

FIRST BITCOIN CAPITAL CORP.
Consolidated Statements of Financial Position
As at December 31, 2018 and December 31, 2017
(Expressed in U.S. Dollars)

| | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| | (unaudited) | |
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 5,622 | \$ 6,540 |
| Accounts receivable (Note 11) | 233,500 | 100,000 |
| Note receivable | 1,000,000 | - |
| Digital currencies (Note 6) | 6,290 | 101,842 |
| | 1,245,412 | 208,382 |
| Security deposit | 4,105 | - |
| DIGITAL CURRENCIES (Note 6) | 489,417 | 489,417 |
| INVESTMENT (Note 5) | 135,500 | 500,000 |
| EQUIPMENT (Note 7) | 80,628 | 82,033 |
| | \$ 1,955,062 | \$ 1,279,832 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 63,889 | \$ 35,586 |
| Payable to related parties (Note 10) | 16,695 | 202,348 |
| | 80,584 | 237,934 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 9) | 301,843 | 301,843 |
| Paid-in-capital | 5,816,343 | 5,816,343 |
| Accumulated other comprehensive income | (83,834) | 433,136 |
| Deficit | (4,159,874) | (5,509,424) |
| | 1,874,478 | 1,041,898 |
| | \$ 1,955,062 | \$ 1,279,832 |

FIRST BITCOIN CAPITAL CORP.**Consolidated Statements of Income/Loss and Comprehensive Income/Loss****For the Years Ended December 31, 2018 and 2017****(Expressed in U.S. Dollars)**

| | 2018 (unaudited) | 2017 |
|---|---------------------|-----------------------|
| CONSULTING INCOME | \$ 476,000 | \$ 100,000 |
| EXPENSES | | |
| Depreciation | 34,187 | 9,392 |
| Directors' fees (Note 9) | - | 374,500 |
| General and administration | 140,989 | 31,981 |
| Mining activity fees (Note 9) | - | 2,356,988 |
| Product development | 69,134 | 23,777 |
| Professional fees | 66,692 | 42,978 |
| Sales and marketing | 20,550 | 8,649 |
| | 331,552 | 2,848,265 |
| INCOME (LOSS) BEFORE OTHER INCOME | 144,448 | (2,748,265) |
| OTHER INCOME | | |
| Gain on exchange of digital currencies for investments (Note 5) | - | 150,000 |
| Gain on exchange or acquisition of digital currencies | 1,000,000 | 110,697 |
| Gain on settlement of payable to related party (Note 10) | 205,102 | 154,179 |
| Other income | - | 277 |
| | 1,205,102 | 415,153 |
| NET (LOSS) INCOME | 1,349,550 | (2,333,112) |
| OTHER COMPREHENSIVE INCOME | | |
| Item that may be reclassified subsequently into net income or loss | | |
| Investment fair value adjustment (Note 5) | (440,500) | 350,000 |
| Item that will not be reclassified subsequently into net income or loss | | |
| Digital currency revaluation surplus (Note 6) | (76,470) | 83,136 |
| COMPREHENSIVE (LOSS) INCOME | \$ 832,580 | \$ (1,899,976) |
| BASIC AND DILUTED (LOSS) EARNINGS PER SHARE | \$ 0.00 | \$ (0.01) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 301,233,431 | 301,233,431 |

The accompanying notes are an integral part of these consolidated financial statements.

FIRST BITCOIN CAPITAL CORP.**Consolidated Statements of Changes in Shareholders' Equity****For the Years Ended December 31, 2018 and 2017****(Expressed in U.S. Dollars)****(unaudited)**

| | Share Capital | | Paid-in-Capital | Accumulated Other Comprehensive Income | | | Total |
|-------------------------------------|------------------|------------|-----------------|--|--------------------------------------|----------------|--------------|
| | Number of Shares | Amount | | Fair Value Reserve | Digital Currency Revaluation Reserve | Deficit | |
| Balances, December 31, 2016 | 304,316,517 | 304,317 | 3,153,280 | - | - | (3,247,212) | 210,385 |
| Shares cancelled (Note 9) | (6,240,150) | (6,240) | (64,660) | - | - | 70,900 | - |
| Shares issued for services (Note 9) | 3,765,924 | 3,766 | 2,727,723 | - | - | - | 2,731,489 |
| Net loss | - | - | - | - | - | (2,333,112) | (2,333,112) |
| Other comprehensive income | - | - | - | 350,000 | 83,136 | - | 433,136 |
| Balances, December 31, 2017 | 301,842,291 | \$ 301,843 | \$ 5,816,343 | \$ 350,000 | \$ 83,136 | \$ (5,509,424) | \$ 1,041,898 |
| Net income | - | - | - | - | - | 1,349,550 | 1,349,550 |
| Other comprehensive income | - | - | - | (440,500) | (76,470) | - | (516,970) |
| Balances, December 31, 2018 | 301,842,291 | \$ 301,843 | \$ 5,816,343 | \$ (90,500) | \$ 6,666 | \$ (4,159,874) | \$ 1,874,478 |

The accompanying notes are an integral part of these consolidated financial statements.

