**CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.**
(Formerly Westbay Ventures Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

(Expressed in US Dollars)

CRYPTANITE

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**Condensed Interim Consolidated Financial Statements**

## CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.

(Formerly Westbay Ventures Inc.)
Condensed Interim Consolidation Statement of Financial Position
(Expressed in US Dollars – Unaudited)

| | Notes | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|---|
| | | | **(Unaudited)** | | (Audited) |
| **ASSETS** | | | | | |
| Cash | | **$** | **3,342,508** | $ | 1,788,001 |
| Receivables | 5 | | **22,877** | | 295 |
| Prepaids | 6 | | **192,917** | | - |
| Digital currencies | 8 | | **20,002** | | - |
| | | | **3,578,304** | | 1,788,296 |
| Intangibles | 8 | | **32,613** | | - |
| Property, plant and equipment | 9 | | **556,075** | | 6,854 |
| Security deposit | 6 | | **10,795** | | - |
| Investments | 7 | | **20,000** | | - |
| | | | **619,483** | | 6,854 |
| | | **$** | **4,197,787** | $ | 1,795,150 |
| **LIABILITIES** | | | | | |
| Trade payables and accrued liabilities | 10 | **$** | **223,537** | $ | 111,000 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | 11 | | **7,262,188** | | 3,175 |
| Reserve | 11 | | **828,217** | | 203,122 |
| Subscription receipts | 11 | | **-** | | 1,711,213 |
| Accumulated other comprehensive income | | | **61** | | - |
| Deficit | | | **(4,116,216)** | | (233,360) |
| | | | **3,974,250** | | 1,684,150 |
| | | **$** | **4,197,787** | $ | 1,795,150 |

Nature of Operations (Note 1)
Reverse Takeover of ChargaCard (Note 4)
Commitments (Note 13)
Subsequent event (Note 16)

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

## CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.

(Formerly Westbay Ventures Inc.)
Condensed Interim Consolidation Statement of Changes in Equity
For the three months ended March 31, 2018
(Expressed in US Dollars – Unaudited)

| | | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares | Amount | Reserve | Subscription receipts | Accumulated other comprehensive income | Deficit | Total Shareholders' equity |
| **Balance at August 29, 2017 (date of incorporation)** | **11** | **19,754,000** | **$ 1,975** | **$ 18,420** | **$ -** | **$ -** | **$ -** | **$ 20,395** |
| Shares issued for cash | 11 | 12,000,000 | 1,200 | 184,702 | - | - | - | 185,902 |
| Subscriptions received in advance | 11 | - | - | - | 1,711,213 | - | - | 1,711,213 |
| Net loss for the period | | - | - | - | - | - | (233,360) | (233,360) |
| **Balance at December 31, 2017** | | **31,754,000** | **3,175** | **203,122** | **1,711,213** | **-** | **(233,360)** | **1,684,150** |
| Bridge financing | 11 | 7,804,733 | 780 | 1,873,555 | (1,711,213) | - | - | 163,122 |
| Share issuance costs | 11 | - | (24,519) | - | - | - | - | (24,519) |
| Fair value of finders' warrants | 4,11 | - | (600,426) | 600,426 | - | - | - | - |
| Reallocation of reserves | | - | 2,076,677 | (2,076,677) | - | - | - | - |
| Recapitalization transaction: | | | | | | | | |
| Equity of Westbay | 4,11 | 7,006,669 | 2,441,810 | - | - | - | - | 2,441,810 |
| Shares issued for finder's fee | 4,11 | 1,717,000 | 599,267 | - | - | - | - | 599,267 |
| Shares issued for cash | 11 | 8,189,442 | 2,858,279 | - | - | - | - | 2,858,279 |
| Share issuance costs | 11 | - | (65,131) | - | - | - | - | (65,131) |
| Fair value of finders' warrants | 11 | - | (27,724) | 27,724 | - | - | - | - |
| Share-based compensation | 11 | - | - | 200,067 | - | - | - | 200,067 |
| Net loss for the period | | - | - | - | - | - | (3,882,856) | (3,882,856) |
| Other comprehensive income | | - | - | - | - | 61 | - | 61 |
| **Balance at March 31, 2018** | | **56,471,844** | **$ 7,262,188** | **$ 828,217** | **$ -** | **$ 61** | **$ (4,116,216)** | **$ 3,974,250** |

