

**FIRST BITCOIN CAPITAL CORP.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**For the three and nine months ended September 30, 2019 and December 31, 2018 (Expressed in US dollars)**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**FIRST BITCOIN CAPITAL CORP.**  
**Consolidated Statements of Financial Position**  
**As at September 30, 2019 and December 31, 2018**  
**(Expressed in U.S. Dollars)**

	September 30, 2019	December 31, 2018
	(unaudited)	
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,703	\$ 5,622
Accounts receivable (Note 11)	-	166,500
Other receivables	16,524	1,802
Digital currencies (Note 6)	13,187	10,933
	31,414	184,857
Security deposit	4,105	4,105
Patent, net	308,750	-
Investments (Note 5)	260,914	95,760
Digital Currencies (Note 6)	1	1
Convertible Promissory Note (Note 7)	1	1
Equipment (Note 8)	55,128	80,628
	\$ 660,313	\$ 365,352
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 74,144	\$ 75,401
Convertible note payable, net	327	-
Derivative liability	18,027	-
Payable to related parties (Note 10)	52,925	16,696
Operating advances	-	166,500
	145,423	258,597
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	303,513	301,913
Paid-in-capital	6,126,673	5,816,273
Accumulated other comprehensive income	(118,365)	(128,273)
Deficit	(5,796,931)	(5,883,158)
	514,890	106,755
	\$ 660,313	\$ 365,352

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

**FIRST BITCOIN CAPITAL CORP.****Consolidated Statements of Income/Loss and Comprehensive Income/Loss****For the Three and Nine Months Ended September 30, 2019 and 2018****(Expressed in U.S. Dollars)**

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>REVENUES</b>	\$ 157,500	\$ 157,500	\$ 157,500	\$ 400,000
<b>EXPENSES</b>				
Depreciation	8,500	2,808	25,500	5,616
General and administration	38,828	41,874	84,180	228,223
	47,328	44,682	109,680	233,839
<b>LOSS BEFORE OTHER INCOME (LOSS)</b>	110,172	112,818	47,820	166,161
<b>OTHER (INCOME) LOSS</b>				
Other income	14,676	-	45,000	-
Amortization of debt discount	(326)	-	(326)	-
Financing costs	(7,950)	-	(7,950)	-
Change in value of derivative liability	1,683	-	1,683	-
	8,083	-	38,407	-
<b>NET INCOME (LOSS)</b>	<b>118,255</b>	<b>112,818</b>	<b>86,227</b>	<b>166,161</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Item that may be reclassified subsequently into net income or loss				
Investment fair value adjustment (Note 5)	(165,266)	-	(116,526)	-
Item that will not be reclassified subsequently into net income or loss				
Digital currency revaluation surplus (Note 6)	120,168	-	126,434	-
	(45,098)	-	9,908	-
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 73,157</b>	<b>\$ 112,818</b>	<b>\$ 96,135</b>	<b>\$ 166,161</b>
<b>BASIC AND DILUTED</b>				
<b>INCOME (LOSS) EARNINGS PER SHARE</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>WEIGHTED AVERAGE NUMBER OF</b>				
<b>SHARES OUTSTANDING</b>	<b>303,337,257</b>	<b>301,842,291</b>	<b>302,389,552</b>	<b>301,842,291</b>

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 Nine Months Ended September 30, 2019****(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, 2018	301,913,081	\$ 301,913	5,816,273	\$ (130,240)	\$ 1,967	(5,883,158)	\$ 106,755
Issuance of common shares for patent	1,600,000	\$ 1,600	\$ 310,400				312,000
Other comprehensive income	-	-	-	(116,526)	126,434	86,227	96,135
Balances, June 30, 2019	303,513,081	\$ 303,513	\$ 6,126,673	\$ (246,766)	\$ 128,401	\$ (5,796,931)	\$ 514,890

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

# FIRST BITCOIN CAPITAL CORP.

## Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2019 and 2018

(Expressed in U.S. Dollars)

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 86,227	\$ 166,161
Items not affecting use of cash		
Amortization of debt discount	326	-
Financing costs	7,950	-
Change in value of derivative liability	(1,683)	-
Depreciation	25,500	5,612
	<u>118,320</u>	<u>171,773</u>
Changes in non-cash working capital items		
Accounts receivable	(14,722)	(300,000)
Accounts payable and accrued liabilities	6,842	150,295
	<u>110,440</u>	<u>22,068</u>
<b>INVESTING ACTIVITIES</b>		
Investments	(157,500)	-
Purchase of property and equipment	-	(36,887)
	<u>(157,500)</u>	<u>(36,887)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from convertible note payable	11,760	-
Operating advances received	31,381	11,541
	<u>43,141</u>	<u>11,541</u>
<b>DECREASE IN CASH</b>	<b>(3,919)</b>	<b>(3,278)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>5,622</b>	<b>6,540</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 1,703</b>	<b>\$ 3,262</b>

