The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Fortress Blockchain Corp. ("Fortress", "we", "our" or the "Company"), our operations, financial performance, current and future business environment and the opportunities and risks facing the Company. The risks are set out explicitly in Appendix 1 of this MD&A. In addition, certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding forward looking statements in section 13 of this MD&A.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the period from November 14, 2017 (date of incorporation) to December 31, 2017, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included in the aforementioned financial statements and in this MD&A are expressed in Canadian Dollars unless otherwise noted. The information contained within this MD&A is current to the date of this report. Additional information about the Company is available on SEDAR at www.sedar.com.

Fortress was incorporated under the Business Corporations Act of British Columbia on November 14, 2017. As such, it should be noted that the analysis of financial condition and results of operations are for the period from November 14, 2017 to December 31, 2017. As such, readers should not annualize the results of the period ended December 31, 2017.

This MD&A contains information up to and including May 3, 2018.

Contents of the MD&A

1. DESCRIPTION OF BUSINESS

Fortress Blockchain Corp. (the "Company" or "Fortress") is a technology-oriented blockchain mining company with operations established in low cost North American green-energy regions. In February 2018, the Company acquired the seminal Washington state facility which had an initial capacity of 2MW (the "Flagship Facility"). This Flagship Facility will also serve the Company as an R&D facility to optimize and build out the next generation of highly scalable blockchain infrastructure. Fortress Blockchain's resources are dedicated to achieving peak operational efficiency in industrial scale Bitcoin mining with industry-leading performance. Fortress intends to strategically develop state-of-the-art blockchain mining facilities.

Fortress entered into a letter of intent with Focused Capital II Corp. ("FCII") on February 19, 2018 and entered into a definitive business combination agreement on March 21, 2018, which sets forth the terms of the business combination of Fortress and FCII and the issuance of securities of FCII in exchange for Fortress Securities.

FCII is a reporting issuer with its shares currently listed on the "NEX" board of the TSX Venture Exchange, under the trading symbol "FAV.H". The consolidated company, Fortress Blockchain Corp., will trade under the symbol "FORT".

2. WEHASH TRANSACTION

In February 2018, the Company completed its transaction with WeHash Technology LLP ("WeHash") whereby the Company acquired the Flagship Facility with electrical and cooling infrastructure that includes 2872 physical outlets to operate up to 2MW of computing hardware (with a 5MW total capacity upon electrical infrastructure being upgraded) in Washington State.

In consideration for the Flagship Facility the Company paid $3,000,000 USD and issued 3,500,000 units which consist of 3,500,000 shares and 3,500,000 warrants, exercisable at 0.50CAD.

The WeHash transaction has been accounted for as a purchase of assets and the costs have been allocated to the fair value of the assets acquired on the date of acquisition. The common shares issued as consideration were valued at C$0.50 per share, being the price of the most recent equity financing completed by Fortress.

The purchase agreement did not include any of the existing computing hardware operated by WeHash; a significant portion of the computing hardware operated by WeHash was owned by 3rd parties, and thus was being "hosted" by WeHash. The management of Fortress recognized the emergence of Bitcoin as a new digital asset class, and the most robust of all digital currencies based on blockchain technology (colloquially referred to as "cryptocurrency"). The resolution of Fortress was to maximize the output of the acquired WeHash facility to specifically mine Bitcoin, and as such the management of Fortress determined that up to 1400 Bitmain ASIC S9 Antminers ("S9 ASIC Hardware") from Bitmain could be safely operated in the existing 2MW electrical infrastructure. As part of this resolution, Fortress determined it would own all of the S9 ASIC Hardware it operated in this facility, and not "host" hardware from any 3rd Parties. Accordingly, Fortress would be in complete control of the process to generate Bitcoin, and retain complete ownership thereof.

3. OUTLOOK

The Company is strategically acquiring sites to develop state-of-the-art mining facilities, building our portfolio to be a leader in the Bitcoin mining sector. Furthermore, the Company has developed sophisticated mathematical tools to accurately model mining on Bitcoin blockchain, and is able to estimate the income and profitability based on input variables such as difficulty variation, Bitcoin price variation, operating cost, and electrical capacity. This allows the Company to create projections to underwrite the cost/benefit analysis of any future expansions.

