

FIRST BITCOIN CAPITAL CORP.

**Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017
And Independent Auditor's Report
(Expressed in U.S. Dollars)**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of First Bitcoin Capital Corp.

Opinion

We have audited the consolidated financial statements of First Bitcoin Capital Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, the consolidated statements of income/loss and comprehensive income/loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred significant losses since inception and has a working capital deficit and accumulated deficit as at December 31, 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

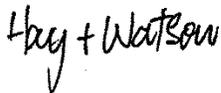
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Chartered Professional Accountants
Vancouver, BC, Canada
September 6, 2019

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

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	\$ 5,622	\$ 6,540
Accounts receivable (Note 12)	166,500	100,000
Other receivables	1,802	-
Digital currencies (Note 6 and Schedule A)	10,933	101,842
	184,857	208,382
Security deposit	4,105	-
Investments (Note 5)	95,760	500,000
Digital currencies (Note 6 and Schedule B)	1	489,417
Convertible promissory note (Note 7)	1	-
Equipment (Note 8)	80,628	82,033
	\$ 365,352	\$ 1,279,832
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 75,401	\$ 35,586
Payable to related parties (Note 11)	16,696	202,348
Operating advances (Note 12)	166,500	-
	258,597	237,934
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	301,913	301,843
Paid-in-capital (Note 10)	5,816,273	5,816,343
Accumulated other comprehensive (loss) income	(128,273)	433,136
Deficit	(5,883,158)	(5,509,424)
	106,755	1,041,898
	\$ 365,352	\$ 1,279,832

NATURE OF OPERATIONS (Note 1)**CONTINGENCIES AND COMMITMENTS (Note 15)****EVENTS AFTER THE REPORTING DATE (Note 16)**

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

APPROVED BY THE BOARD:

Director_____
Director

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	2017
REVENUES		
Software development (Note 12)	\$ 166,500	\$ 100,000
Consulting fees (Note 5b)	76,000	-
	242,500	100,000
EXPENSES		
Depreciation	34,187	9,392
Directors' fees (Note 11)	-	374,500
General and administration	66,934	31,981
Mining activity fees (Note 10)	-	2,356,988
Product development	69,134	23,777
Professional fees	91,815	42,978
Rent	38,700	-
Sales and marketing	55,283	8,649
	356,053	2,848,265
LOSS BEFORE OTHER INCOME (LOSS)	(113,553)	(2,748,265)
OTHER INCOME (LOSS)		
Gain on exchange of digital currencies for investments (Note 5)	-	150,000
Gain on exchange or acquisition of digital currencies	-	110,697
Gain on settlement of payable to related party (Note 11)	205,102	154,179
Impairment of digital currencies (Note 6)	(489,417)	-
Other income	4,475	277
	(279,840)	415,153
NET LOSS	(393,393)	(2,333,112)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently into net income or loss		
Investment fair value adjustment (Note 5)	(480,240)	350,000
Digital currency revaluation adjustment (Note 6)	(61,510)	83,136
	(541,750)	433,136
COMPREHENSIVE LOSS	\$ (935,143)	\$ (1,899,976)
BASIC AND DILUTED		
(LOSS) EARNINGS PER SHARE	\$ (0.001)	\$ (0.008)
WEIGHTED AVERAGE NUMBER OF		
SHARES OUTSTANDING	301,897,565	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)

	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 10)	(6,240,150)	(6,240)	(64,660)	-	-	70,900	-
Shares issued for services (Note 10)	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
Shares issued (Note 10)	70,790	70	(70)	-	-	-	-
Net loss	-	-	-	-	-	(393,393)	(393,393)
Other comprehensive loss	-	-	-	(480,240)	(61,510)	-	(541,750)
Transferred to deficit	-	-	-	-	(19,659)	19,659	-
Balances, December 31, 2018	301,913,081	\$ 301,913	\$ 5,816,273	\$ (130,240)	\$ 1,967	\$ (5,883,158)	\$ 106,755

