royalty obligations.

Under the terms of the License, Qingdao Tiande Technologies Limited (the "Tiande"), a Chinese private company, has granted the Company an exclusive license to use Tiande's proprietary technologies, patents and know-how to develop and commercialize novel mineral commodity production chain control, tracking and trading exchanges. In consideration for the rights granted under the License, the Company shall pay to Tiande a royalty of 8% of the gross revenues derived from the Licensee.

On January 14, 2018, the Company entered into a non-binding letter of intent ("LOI") to acquire all of the Blockchain and Smart Contract Technologies assets of Tiande.

Pursuant to the terms of the LOI, the proposed consideration for the Transaction is an aggregate amount of CND$150 million payable through the issuance of 150,000,000 common shares and 75,000,000 shares purchase warrants in the capital of the Company. Each warrant will entitle the holder to acquire one share at a price of CND$1.00 for a period of three years following the date the Company completes a transaction pursuant to which its common shares will either be listed on a recognized stock exchange in North America, or will be exchanged for common shares of a reporting issuer listed on a recognized stock exchange in North America.

On February 8, 2018, the LOI amended the general terms of the LOI, which referred to Qingdao Tiande Technologies Limited instead of Qingdao.

On February 23, 2018, the Company signed a definitive asset purchase agreement with Qingdao Tiande Technologies Limited and Beijing Tiande Technologies Limited with the intervention of Guiyang Tiande Technologies Limited to purchase substantially all the intellectual property of the vendors for consideration of up to 150,000,000 common shares through the issuance of 65,000,000 common shares and 75,000,000 common share purchase warrants on the closing date. An additional 10,000,000 common shares will be issued upon satisfaction of milestone conditions. Closing of the transaction will be subject to the Company completing total financing of up to $30,000,000 convertible debentures.

On August 13, 2018, the Company received a termination notice, which was accompanied by a request to negotiate a new agreement. The revised financial demands by Tiande rendered the transaction commercially impossible for the Company. The Company has commenced the process of consulting with its legal advisors to seek full reimbursement and compensation of its expenses.

In December 2018, the Company has conducted tests and deployed a 4 nodes private blockchain infrastructure using resources leased from Amazon Cloud Services. The current structure is allowing development and integration testing.

On December 21, 2018, the Company executed an agreement with Prego International Group AS to develop and integrate certain proprietary technologies in a Global Multi Payment and E-Money Services Platform ("Services"). Prego is a global payment solution provider based in Norway. It develops and operates a range of payment services for partners and clients worldwide, including Everyday Digital.

Under the agreement, the Company and Prego will share equally the costs of the Services as follows:

- Phase 1 –preface. Innovation lab: US$675,000, including the setup cost and license fees of the full platform ;
- Phase 2 –pilot operational : US$750,000, including full system integration with "POC" testing and user testing with stress test of the platform in 60 days with a complete report; and
- Phase 3-project launched and running (upscale/internationalization), including a full platform, service ready to go, for implementation in multiple global markets.

In January 2019, the Company filed a provisional patent in relation to a distributed and decentralized method of random number generation. The provisional patent is titled "A Method For Generating Random Numbers In Blockchain Smart Contracts". This method ensures that it is impossible to manipulate the random number seed or the block content. Initially developed to address issued with gambling applications, the technology will also be deployed for testing with partners to create fundamentally more secure financial transactions. The technology can also be applied wherever impartiality is required: double-blind medical trials, computer-simulated training, random sampling for quality assurance, even a military draft.

These technologies are being developed to be used in payment solutions, gambling industry and secure messaging.

On February 4, 2019 the Company executed an asset purchase agreement with VN3T Technologies Inc. and its subsidiaries, collectively "VN3T", an arm's length party to acquire the key IP of VN3T's decentralized data market place platform and secured development services. VN3T is based in Montreal and Gibraltar, it develops manages and markets a decentralized data marketplace.

Under the agreement, the Company will pay $150,000 to VN3T for the IP by the issuance of a debenture of the Company maturing 2 years from its issuance and convertible into common shares of the Company at a price equal to the 5-day VWAP of the shares on the Canadian Stock Exchange, subject to a minimum of $1.85. The Company agreed to retain the services of the VN3T for a gross amount of $60,000 to assist with the development of certain aspects of the IP.