FIRST BITCOIN CAPITAL CORP.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017
(Expressed in U.S. Dollars)

| | 2018 | 2017 |
|---|--------------|----------------|
| OPERATING ACTIVITIES | (unaudited) | |
| Net (loss) income | \$ 1,349,550 | \$ (2,333,112) |
| Items not affecting use of cash | | |
| Depreciation | 34,187 | 9,392 |
| Gain on exchange of digital currencies for investments | (1,000,000) | (150,000) |
| Gain on exchange or acquisition of digital currencies | 19,082 | (110,697) |
| Gain on settlement of payable to related party | (205,102) | |
| Product development expense settled with digital assets | - | 575 |
| Share-based payments | - | 2,731,488 |
| | 197,717 | 147,646 |
| Changes in non-cash working capital items | | |
| Accounts receivable | (133,500) | (100,000) |
| Investment | (76,000) | - |
| Security deposit | (4,105) | - |
| Accounts payable and accrued liabilities | 28,303 | 35,586 |
| Due to related parties | 19,449 | 8,773 |
| | 31,864 | 92,005 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (32,782) | (91,425) |
| INCREASE IN CASH | (918) | 580 |
| CASH, BEGINNING OF YEAR | 6,540 | 5,960 |
| CASH, END OF YEAR | \$ 5,622 | \$ 6,540 |

The accompanying notes are an integral part of these consolidated financial statements.

FIRST BITCOIN CAPITAL CORP.
NOTES TO CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

NATURE OF OPERATIONS

First Bitcoin Capital Corp. (the “Company”) is engaged in the business of digital cryptocurrency development and blockchain development. The Company was originally organized in the State of Nevada on November 7, 1989 as United Development International. In July 2005, the Company was renamed Mindenao Gold Mining Corporation and reincorporated in the State of Oregon. On February 6, 2006, the Company dissolved its filing in the State of Oregon and reincorporated in British Columbia, Canada as Grand Pacaraima Gold Corp. On February 27, 2014, the Company changed its name to First Bitcoin Capital Corp., which was approved by the Financial Industry Regulatory Authority on November 15, 2016.

The Company’s registered office is located at Suite 2800, Park Place, 666 Burrard St., Vancouver, British Columbia V6C 2Z7 Canada.

To date, the Company has not generated significant revenues from operations. The Company has incurred significant losses since inception and as at December 31, 2018 has an accumulated deficit of \$4,140,792. These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through the issuance of shares to the public, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

The preparation of these consolidated financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under United States Generally Accepted Accounting Principles (“U.S. GAAP”). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They also have been applied in preparing an opening IFRS statement of financial position at January 1, 2016 for the purpose of the transition to IFRS. The impact of the transition from U.S. GAAP to IFRS is explained in Note 16.

2. BASIS OF PREPARATION (Continued)

- (c) These consolidated financial statements were approved and authorized for issue by the board of directors on June 17, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Bitcoin ATM Franchise Corp., Bitminer CC Ltd., CoinQX Exchange Ltd., Score Holdings International Corp. and First Bitcoin Capital LLC. All intra-company transactions, balances, income and expenses are eliminated on consolidation.

(b) *Accounting estimates and judgments*

The preparation of these consolidated financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. 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 these assumptions 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 under different assumptions and conditions.

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 further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the Company's preparation of these consolidated financial statements include, among others, the valuation of digital currencies, mineral property, equipment and deferred tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments used by the Company include the expected economic lives of assets, the estimated future operating results, and the net cash flows from equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Foreign currencies*

The reporting and functional currency of the Company and its subsidiaries is the U.S. dollar. Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency at the date of the transaction. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate of the functional currency as at the period ending date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using exchange rates as at the initial transaction dates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at date when the fair value was measured. All foreign currency translation gains and losses are included in the consolidated statement of loss.