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		
Net loss	\$ (393,393)	\$ (2,333,112)
Items not affecting use of cash		
Depreciation	34,187	9,392
Expenses settled with digital assets	29,397	575
Share-based payments	-	2,731,488
Shares received as payment for consulting fees	(76,000)	-
Gain on exchange of digital currencies for investments	-	(150,000)
Gain on exchange or acquisition of digital currencies	-	(110,697)
Gain on settlement of payable to related party	(205,102)	(154,179)
Impairment of digital currencies	489,417	-
	(121,494)	(6,533)
Changes in non-cash working capital items		
Accounts receivable	(66,500)	(100,000)
Other receivables	(1,802)	-
Security deposit	(4,105)	-
Accounts payable and accrued liabilities	39,815	35,586
	(154,086)	(70,947)
INVESTING ACTIVITIES		
Purchase of property and equipment	(32,782)	(91,425)
FINANCING ACTIVITIES		
Operating advances received	185,950	162,952
	185,950	162,952
(DECREASE) 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 the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

1. 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.

The Company has incurred significant losses since inception and as at December 31, 2018 has a working capital deficit of \$73,740 and an accumulated deficit of \$5,883,158. 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. These consolidated financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue its operations in the normal course of business.

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 Company adopted new accounting standards IFRS 9 *Financial Instruments* and IFRS 15 *Revenues from contracts with customers* as of January 1, 2018. There was no impact on the measurement or presentation of the Company’s consolidated financial statements as a result of the adoption of these new standards, except that the Company elected to classify investments in equity instruments which are not held for trading as measured at fair value through other comprehensive income. The classification and measurement of financial instruments is further described in Note 3(d).

(c) Authorization

These consolidated financial statements were approved and authorized for issue by the board of directors on September 6, 2019.

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

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 Holdings 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 and investments in equity instruments, and the estimated future operating results and net cash flows from 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 classification of financial instruments, and the application of the revaluation model for digital currencies considered to be actively traded.

(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.

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments*

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value, plus transaction costs if the financial instrument is not subsequently measured at fair value through profit and loss.

Financial assets are measured subsequently at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit and loss (“FVTPL”) based on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Financial assets which are investments in equity instruments are measured subsequently at FVTPL unless they are not held for trading and are designated as FVOCI. Financial liabilities are measured subsequently at amortized cost, except for derivatives and certain other specified exceptions measured FVTPL

The Company classifies its financial instruments as follows:

Financial instrument	Previous classification under IAS 39	Current classification under IFRS 9
Cash	Amortized cost	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Investments	Available-for-sale	Designated as FVOCI
Convertible promissory note	N/A	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payable to related parties	Other financial liabilities	Amortized cost
Operating advances	Other financial liabilities	Amortized cost
Corporate debts	Other financial liabilities	Amortized cost

Fair value measurements are determined based on quoted prices or appropriate valuation methods. Gains and losses on investments in equity instruments designated as FVOCI are recognized in other comprehensive income until they are derecognized. Dividends from these investments are recognized in profit and loss.

Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method, adjusted as required for credit-impaired financial assets.

Financial assets measured at amortized cost are subject to a loss allowance for expected credit losses resulting from default events that are possible within 12 months after the reporting date, or an allowance for lifetime expected losses for certain trade receivables, contract assets and lease receivables, and for financial assets where credit risk has increased significantly since initial recognition. Changes in the amount of expected credit losses are recognized as an impairment gain or loss in profit and loss.

Financial assets are derecognized when the contractual rights to the cash flows expire, for certain transfers, or when there is no reasonable expectation of recovering the financial asset. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

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.

(e) Cash

Cash is composed of cash at banks and on hand. The Company did not hold cash equivalents at 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.

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 of impairment, an impairment charge is recorded. Changes arising from the impairment tests 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) Equipment

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

- Automated check cashing kiosks – Five years (straight-line basis)
- Computer equipment – 55% (declining balance basis)
- Furniture – 10% (straight line basis)

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

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 significant new standards, amendments and interpretations that have been issued but not yet adopted in these consolidated financial statements:

(a) *IFRS 16 Leases (“IFRS 16”)*

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the potential impact of IFRS 16.

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

5. INVESTMENTS

Investee	Symbol	Shares held	Cost	Fair value
Singlepoint Inc.	SING	5,000,000	\$ 150,000	\$ 59,500
Medical Cannabis Payment Solutions, Inc.	REFG	2,000,000	76,000	36,260
			<u>\$ 226,000</u>	<u>\$ 95,760</u>

- (a) The Company holds 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. The Company recognized a gain on exchange of the digital currency for the investment of \$150,000 during the year ended December 31, 2017. 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 (2017 - \$500,000).
- (b) During the year ended December 31, 2018, the Company entered into an agreement whereby Medical Cannabis Payment Solutions, Inc., a company trading on the OTC Pink Open Market in the United States of America, issued 2,000,000 common shares to the Company in exchange for a project analysis and technical information on WEED tokens. The shares were recognized as payment for consulting services with an initial fair value of \$76,000. As at December 31, 2018, the fair value of the Medical Cannabis Payment Solutions, Inc. common shares, measured at the quoted market price (Level 1 of the fair value hierarchy), is \$36,260.