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

## CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.

(Formerly Westbay Ventures Inc.)
Condensed Interim Consolidation Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2018
(Expressed in US Dollars – Unaudited)

| | Note | | Three months ended March 31, 2018 |
|---|---|---|---|
| Sales | | $ | **4,207** |
| Cost of sales | | | **2,896** |
| **GROSS PROFIT** | | | **1,311** |
| Operating expenses | | | |
| Advertising and marketing | | | **67,277** |
| Amortization and depreciation | 9 | | **4,008** |
| Bank charges and fees | | | **4,621** |
| Consulting fees | | | **12,389** |
| Contractors | | | **114,827** |
| Management fees | 12 | | **22,500** |
| Office and administration | 12 | | **73,711** |
| Professional fees | | | **121,689** |
| Regulatory and transfer agent fees | | | **499** |
| Rent and utilities | | | **11,397** |
| Share-based compensation | 11 | | **200,067** |
| Travel | | | **33,981** |
| | | | **666,966** |
| **NET LOSS BEFORE OTHER ITEMS** | | | **(665,655)** |
| Other items | | | |
| Interest income | | | **30** |
| Exchange loss on digital currencies | | | **(1,436)** |
| Revaluation loss on digital currencies | 8 | | **(4,667)** |
| Listing expenses | 4 | | **(3,211,128)** |
| | | | **(3,217,201)** |
| **NET LOSS FOR THE PERIOD** | | | **(3,882,856)** |
| Other comprehensive loss that may be reclassified to profit and loss | | | |
| Unrealized foreign exchange gain | | | **61** |
| | | | **61** |
| **COMPREHENSIVE LOSS FOR THE PERIOD** | | $ | **(3,882,795)** |
| Loss per common share -basic and diluted | | $ | **(0.13)** |
| Weighted average number of common shares outstanding -basic and diluted | | | **28,777,894** |

The Company was incorporated on August 29, 2017 and therefore, has not presented disclosures for the comparable period ended March 31, 2017.

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

## CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.

(Formerly Westbay Ventures Inc.)
Condensed Interim Consolidation Statements of Cash Flows
For the three months ended March 31, 2018
(Expressed in US Dollars – Unaudited)

| | | Three months ended March 31, 2018 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operating:** | | |
| Net loss for the period | $ | **(3,882,856)** |
| Items not involving cash: | | |
| Amortization | | **4,008** |
| Share-based compensation | | **200,067** |
| Listing expenses | | **3,197,590** |
| | | **(481,191)** |
| Changes in non-cash operating working capital items: | | |
| Receivables | | **(16,254)** |
| Prepaid expenses and deposits | | **(171,981)** |
| Trade payables and accrued liabilities | | **17,706** |
| | | **(651,720)** |
| **Investing** | | |
| Acquisition of digital currencies and intangibles | | **(52,617)** |
| Acquisition of property, plant and equipment | | **(553,227)** |
| Prepaid for fixed assets | | **(29,020)** |
| Investments | | **(20,000)** |
| | | **(654,864)** |
| **Financing** | | |
| Bank indebtedness assumed on reverse takeover | | **(70,721)** |
| Proceeds from issuance of shares, net | | **4,642,964** |
| Subscription receipts | | **(1,711,213)** |
| | | **2,861,030** |
| Effect of foreign exchange on cash flows | | **61** |
| Increase in cash during the period | | **1,554,507** |
| Cash, beginning of period | | **1,788,001** |
| **Cash, end of period** | **$** | **3,342,508** |

The Company was incorporated on August 29, 2017 and therefore, has not presented disclosures for the comparable period ended March 31, 2017.

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

## 1. NATURE OF OPERATIONS

Cryptanite Blockchain Technologies Corp. (the "Company" or "Cryptanite", formerly Westbay Ventures Inc.) was incorporated on June 24, 1986 under the laws of British Columbia.

The Company's head office, principal address and records office is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered office is Suite 1500-1055 West Georgia Street, PO Box 11117, Vancouver, BC V6E 4N7.