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

**First Bitcoin Capital Corp.**  
**Notes to the Financial Statements**  
**For the Nine Months Ended September 30, 2019 and 2018 (unaudited)**

**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 September 30, 2019 has a working capital deficit of \$114,009 and an accumulated deficit of \$5,796,931. 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).

### 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.

### 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:

<b>Financial instrument</b>	<b>Previous classification under IAS 39</b>	<b>Current classification under IFRS 9</b>
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.

### 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)

### 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.

### 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.

*Derivative Financial Instruments*

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

(m) *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:

In March 2019, the FASB issued ASU 2019-01, Codification Improvements, which clarifies three specific issues within ASC 842, Leases. Issue 1: Determining the Fair Value of the Underlying Asset by Lessors That Are Not Manufacturers or Dealers provides an exception for lessors that are not manufacturers or dealers for determining fair value of an underlying asset. Specifically, those lessors will use their cost, reflecting any volume or trade discounts that may apply, as the fair value of the underlying asset. However, if significant time lapses between the acquisition of the underlying asset and lease commencement, those lessors will be required to apply the definition of fair value (exit price) in ASC 820. Issue 2: Presentation on the Statement of Cash Flows specifies that lessors that are depository and lending institutions within the scope of ASC 942 will present all “principal payments received under leases” within investing activities on the statement of cash flows. Other lessors will continue to apply the guidance in ASC 842

that requires presentation of all cash receipts from leases within operating activities. Issue 3: Transition Disclosures Related to Topic 250, Accounting Changes and Error Corrections provides an exception to the paragraph 250-10-50-3 interim disclosure requirements in the ASC 842 transition disclosure requirements. The ASU is effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those years. For all other entities, the effective date is for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact this ASU will have on its financial statements and related disclosures, as well as the timing of adoption and the application method.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants and the SEC did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statement presentation or disclosures.

## 5. INVESTMENTS

<b>Investee</b>	<b>Symbol</b>	<b>Shares Held</b>	<b>Cost</b>	<b>Fair Value</b>
Singlepoint Inc.	SING	5,000,000	\$ 150,000	\$ 58,500
Medical Cannabis Payment Solutions, Inc.	REFG	2,000,000	76,000	23,200
Petroteq Energy Inc.	PQEFF	250,000	57,500	52,500
Digital Asset Monetary Network, Inc. Series BB Preferred Shares	DATI	10,000	100,000	126,714
			<u>\$ 383,500</u>	<u>\$ 260,914</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 September 30, 2019, the fair value of the Singlepoint Inc. common shares, measured at the quoted market price (Level 1 of the fair value hierarchy), is \$58,500 (2018 - \$59,500).
- (b) During the nine months ended September 30, 2019, 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 September 30, 2019, 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 \$23,200 (2018 - \$36,260).
- (c) During the nine months ended September 30, 2019, the Company entered into an agreement agreed to transfer exclusive ownership of the project architecture and platform to Petroteq Energy, Inc. 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. As at September 30, 2019, the fair value of the Petroteq Energy, Inc. common shares, measured at the quoted market price (Level 1 of the fair value hierarchy), is \$52,500.
- (d) During the nine months ended September 30, 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. As at September 30, 2019, the fair value of the Digital Asset Monetary Network Inc. preferred shares, if converted into common shares, measured at the quoted market price (Level 1 of the fair value hierarchy), is \$126,714

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, 2018	1	10,933	10,934
Disposals			
Impairment	-	-	-
Decrease in revaluation reserve	-	2,254	2,254
Balance, September 30, 2019	<u>\$ 1</u>	<u>\$ 13,187</u>	<u>\$ 13,188</u>

### Carrying amounts

Balance, December 31, 2018	<u>\$ 1</u>	<u>\$ 10,933</u>	<u>\$ 10,934</u>
Balance, September 30, 2019	<u>\$ 1</u>	<u>\$ 13,187</u>	<u>\$ 13,188</u>

## 6. DIGITAL CURRENCIES (continued)

During the nine months ended September, 2019, the Company has not recorded an impairment of on digital currencies recorded at cost as the market activity for these digital currencies has not changed significantly during the period and the future monetization of these assets is uncertain, using prices quoted on [www.coinmarketcap.com](http://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 September 30, 2019 and has recognized interest income of \$37,500 from the note.