The Company has elected to classify these investments as FVOCI as they are not held for trading.

6. DIGITAL CURRENCIES

	Digital Currencies recorded at Cost	Digital Currencies measured at Fair Value	Total
Balance, December 31, 2016	\$ 398,000	\$ -	\$ 398,000
Additions	91,990	126,077	218,067
Disposals	(573)	(107,371)	(107,944)
Increase in revaluation reserve	-	83,136	83,136
Balance December 31, 2017	489,417	101,842	591,259
Disposals	-	(29,399)	(29,399)
Impairment	(489,417)	-	(489,417)
Decrease in revaluation reserve	-	(61,510)	(61,510)
Balance December 31, 2018	<u>\$ 1</u>	<u>\$ 10,933</u>	<u>\$ 10,934</u>
Carrying amounts			
Balance, December 31, 2017	\$ 489,417	\$ 101,842	\$ 591,259
Balance, December 31, 2018	<u>\$ 1</u>	<u>\$ 10,933</u>	<u>\$ 10,934</u>

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

6. DIGITAL CURRENCIES (continued)

During the year ended December 31, 2018, the Company recorded an impairment of \$489,417 on digital currencies recorded at cost as the market activity for these digital currencies has decreased significantly during the year and the future monetization of these assets is uncertain. The Company also recorded a decrease of \$61,510 related to changes in the fair values of digital currencies measured at fair value at the quoted market price (December 31, 2017 – increase of \$83,136) using prices quoted on www.coinmarketcap.com.

7. CONVERTIBLE PROMISSORY NOTE

On December 31, 2018, the Company entered into an agreement to issue 600 million BIT tokens, a digital currency, to Kronos Advances Technologies Inc. (Kronos), a Company trading on the OTC Pink Open Market in the United States of America, in exchange for a \$1 million convertible promissory note. The note bears simple interest at 5% per annum, matures on December 31, 2023, and is convertible to common shares of Kronos at any time after June 30, 2019 at a price per share that is 80% of the market price at the time of conversion. Conversion is subject to certain restrictions, including that the holder is not entitled to convert any portion of the note that would result in beneficial ownership by the holder of more than 9.99% of the common share of Kronos.

The Company has recorded the note and the conversion feature at nominal value at initial recognition and at December 31, 2018 and has not recognized interest income from the note during the year ended December 31, 2018, as repayment of the note or realization of value from conversion is uncertain.

8. 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	-	27,893	4,889	32,782
Balance, December 31, 2018	\$ 90,000	\$ 29,318	\$ 4,889	\$ 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	\$ 13,228	\$ 4,400	\$ 80,628

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

9. INCOME TAXES

At December 31, 2018, the Company has deferred tax assets of approximately \$905,000 (December 31, 2017 - \$683,000) which have not been recognized on the consolidated statement of financial position as their future realization is uncertain.

At December 31, 2018, the Company has unrecognized non-capital losses for income tax purposes of approximately \$3.0 million (December 31, 2017 - \$3.0 million) which may be used to offset future taxable income and which will expire between 2026 and 2038 if not utilized to reduce taxable income.

10. 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, 301,913,081 common shares were issued and outstanding (December 31, 2017 – 301,842,291).

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 11) and 6,240,150 common shares were returned to treasury and cancelled during the year ended December 31, 2017.

On August 2, 2017, the Company approved a ten percent (10%) quarterly dividend to its shareholders of 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 years ended December 31, 2017 and 2018.

During the year ended December 31, 2018, the Company issued 70,790 shares for no additional consideration to honor share certificates of the Company which were previously unrecognized.

11. RELATED PARTY TRANSACTIONS

Payable to related parties includes \$11,849 due to the Company’s Chief Executive Officer (December 31, 2017 - \$197,500) and \$4,848 due to a company owned by the Company’s Chief Executive Officer (December 31, 2017 - \$4,848). 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 (2017 - \$154,179) as a result of being settled with 20,000 Bitcoin Futures (XBU) digital currency (December 31, 2017 – 2,000 XBU).