On March 7, 2018, the Company completed a reverse takeover transaction (the "RTO"), which was effected pursuant to a merger agreement between Westbay Ventures Inc. and ChargaCard, Inc. ("ChargaCard") , a private corporation existing under the laws of Delaware with its head office in Boulder, Colorado. As part of the transaction, the Company voluntarily delisted its common shares from the TSX Venture Exchange ("TSX-V") effective February 28, 2018, changed its name to Cryptanite Blockchain Technologies Corp. and commenced trading its shares on the Canadian Securities Exchange ("CSE") on March 12, 2018, under the symbol NITE.

Pursuant to the RTO, the Company issued an aggregate of 39,558,733 common shares of the Company in exchange for all of the issued and outstanding shares of ChargaCard and 2,000,000 share purchase warrants to warrant holders of ChargaCard. Upon closing of the transaction, the shareholders of ChargaCard owned 70% of the common shares of the Company and, as a result, the transaction is considered a reverse acquisition of the Company by ChargaCard. The Company changed its year end from May 31st to December 31st in order to align the fiscal year periods to that of ChargaCard.

In conjunction with the RTO, the Company raised capital through an equity financing consisting of 8,189,442 common shares of the Company at a price of CAD$0.45 per share for gross proceeds of CAD$3,685,249 ($2,858,279) (Note 11).

The Company is in the business of offering its clients a full-service blockchain and cryptocurrency payment processing technology with end-to-end payment solutions and software system for recurring billing, client-to-client financing by allowing customers to pay for goods and services in monthly installments.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to fully develop its blockchain and cryptocurrency payment processing network. For the three months ended March 31, 2018, the Company has generated $4,207 in revenues. The Company has an accumulated deficit of $4,116,216 including a loss for the three months ended March 31, 2018 of $3,882,856 (December 31, 2017 - $233,360). These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

The interim consolidated financial statements were authorized for issue on May 30, 2018 by the directors of the Company.

## 2. BASIS OF PRESENTATION

**Statement of compliance and conversion to International Financial Reporting Standards ("IFRS")**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these interim financial statements comply with International Accounting Standards ("IAS") 34 "Interim Financial Reporting".

***Basis of presentation and consolidation***

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis except for cash flow information, and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

These condensed interim financial statements does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2017.

These condensed consolidated financial statements include the operations of ChargaCard for the three month period ended March 31, 2018 and Westbay Ventures Inc. for the period from the date of the RTO on March 7, 2018 to March 31, 2018.

All significant inter-company balances and transactions have been eliminated on consolidation.

***Significant accounting judgements, estimates and assumptions***

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

## 2. BASIS OF PREPARATION (cont'd)

***Significant accounting judgements, estimates and assumptions*** *(cont'd)*

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Share based payments*
The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

*Recognition and Valuation of Deferred Tax Assets*
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

*Research and development costs*
Evaluating whether or not costs incurred by the Company in developing its technology meet the criteria for capitalizing as intangible assets. Management determined that some products are able to complete intangible assets and are able, with sufficient certainty, to demonstrate that assets will generate future economic benefits. Development costs of these products are capitalized at cost value. Research and development costs of other products are recognized as period expense.

*Revenue recognition*
Revenue is measured at the fair value of the consideration received or receivable, net of estimated discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

The Company's revenue is comprised of IT services. The Company recognizes revenues when services are completed and billed.

*Comprehensive Income (Loss)*
Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of loss. For the period ended March 31, 2018, other comprehensive income is related to the effects of currency translation adjustments as well as the fair value gain or loss on digital currencies.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### *Foreign Currency Translation*

The financial statements are presented in US dollars.

The functional currency for the Company is the Canadian dollar and the functional currency for ChargaCard is the US dollar.

Transactions in currencies other than the entity's functional currency are translated at the exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of the exchange in effect as at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Foreign currency differences arising on translation are recognized in profit or loss.

### *Digital currencies*

Digital currencies consist of cryptocurrencies and are initially recorded at cost. Changes in the fair value of digital currencies are recorded in profit and loss. Digital currencies are measured using www.coinmarketcap.com to derive the fair value. The digital currency market is still a new market and is highly volatile. Historical prices are not necessarily indicative of future value and a significant change in the market prices for digital currencies could have a material impact on the Company's earnings and financial position.