## 8. EQUIPMENT

	Automated Check Cashing Kiosks	Computer Equipment	Office Furniture	Total
<b>Cost</b>				
Balance, December 31, 2018	\$ 90,000	\$ 29,318	\$ 4,889	\$ 124,207
Additions	-	-	-	-
Balance, September 30, 2019	<u>\$ 90,000</u>	<u>\$ 29,318</u>	<u>\$ 4,889</u>	<u>\$ 124,207</u>
<b>Accumulated depreciation</b>				
Balance, December 31, 2018	\$ 27,000	\$ 16,090	\$ 489	\$ 43,579
Additions	13,500	11,265	735	25,500
Balance, September 30, 2019	<u>\$ 40,500</u>	<u>\$ 27,355</u>	<u>\$ 1,224</u>	<u>\$ 69,079</u>
<b>Carrying amounts</b>				
Balance, December 31, 2018	<u>\$ 63,000</u>	<u>\$ 13,228</u>	<u>\$ 4,400</u>	<u>\$ 80,628</u>
Balance, September 30, 2019	<u>\$ 49,500</u>	<u>\$ 1,963</u>	<u>\$ 3,665</u>	<u>\$ 55,128</u>

## 9. Intangible Assets

### Finite-Lived Intangible Assets

The Company's finite-lived intangible assets were as follows as of September 30, 2019:

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Intellectual property (patents)	\$ 312,000	\$ 3,250	\$ 308,750
Total	<u>\$ 312,000</u>	<u>\$ 3,250</u>	<u>\$ 308,750</u>

The Company's amortization expense on its finite-lived intangible assets was \$3,250 for the nine months ended September 30, 2019.

The Company expects to record amortization of intangible assets for years ending December 31, 2019 and future fiscal years as follows:

For Years Ending December 31,

2019 (remaining three months)	\$ 3,900
2020	15,600
2021	15,600
2022	15,600
2023	15,600
Thereafter	<u>242,450</u>
	<u>\$ 308,750</u>

## 10. SHARE CAPITAL

The Company is authorized to issue 500,000,000 common shares with a par value of \$0.001 per share. At September 30, 2019, 303,513,081 common shares were issued and outstanding (December 31, 2018 – 301,913,081).

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.

During the nine months ended September 30, 2019, the Company issued 1,600,000 shares as

consideration for the acquisition of a Bitcoin kiosk/ATM device patent registered with the United States Patent and Trademark Office.

## **11. RELATED PARTY TRANSACTIONS**

Payable to related parties includes \$48,077 due to the Company's Chief Executive Officer (December 31, 2018 - \$11,848) and \$4,848 due to a company owned by the Company's Chief Executive Officer (December 31, 2018 - \$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).

## **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 during the nine months ended September 30, 2019 through the cancellation of the Company's liability for operating advances as at September 30, 2019.

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.

#### 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 nine months ended September 30, 2019. 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**

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.

**FIRST BITCOIN CAPITAL CORP.**

**Schedule of Digital Currencies - Current**

**As at September 30, 2019**

**(Expressed in U.S. Dollars)**

Schedule A

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		<u>9/30/219</u>	
<u>At Fair Value (Current)</u>	<u>Quantity</u>	<u>Fair Value at</u> <u>September 30,</u> <u>2019</u>	<u>Carrying</u> <u>and Fair</u> <u>Value</u>
BitCoin (BTC)	1.5900	\$ 8,293.87	<u>\$ 13,187</u>
			<u>\$ 13,187</u>

**FIRST BITCOIN CAPITAL CORP.**  
**Schedule of Digital Currencies - Non-current**  
**As at September 30, 2019**  
**(Expressed in U.S. Dollars)**

**Schedule B**

<b>At Cost</b>		<b>(Non-current)</b>					
	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 B (Continued)**

**Schedule of Digital Currencies - Non-current**

**As at September 30, 2019**

**(Expressed in U.S. Dollars)**

<b>At Cost</b>							
<b>(Non-current)</b>							
	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	\$ -	-
<b>Total cost</b>							<b>489,417</b>
Impairment recognized during the year ended December 31, 2018							(489,417)
<b>Carrying value</b>							<b>\$ 1</b>