The Company has begun R&D initiatives to allow for an upgrade of the existing 2MW infrastructure in the Flagship Facility to the maximum 5MW capacity. The R&D initiatives may allow for implementaion of the additional ASIC Hardware, in a unique cooling methodology that could provide improved long-term cost efficiency. This could be applied to the additional S9 ASIC Hardware that will be installed in Flagship Facility upon the expansion to 5MW of total capacity.

The Company operates with leading industry power usage efficiency ("PUE") metrics. PUE is the ratio of the total amount of energy used by the data center facility to the energy consumed by the computing equipment. A PUE of "1" is the theoretical ideal. Fortress expects to operate at a PUE of 1.02 to 1.05 at its Flagship Facility, significantly lower than competitors operating at a PUE above 1.1. Since less power is consumed by ancillary equipment, Fortress projects that it will have a higher density of S9 ASIC Hardware installed and consequently, expects to generate more Bitcoin per MW using the available power supply. The most important advantage at this facility is the low all-inclusive electrical cost of US$0.026 per KWh compared to many other competitors who often pay rates of US$0.05 or higher per KWh. This will position Fortress to have favourable gross mining margins since power is the largest single direct cost of a cryptocurrency mining operation.

The Company is evaluating the acquisition of additional sites, including a 9MW site and a 100MW site, which remain subject to further due diligence and financing.

If potential acquisitions are identified from time to time, Fortress' management will strategically determine the most cost-effective way to deploy future acquisitions and expansions to maximize revenue and cash flow, while being cognizant of the capital expenditures required to deliver large quantities of S9 ASIC Hardware or next-generation ASIC Hardware if introduced to the market over the period of construction.

4. OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Quarterly Highlights:

- On November 1, 2017, prior to the incorporation of the Company, the directors of the Company entered into an asset purchase agreement with WeHash to acquire a cryptocurrency mining center located in Washington, USA (the "Agreement"), for a projected total capacity of approximately 2.00 MW by April 2018. On December 22, 2017, the Company entered into an assignment and amendment agreement (the "Assignment") whereby the Agreement was assigned to Fortress' wholly-owned subsidiary. In accordance with the Agreement and Assignment, the Company acquired the Flagship Site and assumed the lease of real property on the property and electrical utility rates. The acquisition of the Flagship Facility was completed on February 16, 2018.

Expressed in CDN Dollars unless otherwise indicated

- Loss of $65,981 for the period of incorporation to December 31, 2017, due to marketing, promotional and travel expenses, and there being no digital currencies mined during the November 14, 2017 to December 31, 2017 period.

Total assets were $4,850,357 as at December 31, 2017 due primarily to the cash received from the private placements. The most significant asset was the Company's cash balance of $4,711,465.

Subsequent to December 31, 2017:

- the Company completed the following financings:
  - a brokered private placement, issuing 30,000,000 common shares at $0.50 per share for gross proceeds of $15,000,000. In connection with the private placement, the Company paid agents' fees of $1,029,000, other share issuance costs of $99,994 and 3.5% compensation options (1,050,000 compensation options, in aggregate) exercisable for a period of 24 months following the closing.
  - a non-brokered private placement, issuing 13,777,979 common shares at $0.30 per common share for gross proceeds of $4,133,394. The Company incurred $26,707 of share issuance costs.
  - a non-brokered private placement, issuing 4,000,000 units at $0.10 per unit for gross proceeds of $400,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant shall be exercisable at $0.50 per warrant to acquire one additional common share of the Company during a period of 12 months following the date of issue. The Company incurred $30 of share issuance costs.
  - a non-brokered private placement, issuing 1,400,000 units at $0.10 per unit for gross proceeds of $140,000. Each unit consists of one common share of the Company and one half common share purchase warrant. Each warrant shall be exercisable at $0.50 per warrant to acquire one additional common share of the Company during a period of 36 months following the date of issue.
  - A non-brokered private placement, issuing 3,600,000 common shares at $0.10 per common share for gross proceeds of $360,000.