### *New accounting pronouncements*

The following standards have been adopted by the Company:

IFRS 9 – Financial Instruments

On January 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged. The Company has determined that the adoption of this standard has resulted in no material impact to its consolidated financial statements.

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after December 31, 2017. These standards have been assessed to not have a significant impact on the Company's financial statements.

IFRS 15 "Revenue from Contracts with Customers"
On January 1, 2018, the Company recognized revenue in accordance to IFRS 15 – Revenue from Contracts with Customers. The new standard includes a five step recognition and measurement approach for revenue arising from contracts with customers, and includes new requirements for accounting for contract costs. Revenues arising from financial instruments within the scope of IFRS 9 – Financial Instruments, specifically interest revenue and loan fees, are excluded from the scope of IFRS 15. All other revenue streams are included within the scope of IFRS 15.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

***New accounting pronouncements** (cont'd)*

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, and supersedes IAS 11, Construction Contracts, and IAS 18, Revenue, as well as various International Financial Reporting Interpretative Committee ("IFRIC") and Standards Interpretations Committee ("SIC") interpretations regarding revenue.

The adoption of this standard did not have any significant impact on the Company's interim financial statements. During the three months ended March 31, 2018, the Company provided IT services totaling $4,207.

**NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

At the date of authorization of these consolidated financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Information on those expected to be relevant to the Company's consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations, and amendments either not adopted or listed below, are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 16 "Leases"
In January 2016, the IASB released IFRS 16 "Leases" replacing IAS 17 "Leases" and related interpretations. The new standard eliminates the classification of leases as either operating or finance leases and requires the recognition of 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 is effective for reporting periods beginning on or after January 1, 2019. The Company's management has not yet assessed the impact of IFRS 16 on these consolidated financial statements.

## 4. REVERSE TAKEOVER OF CHARGACARD

On March 7, 2018 ("RTO Date"), the Company completed an RTO transaction with ChargaCard (Note 1), whereby the Company acquired 100% of the issued and outstanding common shares of ChargaCard. For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 *Business Combinations* ("IFRS 3") as the shareholders of ChargaCard obtained control of Cryptanite. However, as Cryptanite does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entity are issued under the legal parent, Cryptanite, but are considered a continuation of the financial statements of the legal subsidiary, ChargaCard.

(Expressed in US Dollars – Unaudited)

**4. REVERSE TAKEOVER OF CHARGACARD** (cont'd)

(ii) As ChargaCard is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

(iii) Since the shares allocated to the former shareholders of Cryptanite on closing the RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Cryptanite acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

The fair value of the 7,006,669 common shares for all of Westbay was determined to be $2,441,810 or $0.35 per common share.

(iv) The fair value of all the consideration given and charged to listing expense was comprised of:

| | | |
|---|---|---|
| Fair value of the common shares at RTO Date | $ | 2,441,810 |
| Identifiable assets acquired – At March 7, 2018 | | |
| Cash | $ | (70,721) |
| Receivables | | 6,328 |
| Prepaids | | 2,710 |
| Trade payables | | (94,831) |
| | | (156,514) |
| Unidentified assets acquired | | |
| Listing expense | | 2,598,324 |
| Total net identifiable assets and transaction costs | $ | 2,441,810 |

(v) The Company paid a finder's fee of 1,717,000 shares at the completion of the RTO. Accordingly, the Company recorded the fair value of $599,267 as a listing expense. The Company incurred additional listing expenses of $13,537.

(Expressed in US Dollars – Unaudited)

## 5. RECEIVABLES

| | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Trade receivables | $ | 207 | $ | - |
| Due of shareholders | | 577 | | 295 |
| Goods and services input tax credits | | 22,093 | | - |
| | $ | 22,877 | $ | 295 |

## 6. PREPAID EXPENSES AND DEPOSITS

As at March 31, 2018, the Company's prepaid expenses and deposits consists of the following:

| | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Advance payment to suppliers | $ | 6,838 | $ | - |
| Advance payment for fixed assets | | 29,020 | | - |
| Marketing services | | 157,059 | | - |
| Security deposits (Note 13(c)) | | 10,795 | | - |
| Total prepaids and deposits | $ | 203,712 | $ | - |

## 7. INVESTMENTS

On February 1, 2018, the Company entered into a Simple Agreement for Future Equity agreement with a private company to invest in future rights to shares after reaching a valuation cap of $1,000,000. The maximum investment shall not be higher than $60,000. As of March 31, 2018, the Company invested a total of $20,000.