(d) *Financial instruments*

Financial instruments are classified into various categories. Held to maturity investments and loans and receivables are measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Financial assets and liabilities at fair value through profit or loss (“FVTPL”) are classified as FVTPL when the financial instrument is held for trading or designated as FVTPL. Financial instruments at FVTPL are measured at fair market value with all gains and losses included in net income or loss in the period in which they arise. Available-for-sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position, and losses due to impairment are included in operations. All other financial assets and liabilities are carried at amortized cost.

The Company’s financial instruments are cash and cash equivalents, accounts receivable, investment, accounts payable and accrued liabilities, and due to related parties. The Company has classified its cash and cash equivalents as held for trading, accounts receivable as loans and receivables, investment as available-for-sale, and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

Financial instruments are initially recorded at fair value and transaction costs are added to the carrying value of financial instruments that are not subsequently measured at FVTPL.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Cash*

Cash is composed of cash at banks and on hand. The Company did not hold cash equivalents as the statement of financial position dates.

(f) *Digital currencies*

Digital currencies include cryptocurrencies that the Company has acquired or issued and are considered indefinite life assets because they do not expire or deteriorate over time and the Company expects to obtain benefits from its cryptocurrencies indefinitely.

Digital currencies without an active market are recorded at cost less any accumulated impairment losses. Management conducts an impairment test at least annually by comparing carrying values to recoverable amounts and when there is an indication that impairment has occurred, an impairment charge is recorded. Changes arising from the test are recorded by the Company prospectively.

Digital currencies with an active market are recorded at fair value by reference to the active market, less any subsequent accumulated impairment losses. Increases in carrying values are recognized in other comprehensive income as revaluation surplus or in net income or loss to the extent it reverses a revaluation decrease previously recognized. Decreases in carrying values are recognized in net income or loss or in other comprehensive income to the extent of any credit balance in the revaluation surplus account.

(g) *Property and equipment*

(i) *Mineral property*

Mineral property is recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the acquisition of mineral properties are capitalized until the properties to which they relate are ready for their intended use, sold, abandoned, or management has determined that there is impairment. On the commencement of commercial production, net capitalized costs are charged to operations on a unit-of-production basis, by property, using estimated proven and probable recoverable reserves as the depletion base.

Although the Company has taken steps to verify titles to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property titles may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Equipment

Equipment consists of automated check cashing kiosks and computer equipment. Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses and depreciated as follows:

Automated check cashing kiosks – Five years (straight-line basis)
Computer equipment – 55% (declining balance basis)

(h) *Impairment of non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment and digital currencies to determine whether there is an indication that those assets are impaired. If any such indication exists, the extent of the impairment charge is determined based on the estimated recoverable amount of the asset.

The recoverable amount of the asset used for this purpose is the higher of the fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assignments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the statement of loss and comprehensive loss, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(i) *Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset when it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) *Comprehensive income or loss*

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income or loss comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available-for-sale and digital currencies measured using the revaluation model will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

(k) *Income taxes*

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the period, adjusted for amendments to tax payable for previous years.

Deferred tax assets and liabilities are computed using the asset and liability method on temporary differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values, using the enacted or substantially enacted, income tax rates at each statement of financial position date. Deferred tax assets also result from unused losses and other deductions carried forward. The valuation of deferred tax assets is reviewed on a regular basis and adjusted to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized by use of a valuation allowance to reflect the estimated realizable amount.

(l) *Loss per share*

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of instruments which are convertible to common share equivalents.

4. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following is a summary of new standards, amendments and interpretations that have been issued but not yet adopted in these consolidated financial statements:

(a) *IFRS 9, Financial Instruments (“IFRS 9”)*

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

(b) *IFRS 15, Revenue from Contracts with Customers (IFRS 15”)*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 14 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company is currently assessing the impact that these new and amended standards will have on the consolidated financial statements.

5. INVESTMENT

The Company’s investment consists of 5 million common shares of Singlepoint Inc., a company trading on the OTCQB Venture Market in the United States of America. The shares were acquired on August 3, 2017 through the exchange of 1 million WEED coins, a digital currency which was recorded at nominal value. During the year ended December 31, 2017, the Company recognized a related gain on exchange of the digital currency for the investment of \$150,000. As at December 31, 2018, the fair value of the Singlepoint Inc. common shares, measured at the quoted market price (Level 1 of the fair value hierarchy), is \$59,500.

In addition, the Company entered into a joint venture agreement with Medical Cannabis Payment Solutions (REFG) whereby REFG issued 2,000,000 shares of its common stock to First Bitcoin Capital for which the Company provided an analysis of this project including providing technical information of WEED tokens. These shares were valued at \$76,000.