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.

During the year ended December 31, 2018, the Company paid \$20,200 to a company controlled by a family member of the CEO for marketing services.

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

12. 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.

The Company received an initial installment of \$100,000 in January 2018 for services rendered under the agreement and agreed to a reduced final base compensation payment of \$166,500 which was paid subsequent to December 31, 2018 through the cancellation of the Company’s liability for operating advances as at December 31, 2018.

On September 6, 2019, the Company agreed to transfer exclusive ownership of the project architecture and platform to Petroteq in exchange for a payment of 250,000 Petroteq common shares. No further compensation, license fees or royalties are payable to the Company under the agreement.

13. 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.

14. FINANCIAL INSTRUMENT RISK MANAGEMENT

(a) Fair value information

The Company classifies and discloses its fair value measurements based on the three-level hierarchy described in Note 3(d). All of the Company’s financial instruments are carried at amortized cost except investments, as disclosed in Note 5, and convertible promissory note, as disclosed in Note 7. The carrying amounts of financial instruments which are carried at amortized cost approximate their fair values due to their short-term maturities or nominal value.

(b) Financial instrument risk exposure

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

FIRST BITCOIN CAPITAL CORP.
Notes to the Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in U.S. Dollars)

14. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

(b) *Financial instrument risk exposure (continued)*

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 are due from a single customer and were settled in full subsequent to the year ended December 31, 2018. As such, the Company considers this risk to be minimal and the Company has not recorded an expected credit loss allowance against accounts receivable.

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, due to related parties and operating advances are due within the next 12 months. 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 prices of its investments and digital currencies. The market prices for the Company's investments and digital currencies have experienced significant volatility over the period covered by these financial statements and the Company therefore closely monitors the market value of its investments and digital currencies in order to determine the most appropriate course of action.

15. CONTINGENCIES AND COMMITMENTS

On March 1, 2018, the Company entered into a 3-year office lease which will require estimated annual lease payments of \$47,600 in 2019, \$49,000 in 2020, and \$8,200 in 2021.

During the year ended December 31, 2018, the Company was given notice of a claim for trademark infringement and other damages seeking relief in excess of \$50,000. The Company does not believe that the claim has merit or that it will succeed.

16. EVENTS AFTER THE REPORTING DATE

On July 12, 2019, the Company entered into an agreement to issue 1.6 million common shares as consideration for the acquisition of a Bitcoin kiosk/ATM device patent registered with the United States Patent and Trademark Office.

On July 22, 2019, the Company entered into an agreement with Digital Asset Monetary Network Inc. ("DigitalAMN"), a company traded on the OTC Pink Open Market in the United States of America, whereby the Company transferred 1 billion First Bitcoin (BIT) coins, a digital currency, to DigitalAMN in exchange for 10,000 shares of DigitalAMN's Series BB Convertible Preferred Stock.

FIRST BITCOIN CAPITAL CORP.

Schedule A

Schedule of Digital Currencies - Current**As at December 31, 2018 and 2017****(Expressed in U.S. Dollars)**

	December 31, 2018			December 31, 2017		
	Quantity	Fair Value at December 31, 2018	Carrying and Fair Value	Quantity	Fair Value at December 31, 2017	Carrying and Fair Value
At Fair Value (Current)						
BitCoin (BTC)	2.2302	\$ 3,742.70	\$ 8,347	6.0329	\$ 14,156.40	\$ 85,404
BitCoin Cash (BCH ABC/SV)	5.9500	\$ 236.01	1,404	5.9500	\$ 2,533.01	15,071
LiteCoin (LTC)	0.0645	\$ 30.47	2	0.0645	\$ 232.10	15
Omni (OMNI)	0.8925	\$ 2.07	2	1.8925	\$ 91.73	174
Tether (USDT)	1,165.9858	\$ 1.01	1,178	1,165.9858	\$ 1.01	1,178
			<u>\$ 10,933</u>			<u>\$ 101,842</u>

FIRST BITCOIN CAPITAL CORP.
Schedule B
Schedule of Digital Currencies - Non-current
As at December 31, 2018 and 2017
(Expressed in U.S. Dollars)