- A director of the Company exercised and converted $25,000 convertible debenture into 5,000,000 common shares of the Company and 3,846,154 warrants in aggregate.

- The acquisition of the Flagship Facility was completed on February 16, 2018.

  The total consideration is estimated as follows:

Consideration:	Amount:
Cash payment - US$3,000,000:	
Additional cash payment	$ 3,633,500
Deposit applied	130,000
Shares issued to WeHash - 3,500,000 units of the Company	1,750,000
Transaction expenses	23,500
Total consideration:	$ 5,537,000

- On February 20, 2018, the Company granted 2,102,500 stock options to certain consultants, executives and directors of the Company.

Expressed in CDN Dollars unless otherwise indicated

5. SELECTED ANNUAL INFORMATION

The following table presents selected audited financial information of the Company from its completed fiscal period ended December 31, 2017:

	2017 Q4 ($)
Revenue	-
Net Loss	(66,021)
Basic and diluted income (loss) per share	(0.04)

During the period ended December 31, 2017, the Company recorded net loss from continuing operations of $65,981. As this is the Company's first quarter of operations, there are no comparative balances.

- Revenue from the mining of digital currencies for the three months ended December 31, 2017 was $nil since the cryptocurrency mine acquisition was not complete and operational during this period.
- Professional fees for the period ended December 31, 2017 of $41,604 primarily in relation to legal and accounting fees. These fees pertained primarily to incorporation costs, financing matters, drafting subscription agreements, financial accounting advisory, and due diligence in connection with the cryptocurrency mine acquisition.
- Marketing fees for the period ended December 31, 2017 of $13,064 in relation to marketing initiatives with the launch of the Company's business.
- Travel fees for the three months ended December 31, 2017 of $10,614 incurred by the CEO and director of the Company in connection with various acquisition, due diligence and financing activities, as well as participating in blockchain conferences and other networking and business events.

Timing considerations with respect to the period ended December 31, 2017

As noted above, the Company incorporated on November 14, 2017, after which the Company commenced its operations. As a result, the three month ended December 31, 2017 includes only a month and a half of operations from November 14, 2017 to December 31, 2017.

6. SUMMARY OF QUARTERLY RESULTS

The Company was incorporated on November 14, 2017.

7. LIQUIDITY AND CAPITAL RESOURCES

As the Company was recently incorporated on November 14, 2017, it has limited history and no assurances that it will have a healthy level of liquidity and capital resources. The Company is reliant on external financing to take advantage of growth opportunities and its ability to continue as a going concern is dependent on the Company's ability to efficiently mine and liquidate digital currencies.

As at December 31, 2017, the Company had a working capital deficit of $29,042. Subsequent to December 31, 2017, the Company raised an additional $15.3 million in equity financing and currently has sufficient cash and cash equivalents to fund its current operating and administrative costs.

The net change in the Company's cash position as at December 31, 2017 was an increase of $4,711,465 as a result of the following cash flows:

- cash provided from operations of $38,353, primarily due to increase in trades payable and accrued liabilities since date of incorporation;
- cash used in investing activities of $136,415 primarily in relation to the deposit paid for the Flagship Facility in Washington State, USA; and
- cash provided by financing activities of $4,809,487, largely due to the proceeds of share subscriptions received in advance in connection with the $0.10 and $0.30 non-brokered private placements which closed subsequent to December 31, 2017.

8. OUTSTANDING SHARE DATA

As at the date of this report, 69,277,981 common shares were issued and outstanding, 3,152,500 stock options and 18,200,000 warrants issued and outstanding. There are securities law restrictions on resale, as well as voluntary restrictions, on certain shares.

9. RELATED PARTY TRANSACTIONS

As at December 31, 2017, the Company had an amount owing to the CEO and director of the Company of $12,136 for out-of-pocket expenses incurred. The amount is non-interest bearing, has no fixed repayment terms and is payable on demand. The Company also had an amount owing to a director of the Company of $12,518 for out-of-pocket expenses incurred. The amount is non-interest bearing, has no fixed repayment terms and is payable on demand.