Under the agreement, VN3T also granted the Company an exclusive option to acquire the additional assets for purchase price of $25,000 on or before May 31, 2019, which would be satisfied by the issuance of a $25,000 debenture under the same terms and conditions.

The IP and the expertise acquired will expedite the development of certain functionalities of the Company's blockchain marketplace platform for derivatives developed for Borealis Commodities Exchange ehf ("Borealis") and will allow the integration of the new business segment of data trading in relation with this initiative and other opportunities, and it will also generate exclusive tradable content for Borealis.

On March 3, 2019, the Company filed a provisional patent for Blockchain-Based Secure Email System. A complete blockchain email system that supports both internal and cross-chain emails with the potential to interact with non-blockchain email systems. Through this method, as long as the sender or the recipient of the email is a blockchain mailbox, the email information will be recorded in the blockchain to ensure the authenticity of the email. Moreover, when blockchain mailboxes exchange messages, the email information will be encrypted and stored in distributed storage; only the recipient can obtain the unique cipher key and storage location of the email, thereby ensuring the security of email transmissions.

The Company management is planning to release an open-source version of it email distributed application later this year. A free version allows individual and corporations to use the platform and the Company will support groups of developers interested in cross-integration and improvement of the platform.

The free version will allow the Company using VN3T data trading approach to monetize part of the date exchanged in the email communications for third party resell and/or trading on the Borealis platform.

On March 9, 2019, the Company retained the services of Cassiopeia Services Ltd., a UK based communication and investors awareness firm specialized in blockchain out of London UK. Cassiopeia Services Ltd. is thriving in the booming blockchain and crypto world with multiple clients working on innovative projects powered by new technologies in different industries.

On March 8, 2019, the Company agreed to provide its patent pending Blockchain Random Number Generator and other related blockchain technologies to St. James House PLC (LSE: SJH)("St. James"), a UK licensed gaming operator, by the way of joint-venture for the establishment of a blockchain lottery. The agreement calls for the establishment of a new lottery joint-venture with its main license in Malta.

The Lottery Joint-Venture ("Lottery JV") will combine St. James' expertise in regulated lottery management and administration with the Company's innovative blockchain based technology. St. James' who will act as the lottery operator and hold a 45% equity interest in the Lottery JV, and the Company will hold 19%, St-Georges will hold 19.9% and the balance with independent investors.

All technology operating costs of the Lottery JV will be met by the Company and in return the Company will charge a service fee that will not exceed 90% of the revenues from the Lottery JV. Profits generated by the Lottery JV will be distributed as a dividend to the shareholders.

In additional consideration, in excess of the 19.9% of the net profits that it will receive and of the revenues generated and of the fees that will be collected for the technology usage, the Company will receive from St. James ' new UK subsidiary, LottoCo, 100,000 non-voting, zero-coupon redeemable preferred shares of a par value of 2 pence("Preferred Shares"). The Preferred Shares will be redeemable in 21 years, the redemption price of the Preferred Shares to be fixed within 3 months after the issue of the audited accounts of the Lottery JV for the second year of operations and will be based on an independent valuation report. At the discretion of the Company, the Preferred Shares may be exchanged on the basis of one Preferred Share for two ordinary shares of 1 pence each in St. James ("Ordinary Shares"), with notice to be given one day before the Preferred Shares are due to be redeemed in 21 years, i.e. a maximum of 200,000 Ordinary Shares may be issued.

On March 29, 2019, the Company was retained to develop the global blockchain infrastructure and data mining components of the KinectHub initiative of Kinect Corporation ("Kinect"). KinectHub is a large multi-million-dollar infrastructure project using state-of –the-art technology such as blockchain, distributed storage, anonymity solution and privacy insurances to bring healthcare to third world countries. The scope of work will be starting with a full use case analysis for 30 days. At the end of this period, a Statement of Work will be delivered and used as a development road-map.