6. DIGITAL CURRENCIES

| | Digital Currencies at Cost | Digital Currencies at Fair Value | Total |
|---|----------------------------------|--|------------|
| Balance, January 1, 2016 | \$ - | \$ - | \$ - |
| Additions | 398,000 | - | 398,000 |
| Balance, December 31, 2016 | 398,000 | - | 398,000 |
| Additions | 91,990 | 126,077 | 218,067 |
| Disposals | (573) | (107,371) | (107,944) |
| Increase in accumulated other comprehensive income | - | 83,136 | 83,136 |
| Balance December 31, 2017 | \$ 489,417 | \$ 101,842 | \$ 591,259 |
| Additions | - | - | - |
| Disposals | - | (19,082) | (19,082) |
| Decrease in accumulated other comprehensive income | - | (76,470) | (76,470) |
| Balance December 31, 2018 | \$ 489,417 | \$ 6,290 | \$ 495,707 |

Carrying amounts

| | | | |
|----------------------------|------------|------------|------------|
| Balance, December 31, 2017 | \$ 489,417 | \$ 101,842 | \$ 591,259 |
| Balance, December 31, 2018 | \$ 489,417 | \$ 6,290 | \$ 495,707 |

During the year ended December 31, 2017, the Company recorded a gain of \$83,136 related to changes in fair values of digital currencies measured at fair value at the quoted market price using www.coinmarketcap.com.

During the year ended December 31, 2018, the Company recorded a loss of \$(76,470) related to changes in fair values of digital currencies measured at fair value at the quoted market price using www.coinmarketcap.com.

7. EQUIPMENT

| | Automated Check Cashing Kiosks | Computer Equipment | Office Furniture | Total |
|---------------------------------|-----------------------------------|-----------------------|---------------------|------------|
| Cost | | | | |
| Balance, December 31, 2016 | \$ - | \$ - | | \$ - |
| Additions | 90,000 | 1,425 | | 91,425 |
| Balance December 31, 2017 | \$ 90,000 | \$ 1,425 | | \$ 91,425 |
| Additions | | 27,894 | 4,888 | \$ 32,782 |
| Balance December 31, 2018 | \$ 90,000 | \$ 29,319 | \$ 4,888 | \$ 124,207 |
| Accumulated depreciation | | | | |
| Balance, December 31, 2016 | \$ - | \$ - | | \$ - |
| Additions | 9,000 | 392 | | 9,392 |
| Balance, December 31, 2017 | \$ 9,000 | \$ 392 | \$ - | \$ 9,392 |
| Additions | 18,000 | 15,698 | 489 | \$ 34,187 |
| Balance December 31, 2018 | \$ 27,000 | \$ 16,090 | \$ 489 | \$ 43,579 |
| Carrying amounts | | | | |
| Balance, December 31, 2017 | \$ 81,000 | \$ 1,033 | \$ - | \$ 82,033 |
| Balance, December 31, 2018 | \$ 63,000 | \$ 13,229 | \$ 4,399 | \$ 80,628 |

8. INCOME TAXES

| | December 31, 2018 | December 31, 2017 |
|---------------------------|----------------------|----------------------|
| Deferred tax assets | | |
| Mineral property | \$ - | \$ - |
| Tax loss carryforwards | 447,761 | 798,644 |
| Total deferred tax assets | <u>447,761</u> | <u>798,644</u> |
| Deferred tax liabilities | | |
| Digital currencies | - | (50,247) |
| Investment | - | (65,000) |
| | <u>-</u> | <u>(115,247)</u> |
| Net deferred tax assets | 447,761 | 683,397 |
| Valuation allowance | (447,761) | (683,397) |
| Net deferred tax assets | <u>\$ -</u> | <u>\$ -</u> |

| | Year Ended December 31, 2018 |
|---|---------------------------------|
| (Loss) income before income taxes | \$ 1,349,550 |
| Combined Canadian federal and provincial statutory tax rates | <u>26%</u> |
| Income tax recovery (expense) based on combined statutory tax rates | 350,883 |
| Net tax effect of items that are not taxable or deductible | |
| Tax effect relating to items that are taxable or tax deductible | |
| Utilization of losses carried forward | (350,883) |
| Current period losses not recognized | - |
| | <u>\$ -</u> |

At December 31, 2018, the Company has unrecognized non-capital losses for income tax purposes of approximately \$1.8 million (December 31, 2017 - \$3.2 million) which may be used to offset future taxable income and which will expire between 2026 and 2036 if not utilized.