As at December 31, 2017, the Company had an outstanding loan payable to the CEO and director of the Company of $15,000 bearing no interest, has no fixed repayment terms and is payable on demand.

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's corporate officers.

For the period from incorporation to December 31, 2017, there were no salaries and wages paid to key management.

10. PROPOSED TRANSACTION

On March 21, 2018, the Company has entered into a definitive business combination agreement with FCII pursuant to which FCII will acquire all of the issued and outstanding securities of the Company in consideration for securities of FCII, which will constitute a reverse takeover of FCII by the Company's shareholders (the "Acquisition"). The Company and company to be incorporated as a wholly owned subsidiary of FCII ("FCII sub") will amalgamate to form Fortress Blockchain Holdings Corp. (the "Amalgamation"), which will become a wholly-owned subsidiary of FCII at the time of completion of the Acquisition (FCII, at the time of completion of the Acquisition, referred to herein as the "Resulting Issuer").

To give effect to the Acquisition, Fortress will amalgamate with FCII Sub to form Fortress Blockchain Holdings Corp. and the Fortress securityholders will exchange their Fortress securities for equivalent securities of FCII on the basis of one FCII security for each Fortress security held.

Pursuant to the Amalgamation, each holder of a Fortress security will receive one equivalent security of FCII, having the same terms as the Fortress security being exchanged, for each Fortress security held. As a result of the Amalgamation, it is expected that FCII will issue:

a) an aggregate of 69,277,981 FCII shares issuable in exchange for the outstanding Fortress shares;
b) an aggregate of 18,200,000 replacement warrants issuable in exchange for the outstanding Fortress warrants, each exercisable into one FCII share at a price of $0.50 with expiry dates ranging from January 4, 2019 to January 8, 2023;
c) an aggregate of 1,050,000 replacement broker options issuable in exchange for the outstanding Fortress broker options, each exercisable into one FCII share at a price of $0.50 with expiry an expiry date of January 9, 2020;
d) an aggregate of 2,102,500 replacement options issuable in exchange for the outstanding Fortress options, each exercisable into one FCII share at a price of $0.50 with an expiry date of February 20, 2028;
e) an aggregate of 168,000 options, each exercisable into one FCII share at a price of $[0.60] per share with an expiry date of ten years from the closing date of the Acquisition.

Upon completion of the Acquisition, Fortress Blockchain Holdings Corp. will be a wholly owned subsidiary of the Resulting Issuer.

11. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Fair value of financial instruments
The individual fair values attributed to the different components of a financing transaction, convertible debenture, is determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of the issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of the instrument that are not quoted in active market.

Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the

Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

New Standards and Interpretations Not Yet Adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following has not yet been adopted by the Company and is being evaluated to determine its impact.

- IFRS 9 Financial Instruments: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 Revenue from Contracts with Customers: New standard that replaced IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations on revenue, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, which replaces previous lease accounting guidance, effective for annual periods beginning on or after January 1, 2019.

12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had a cash balance of $4,711,465 to settle current liabilities of $4,868,433. All of the Company's financial liabilities with the exception of the convertible debentures have contractual maturities of less than 30 days and are subject to normal trade terms. The convertible debentures have a contractual maturity of less than 2 years.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Currently, the Company believes that it is not exposed to significant interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short term. The Company is not exposed to interest rate risk in respect of its due to shareholder and convertible debenture as both are non-interest bearing.

(b) Foreign currency risk
The Company does not hold significant balances in foreign currencies which would give rise to exposure to foreign exchange risk. As such, the Company believes it has no significant foreign exchange rate risk.

Fair value hierarchy

The Company applied the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at December 31, 2017, cash is assessed to be Level 1 instruments.

The fair value of trade receivables and other, deposit, trade payables and accrued liabilities, due to shareholder and share subscriptions received in advance are equal to its carrying value due to its short-term maturity.