At Cost							
(Non-current)							
December 31, 2018	Quantity	Cost per Currency	Total Cost	Digital Currency	Quantity	Cost per Currency	Total Cost
KiloCoin (KLC)	998,560,007.00	\$ 0.000398	\$ 397,427	Carried forward			\$ 489,417
TeslaCoin (TESLA) *	3,988,609.00	\$ -	91,990	ETD	1,000,000,000.00	\$ -	-
Siacoin (SC)	342,347.83	\$ -	-	THY	1,000,000,000.00	\$ -	-
Alphabit (ABC)	199,999,981.82	\$ -	-	EVA	1,000,000,000.00	\$ -	-
Perkscoin	2,083,333.00	\$ -	-	QFA	1,000,000,000.00	\$ -	-
First Bitcoin (BIT)	20,699,497,315.42	\$ -	-	DLH	1,000,000,000.00	\$ -	-
OTC Coin	19,996,895,800.00	\$ -	-	GIA	1,000,000,000.00	\$ -	-
President Johnson (GARY)	54,987,192,536.00	\$ -	-	CHH	92,818,181,818.00	\$ -	-
Hillary (HILL)	55,967,772,167.00	\$ -	-	THA	1,000,000,000.00	\$ -	-
President Trump (PRES)	55,869,517,129.00	\$ -	-	AFR	1,000,000,000.00	\$ -	-
BURN	55,968,072,167.00	\$ -	-	SWR	1,000,000,000.00	\$ -	-
Bitcoin Futures (XBU)	8,977,777.00	\$ -	-	AAR	1,000,000,000.00	\$ -	-
Altcoin (ALT)	10,887.53	\$ -	-	ANZ	1,000,000,000.00	\$ -	-
BPU	8,999,000.00	\$ -	-	VOZ	1,000,000,000.00	\$ -	-
BPL	8,999,000.00	\$ -	-	AUA	1,000,000,000.00	\$ -	-
BCN	8,999,000.00	\$ -	-	BKP	1,000,000,000.00	\$ -	-
BXT	8,999,000.00	\$ -	-	JAL	1,000,000,000.00	\$ -	-
XBC	8,999,000.00	\$ -	-	JAA	1,000,000,000.00	\$ -	-
XOM	4,090,505.07	\$ -	-	JAT	1,000,000,000.00	\$ -	-
WEED	77,141,332.11	\$ -	-	HAD	1,000,000,000.00	\$ -	-
Fly (LOYAL)	2,254,750,118.00	\$ -	-	AXM	1,000,000,000.00	\$ -	-
Catalan Coin	92,233,720,368.00	\$ -	-	KLM	1,000,000,000.00	\$ -	-
OPRAH	1,266,805,361.03	\$ -	-	VRD	1,000,000,000.00	\$ -	-
HERB	888,888,888.00	\$ -	-	BAW	92,818,181,818.00	\$ -	-
MoshiachCoin	379,164.36	\$ -	-	FIN	1,000,000,000.00	\$ -	-
HEMP	100,000,000.00	\$ -	-	VIR	1,000,000,000.00	\$ -	-
MaidSafeCoin (MAID)	71.00	\$ -	-	CRK	1,000,000,000.00	\$ -	-
AFG	100,000,000,000.00	\$ -	-	NAX	1,000,000,000.00	\$ -	-
AAL	91,818,181,818.00	\$ -	-	ACA	1,000,000,000.00	\$ -	-
UAL	91,818,181,818.00	\$ -	-	CSN	1,000,000,000.00	\$ -	-
FFT	91,818,181,818.00	\$ -	-	AEE	1,000,000,000.00	\$ -	-
HAL	91,818,181,818.00	\$ -	-	MAS	1,000,000,000.00	\$ -	-
SWA	91,818,181,818.00	\$ -	-	DAL	92,818,181,818.00	\$ -	-
PURPOSE	92,000,000,000.00	\$ -	-	KAL	1,000,000,000.00	\$ -	-
UAE	1,000,000,000.00	\$ -	-	CAL	1,000,000,000.00	\$ -	-
QTR	1,000,000,000.00	\$ -	-	EZY	1,000,000,000.00	\$ -	-
SIA	1,000,000,000.00	\$ -	-	SLK	1,000,000,000.00	\$ -	-
CPA	1,000,000,000.00	\$ -	-	AFL	1,000,000,000.00	\$ -	-
ANA	1,000,000,000.00	\$ -	-	SAA	1,000,000,000.00	\$ -	-

* 97,134 TeslaCoin (TESLA) were acquired during the year ended December 31, 2017 through the exchange of 96,066 Tether (USDT) and recorded at a cost of \$91,990.