9. SHARE CAPITAL

The Company is authorized to issue 500,000,000 common shares with a par value of \$0.001 per share. At December 31, 2018 and 2017, 301,842,291 common shares were issued and outstanding

During the year ended December 31, 2017, the Company issued 3,415,924 common shares in trust as compensation for third parties who had “mined” the Company’s BIT digital currency and traded the BIT digital currency for the Company’s BITCF digital currency. The common shares were valued at \$2,356,988 on the date they were issued.

In addition, 350,000 common shares were issued to directors for services (Note 10) and 6,240,150 common shares were returned to treasury and cancelled.

On August 2, 2017, the Company approved a ten percent (10%) quarterly dividend to its shareholders on record as of September 12, 2017 to be paid with the digital currency TeslaCoilCoin (“TESLA coin”). As the digital currency dividend payment has not been approved by the Financial Industry Regulatory Authority, the Company has not paid or recorded the dividend during the year ended December 31, 2017.

10. RELATED PARTY TRANSACTIONS

Payable to related parties include \$16,995 due to the Company's Chief Executive Officer by the Company's Chief Executive Officer at December 31, 2018. During the year ended December 31, 2017, the Company recognized a gain on settlement of amounts due to the Company's Chief Executive Officer of \$154,179 as a result of being settled with 2,000 Bitcoin Futures (XBU) digital currency. During the year ended December 31, 2018, the Company recognized a gain on settlement of amounts due to the Company's Chief Executive Officer of \$205,102 as a result of being settled with 20,000 Bitcoin Futures (XBU) digital currency.

During the year ended December 31, 2017, the Company issued 350,000 common shares to directors for services and recorded the fair value of the shares, \$374,500, as directors' fees.

11. DISTRIBUTED LEDGER TECHNOLOGY SERVICES AGREEMENT

On November 1, 2017, the Company entered into a supply chain technology services agreement with Petroteq Energy Inc. ("Petroteq") whereby the Company was engaged to design and build a blockchain-based platform for Petroteq to be used by Petroteq and other companies engaged in international oil and gas operations. Compensation includes the following:

- Base compensation of \$500,000 payable in five (5) equal and consecutive monthly installments with the initial installment of \$100,000 due on or before December 1, 2017 (initial installment received in January 2018);
- Annual license fee of \$10,000 beginning January 1, 2018; and
- Royalty of five percent of net revenues received by Petroteq from any third person.

The remaining \$233,500 of unpaid base compensation is currently being negotiated between the Company and Petroteq.

12. MANAGEMENT OF CAPITAL

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to pursue its business strategies. The Company's capital consists of its shareholders' equity.

The Company manages and adjusts its capital structure whenever changes to the risk characteristics of its underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may issue new shares or acquire or dispose of certain assets.

In order to facilitate the management of its capital requirements, the Company maintains a flexible capital structure which optimizes the cost of capital at an acceptable level of risk and makes adjustments on it in the light of changes in economic conditions and the risk characteristics of its underlying assets. As of the consolidated financial statement dates there are no external restrictions on the Company's capital.

13. FINANCIAL INSTRUMENTS

(a) Fair value information

The Company classifies and discloses its fair value measurements based on the three-level hierarchy described in Note 3(d). The carrying amount of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties, which are carried at amortized cost, approximate their fair values due to the short-term maturities of these instruments.

(b) Financial instrument risk exposure

The Company's financial instruments are exposed to certain risks, which include credit risk, liquidity risk and market risks (market price risk).

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable is due from a single customer and was received subsequent to year end. As such, the Company considers this risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and due to related parties are due within the current operating period. The Company manages liquidity risk through the management of its capital structure (Note 13).

Market risk

The Company is exposed to market risk related to the fluctuation in the market price of its investment. The market price for the investment has experienced significant volatility over the period covered by these financial statements and the Company therefore closely monitors the market value of the investment in order to determine the most appropriate course of action.

14. EVENTS AFTER THE REPORTING DATE

Management has evaluated subsequent events after the balance sheet date through the date the financial statements were issued.

The Company did not identify any additional material events or transactions occurring during this subsequent event reporting period that required further recognition or disclosure in these financial statements.

15. FIRST-TIME ADOPTION OF IFRS

The Company has adopted IFRS on January 1, 2017, with a transition date of January 1, 2016. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards* the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2016:

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has made this election and applied IFRS 3 only to business combinations that occurred on or after January 1, 2016.

IFRS 1 also outlines guidelines to which a first-time adopter must adhere to under certain circumstances. The Company has applied the following guideline to its opening statement of financial position dated January 1, 2016:

Estimates

In accordance with IFRS 1, an entity's estimates in accordance with IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with previous U.S. GAAP, unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates at January 1, 2016 are consistent with its U.S. GAAP estimates for the same date.