13. CAUTION REGARDING FORWARD LOOKING INFORMATION

This Management Discussion and Analysis may contain certain "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of risks and uncertainties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

14. MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Forward-looking information in this Management Discussion and Analysis includes information about the Company's expansion into the United States through the Cryptocurrency mine acquisition; the expected electrical consumption in the United States; additional opportunities to be identified in 2018 to continue growth of revenue and computing equipment; the business goals and objectives of the Company, and other forward-looking information including but not limited to information concerning the intentions, plans and future actions of the Company. The forward-looking information in this Management Discussion and Analysis reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this Management Discussion and Analysis, the Company has made assumptions about the Company's ability to complete the expansion into the United States; the ability of the Company to mine digital currencies will be consistent with historical prices; and there will be no regulation or law that will prevent the Company from operating its business. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

APPENDIX 1

Business Risks and Uncertainties

There are a number of risk factors associated with Fortress and its business. Shareholders should carefully consider each of the risks described below. Fortress' success will depend on a number of things, including the expertise, ability, judgment, discretion, integrity and execution of its management. The risks and uncertainties below are not the only ones facing Fortress. Additional risks and uncertainties not presently known to Fortress or that it currently considers immaterial may also impair our business operations and cause the value of the Company to decline. If any of the following risks actually occur, Fortress' business may be harmed and its financial condition may suffer significantly.

1. Completion of the Acquisition

There are risks associated with the Acquisition including (i) market reaction to the Acquisition and the future trading prices of the shares of the Resulting Issuer cannot be predicted; (ii) uncertainty as to whether the Acquisition will have a positive impact on the entities involved therein; and (iii) there is no assurance that required approvals will be received.

2. Liquidity and Future Financing Risk

Fortress may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that Fortress will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Company to alter its capitalization significantly and, if additional financing is raised by issuance of additional shares from treasury, control may change and shareholders will suffer dilution. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and results of operations.

3. Going Concern Risk

The Fortress Financial Statements have been prepared using accounting principles applicable to a going concern which assumes an entity will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Fortress' future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving its growth plans. The Fortress Financial Statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should it be unable to continue as a going concern.

4. Risks Related to Fortress' Business

The Company's cryptocurrency inventory may be exposed to cybersecurity threats and hacks

As with any other computer code, flaws in the cryptocurrency codes are continuously being exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare. For example, a recent Ether cryptocurrency hack occurred in late July of 2017, where an unknown hacker exploited a critical flaw in the Parity multi-signature wallet on the Ethereum network and drained three large wallets that had a combined total of over $31 million worth of Ethereum cryptocurrency. If left undetected, the hacker could potentially have stolen an additional $150 million of Ether cryptocurrency. The loss was limited to the $31 million of Ether cryptocurrency as white-hat hackers acted swiftly to protect the remaining accounts at risk.

Regulatory changes or actions may alter the nature of an investment in Fortress or restrict the use of cryptocurrencies in a manner that adversely affects our operations

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of Fortress to continue to operate.
The effect of any future regulatory change on Fortress or any cryptocurrency that we may mine is impossible to predict, but such change could be substantial and have a material adverse effect on the Company.
Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation.
Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the securities of the Company. Such a restriction could result in Fortress liquidating its Bitcoin and other cryptocurrency inventory at unfavorable prices and may adversely affect the Company's shareholders.

The value of cryptocurrencies may be subject to momentum pricing risk
Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of our cryptocurrency inventory and thereby affect our shareholders.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure
To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of BTC exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed BTC exchanges were not compensated or made whole for the partial or complete losses of their account balances in such BTC exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive

information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment
A number of companies that provide BTC and/or other cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to BTC and/or other cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide BTC and/or other cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of key businesses providing BTC and/or other cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's cryptocurrency inventory.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain
Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Resulting Issuer's cryptocurrency inventory.
The possibility of large-scale purchases of cryptocurrencies in times of crisis may have a short-term positive impact on the price of BTCs. For example, in March 2013, a report of uncertainty in the economy of the Republic of Cyprus and the imposition of capital controls by Cypriot banks motivated individuals in Cyprus and other countries with similar economic situations to purchase BTCs. This resulted in a significant short-term positive impact on the price of BTCs. However, as the purchasing activity of individuals in this situation waned, speculative investors engaged in significant sales of BTCs, which significantly decreased the price of BTCs. Crises of this nature in the future may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Company.
As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of BTCs either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Resulting Issuer's operations and profitability.
The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate
The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect the Company's operations. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;

- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of BTCs specifically and cryptocurrencies generally.