The Company is defining a pathway to fast deployment of its technology and has had discussion with complementary solutions providers in the same field. The Company is in the process of securing ownership of 5,000,000 utility tokens of a blockchain-browser developer from a related third party at a pre-minting value of $0.10 per toke. The Company entertains integration with similar solutions for faster deployment. A product oriented token (POT) minting for the blockchain email solution is being reviewed.

In May 2018, St-Georges signed an Arrangement Agreement (the "Arrangement") providing for the spin-out of the Company with the intent of listing the Company on the Canadian Securities Exchange (the "CSE").

In July 2018, the Superior Count of Quebec approved the Arrangement, and filed to obtain conditional approval from the CSE to list the Company, the last required condition to complete the distribution of the Company shares to the St-Georges' shareholders of record on August 7, 2018. St-Georges' shareholders will receive approximately one share of the Company, for every eight shares they own of the St-Georges share.

On July 5, 2018, the Company closed an initial tranche of its 10% unsecured convertible debentures offering for an aggregate principal amount of $4,783,692, of which $3,708,692 was subscribed in consideration of digital assets, and $550,000 was signing bonus as management and consulting fees. Each convertible debenture issued will have a maturity date of July 5, 2020 and be convertible into common shares of the Company at a price of $1.00.

RESULTS OF OPERATIONS

For the year ended December 31, 2018, the Company recorded a net loss of $4,412,060 and had a cumulative deficit of $4,412,060. The Company had no source of operating revenues or any related operating expenditures.

SELECTED ANNUAL INFORMATION

For the years ended December 31	**2018** **$**
Cash	541,795
Digital assets	705,390
Working capital	507,854
Total assets	1,247,185
Shareholders' equity (deficiency)	(3,915,865)
Net loss and comprehensive loss for the year	(4,412,060)
Basic and diluted loss per share	(0.22)

SUMMARY OF QUARTERLY RESULTS

The following table outlines selected unaudited financial information of the Company for the last four quarters.

	Dec. 31, 2018	*Sep.30, 2018*	*Jun.30, 2018*	*Mar. 31, 2018*
Total assets	1,247,185	2,229,011	277,876	416,100
Working capital (deficiency)	507,854	2,252,174	195,584	278,807
Shareholders' equity (deficiency)	(3,915,865)	(3,689,889)	(550,593)	(242,703)
Revenue	-	-	-	-
Net loss	(731,967)	(3,133,201)	(304,189)	(242,703)
Net loss per share	(0.04)	(0.16)	(0.02)	(0.01)

The main factors contributing to variance in the four quarters ending December 31, 2018, are the unrealized loss on digital assets of $2,791,801 recorded in the period ended September 31, 2018, and research and development expenses of $517,960 recorded in the period ended December 31, 2018.

Total assets and working capital increased largely in the period ended September 30, 2018 as a result of a completion of convertible debentures with an aggregate principal amount of $4,783,692 in July 2018.

THREE MONTHS ENDED DECEMBER 31, 2018

For the three months ended December 31, 2018, the Company had no revenues. The Company incurred net losses for the period of $731,967. Operating expenses for the three months ended December 31, 2018 were $520,466, and the Company recorded an unrealized loss on digital assets of $211,501. As the Company was incorporated in 2018, there are no comparative expenses from the prior year.

Major expenses are as follows:
- Compensation expenses were $68,750
- Interest on convertible debentures was $113,824;
- Management fees were $350,250;
- Research and development expenses were $517,960.

YEAR ENDED DECEMBER 31, 2018

For the year ended December 31, 2018, the Company had no revenues. The Company incurred net losses of $4,412,060 for the year ended December 31, 2018. Operating expenses were $1,408,758, and the Company recorded an unrealized loss on digital assets of $3,003,302 due to the general decline in digital assets in the market.

Major expenses are as follows:
- Consulting fees were $19,182;
- Compensation expenses were $68,750
- Interest on convertible debentures was $235,908;
- Management fees were $350,250;
- Research and development expenses were $517,960.

LIQUIDITY AND CASH FLOW

At December 31, 2018, the Company had cash of $541,795 and working capital of $507,854

For the year ended December 31, 2018 significant cash flows were as follows:

Net cash used in operating activities for the period was $483,532. Net loss for the period of $4,412,060 included a non-cash loss on digital assets of $3,003,302. Net changes in working capital items were $503,423 from a decrease in accounts payable and accrued liabilities.