FIRST BITCOIN CAPITAL CORP.
Schedule of Digital Currencies - Non-current
As at December 31, 2018 and 2017
(Expressed in U.S. Dollars)

Schedule B (Continued)

At Cost							
(Non-current)							
December 31, 2018	Quantity	Cost per Currency	Total Cost	Digital Currency	Quantity	Cost per Currency	Total Cost
Carried forward			\$ 489,417	Carried forward			\$ 489,417
KZR	1,000,000,000.00	\$ -	-	CES	1,000,000,000.00	\$ -	-
HVN	1,000,000,000.00	\$ -	-	GFA	1,000,000,000.00	\$ -	-
LAN	1,000,000,000.00	\$ -	-	ICE	1,000,000,000.00	\$ -	-
OMA	1,000,000,000.00	\$ -	-	SVA	1,000,000,000.00	\$ -	-
JST	1,000,000,000.00	\$ -	-	PAL	1,000,000,000.00	\$ -	-
POE	1,000,000,000.00	\$ -	-	EGF	1,000,000,000.00	\$ -	-
XAX	1,000,000,000.00	\$ -	-	KQA	1,000,000,000.00	\$ -	-
EIN	1,000,000,000.00	\$ -	-	DTA	1,000,000,000.00	\$ -	-
WJA	1,000,000,000.00	\$ -	-	CCA	1,000,000,000.00	\$ -	-
IGO	1,000,000,000.00	\$ -	-	TSC	1,000,000,000.00	\$ -	-
IBE	1,000,000,000.00	\$ -	-	ANE	1,000,000,000.00	\$ -	-
JBU	92,818,181,818.00	\$ -	-	DKH	1,000,000,000.00	\$ -	-
JSA	1,000,000,000.00	\$ -	-	FJI	1,000,000,000.00	\$ -	-
AZU	1,000,000,000.00	\$ -	-	LOTP	1,000,000,000.00	\$ -	-
AVA	1,000,000,000.00	\$ -	-	CAW	1,000,000,000.00	\$ -	-
TAM	1,000,000,000.00	\$ -	-	AMX	1,000,000,000.00	\$ -	-
AZA	1,000,000,000.00	\$ -	-	RBA	1,000,000,000.00	\$ -	-
DAT	1,000,000,000.00	\$ -	-	GCRC	1,000,000,000.00	\$ -	-
ASA	1,000,000,000.00	\$ -	-	TGW	1,000,000,000.00	\$ -	-
SCO	1,000,000,000.00	\$ -	-	MNO	1,000,000,000.00	\$ -	-
SAS	1,000,000,000.00	\$ -	-	RJA	1,000,000,000.00	\$ -	-
SEY	1,000,000,000.00	\$ -	-	SEJ	1,000,000,000.00	\$ -	-
TAP	1,000,000,000.00	\$ -	-	WOWN	1,000,000,000.00	\$ -	-
TOM	1,000,000,000.00	\$ -	-	SW	1,000,000,000.00	\$ -	-
ALK	1,000,000,000.00	\$ -	-	FS	1,000,000,000.00	\$ -	-
CMP	1,000,000,000.00	\$ -	-	RT	1,000,000,000.00	\$ -	-
AHY	1,000,000,000.00	\$ -	-	BW	1,000,000,000.00	\$ -	-
JAI	1,000,000,000.00	\$ -	-	JJ	1,000,000,000.00	\$ -	-
MAU	1,000,000,000.00	\$ -	-	MC	1,000,000,000.00	\$ -	-
BER	1,000,000,000.00	\$ -	-	HH	1,000,000,000.00	\$ -	-
EWG	1,000,000,000.00	\$ -	-	IC	1,000,000,000.00	\$ -	-
EYH	1,000,000,000.00	\$ -	-	CH	92,818,181,818.00	\$ -	-
APJ	1,000,000,000.00	\$ -	-	WY	1,000,000,000.00	\$ -	-
Total cost							489,417
Impairment recognized during the year ended December 31, 2018							(489,417)
Carrying value							\$ 1