Acceptance and/or widespread use of cryptocurrency is uncertain
Currently, there is relatively small use of BTCs and/or other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect Fortress' operations, investment strategies, and profitability.
As relatively new products and technologies, BTC, the Bitcoin network, and its other cryptocurrency counterparts have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's operations, investment strategies, and profitability.

Fortress may be required to sell its coins to pay for expenses
The Company may sell its coins to pay for expenses incurred, irrespective of then-current coin prices. Consequently, Fortress' coins may be sold at a time when the price is low, resulting in a negative effect on its profitability.

Fortress' coins may be subject to loss, theft or restriction on access

There is a risk that some or all of the Company's coins could be lost or stolen. Access to Fortress' coins could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect our operations and, consequently, our profitability.
The loss or destruction of a private key required to access Fortress' digital wallets may be irreversible. The loss of access to the private keys or of a data loss relating to Fortress' digital wallets could adversely affect its investments.
Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet's public key or address is reflected in the network's public Blockchain. The Company publishes the public key relating to its digital wallets when it verifies the receipt of cryptocurrency transfers and disseminates such information into the network but needs to safeguard the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, we will be unable to access our coins and such private keys cannot be restored. Any loss of private keys relating to our digital wallets could adversely affect our investments and profitability.

Incorrect or fraudulent coin transactions may be irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's investments.

Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and the Company may not be able to be compensated for any such transfer or theft. Although our transfer of coins will regularly be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, our coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

If the award of coins for solving Blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue Mining and may cease their Mining operations

As the number of coins awarded for solving a block in the Blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact our financial results.

If the award of coins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve Blocks and confirmations of transactions on the Blockchain could be slowed temporarily. A reduction in the processing power expended by miners could increase the likelihood of a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on the Blockchain, potentially permitting such actor or botnet to manipulate the Blockchain in a manner that adversely affects the Company's mining activities. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact Fortress' mining activities, inventory of coins, and future investment strategies.

The price of coins may be affected by the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets

To the extent that other vehicles investing in coins or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by Fortress.

Risk related to technological obsolescence and difficulty in obtaining hardware

To remain competitive, Fortress will continue to invest in hardware and equipment required for its mining activities. Should competitors introduce new services/software embodying new technologies, our hardware, equipment and technology may become obsolete and require substantial capital to upgrade or replace.

Management Experience and Dependence on Key Personnel

Our success is largely dependent on the performance of our proposed directors and officers. Certain members of our management team have experience in the cryptocurrency industry, while others have experience in other areas including financial management, corporate finance and sales and marketing. The experience of these individuals are expected to contribute to our continued success and growth. Fortress will be relying on its directors and officers, as well as independent consultants and advisory board, for various aspects of our business. The amount of time and expertise expended on our affairs by our management team, consultants, advisory board members and directors will vary according to Fortress' needs. The Company does not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any director and officer, key employee or consultant, could have a material adverse effect on its operations.

Uncertainty of Additional Funding

Acquisitions of additional Rigs and mining facilities will require additional capital. There is no assurance that the Company will be successful in obtaining any required financing or that such financing will be available on terms acceptable to the Company. Any future financing will also be dilutive to the current shareholders.

Negative Cash Flow

Fortress has a limited history of operations, and no history of earnings, cash flow or profitability. Fortress has had negative operating cash flow since its inception, and it will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will attain positive cash flow or profitability or that additional funding will be available for operations.

Uninsured or Uninsurable Risks

The Company intends to insure its operations in accordance with business practices. However, given the novelty of cryptocurrency mining and associated businesses, such insurance may not be available, uneconomical or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which we cannot insure or against which we may elect not to insure because of high premium costs or for other reasons. The payment of such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which we do not carry insurance may have a material adverse effect on our financial position.

Contractual Risk

The Company is a party to various contracts and it is always possible that the other contracting parties may not fully perform their obligations.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that has not been taken into account, if such expenses were subsequently incurred, the Company's forecasted uses of funds and other budgets may be adversely affected.