Net cash provided by financing activities for the period was $1,025,327. The Company received funds of $529,132 from the issuance of convertible debentures.

On January 14, 2018, the Company issued 20,000,000 common shares to St-Georges for a license assignment agreement with cash of $496,433. The fair value of the shares of $496,433 was determined based on the cash advanced by the shareholder to develop the blockchain technology as the assignment agreement was deemed to have a nominal value.

FINANCIAL RISK MANAGEMENT AND FINANCIAL ESTIMATES

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties.

The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk. There has been no change in the financial risk of the Company during the period.

Market Risk

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchanges rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private investments.

As at December 31, 2018, the Company has current liabilities and accrued liabilities of $739,331 due within 12 months and has cash of $541,795 and digital assets of $705,390 to meet its current obligations. As a result, the Company faces liquidity risk as it expends funds towards its projects.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the Company's maximum exposure to any potential credit risk. The risk is assessed as low.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market-interest rates. The Company's convertible debentures fixes interest at 10% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk. The management of the Company considers its interest rate risk is minimal.

Fair Value Measurement

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of financial instruments, with the exception of the secured debenture, are considered to be a reasonable approximation of fair value because of their short-term maturities.

The carrying values of the convertible debentures approximate its fair value at the reporting date because the convertible debentures was calculated by discounting future cash flows using rates that the Company would otherwise use for such debt with similar terms, conditions and maturity dates, adjusted for the Company's credit risk. Management believes that no significant change occurred in the risk of these instruments.

CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2018, the Company's shareholders' deficiency was $3,915,865. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

Capital for expansion comes mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient for a certain amount of research and development work on its bolckchain, and for working capital purposes. Additional funds are required to finance the Company's corporate objectives. There was no change in the Company's capital management policy for the year ended December 31, 2018.

The Company is not currently exposed to any externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

a) Related party transactions

During the year, the Company incurred transactions with related parties including a company controlled by its Chief Architect, and Chief Executive Officer. The Company incurred during the period ended December 31, 2018, consulting fees of $14,155 which were expensed as consulting fees, $70,628 as research and development costs and management fees of $350,250. Approximately 50% of management's time was devoted to research and development items, but the specific amounts could not be determined, and the amounts were expensed to management fees. In addition the CEO received a signing bonus in the form of convertible debentures in the amount of $250,000 which will be recognised over the vesting period of 4 years.

b) Due to Related Parties

At December 31, 2018, included in accounts payable is $143,329 owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

The Company also has a liability owing to its parent company St. Georges of $223,596 as at December 31, 2018. This amount is non-interest bearing, unsecured and has no fixed terms of repayment.

These amounts will be settled by either cash payments or issuing securities.

The board of directors is as follows:

Frank Dumas, President, Director and CEO
Mark Billings, Chairman, Director and CFO
Neha Tally, Corporate Secretary and Director
Lord Edward Timothy Razzall, Director

Subsequent appointements in 2019:

Jean-Philippe Beaudet, Director and CTO

Dr. Fenglian Xu, Director

Outstanding Share Data

As at December 31, 2018, and as of the current date, the Company has 20,000,000 common shares outstanding.

Stock Options

As at December 31, 2018, the Company had no stock options outstanding. Subsequent to the year end, 50,000 options granted at an exercise price of $1.25. As of the current date, the Company has 50,000 options outstanding.

RISK FACTORS

Financing and Development

The Company does not presently have sufficient financial resources to undertake its planned research and development programs. Development of the Company's blockchain depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing blockchain, and its ability to do so depend on the use of appropriately skilled personnel or signature of agreements for similar assets or based upon unobservable inputs. These valuations require the Company to make significant estimates and assumptions. Digital assets are generally considered to be commodities or similar to commodities and are treated as inventory for financial reporting purposes. Unrealized gains and losses on digital assets are recorded as net unrealized gain (loss) on digital assets.

signed "Frank Dumas"
President and Chief Executive Officer

signed "Mark Billings"
Chief Financial Officer