This agreement was signed as a part of marketing strategy and plan to develop a Blockchain accelerator program.

## 8. DIGITAL CURRENCIES AND INTANGIBLES

As at March 31, 2018, the Company's digital currencies and intangibles consisted of the following:

| | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Trademark(1) | $ | 223 | $ | - |
| Digital currencies(2) | | 20,002 | | - |
| Software platforms | | 32,390 | | - |
| | $ | 52,615 | $ | - |

(1) During the three months ended March 31, 2018, the Company paid $225 for a registered trade mark with a definite life of 10 years. This amount is included as an intangible asset, net of amortization.

(2) At March 31, 2018, the Company holds 1.75 Bitcoins and 20.01 tokens of Ethereum, with quoted market prices of $12,098 and $7,904, respectively. During the period ended March 31, 2018, the Company recognized $4,667 in revaluation loss on digital currencies. This amount is included in net loss.

(Expressed in US Dollars – Unaudited)

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Land(1) | Building(1) | Cryptomining Equipment(2) | Leasehold Improvements | Furniture and Equipment | Computer Equipment | Low Value Assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | |
| At August 29, 2017 (date of incorporation) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Additions | - | - | - | - | - | 7,152 | 460 | 7,612 |
| At December 31, 2017 | - | - | - | - | - | 7,152 | 460 | 7,612 |
| Additions | 301,600 | 33,511 | 193,459 | 4,129 | 2,779 | 16,070 | 1,681 | 553,229 |
| At March 31, 2018 | $ 301,600 | $ 33,511 | 193,459 | $ 4,129 | $ 2,779 | $ 23,222 | $ 2,141 | $ 560,841 |
| **Amortization:** | | | | | | | | |
| At August 29, 2017 (date of incorporation) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Amortization | - | - | - | - | - | 298 | 460 | 758 |
| At December 31, 2017 | - | - | - | - | - | 298 | 460 | 758 |
| Amortization | - | - | - | 259 | 84 | 1,984 | 1,681 | 4,008 |
| At March 31, 2018 | $ - | $ - | $ - | $ 259 | $ 84 | $ 2,282 | $ 2,141 | $ 4,766 |
| **Net book value:** | | | | | | | | |
| At December 31, 2017 | $ - | $ - | $ - | $ - | $ - | $ 6,854 | $ - | $ 6,854 |
| At March 31, 2018 | $ 301,600 | $ 33,511 | $ 193,459 | $ 3,870 | $ 2,695 | $ 20,940 | $ - | $ 556,075 |

(1) The Company acquired title to a facility located in Nederland, Colorado. This facility will be used as a company office and datacenter for its cryptocurrency mining operations. As at March 31, 2018, the property remains vacant and is not in use.

(2) The Company purchased equipment to mine cryptocurrency using its “Unicorn” proprietary systems architecture. As of March 31 2018, the equipment is in process of being setup and prepared for mining.

(Expressed in US Dollars – Unaudited)

## 10. TRADE PAYABLES AND ACCRUED LIABILITIES

| | | March 31, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Payroll tax payable | $ | 13,661 | $ | - |
| Trade payables | | 75,115 | | 111,000 |
| Accrued liabilities | | 134,762 | | - |
| | $ | 223,538 | $ | 111,000 |

## 11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

During the three months ended March 31, 2018, the Company completed the following transactions:

(i) ChargaCard completed a private placement of 7,804,733 common shares for gross proceeds of $1,874,335, of which $1,711,213 was recorded in subscription receipts at December 31, 2017. ChargaCard's authorized share capital was issued with a par value of $0.0001 per share, with the excess of par value recorded in reserve. Accordingly, ChargaCard recorded $780 in share capital and $1,873,555 in reserve. The Company paid $24,519 in share issuance costs related to the private placement, which was recorded in reserve. ChargaCard also issued 2,000,000 finders' warrants in connection to the private placement. Each share purchase warrant is exercisable at a price of CAD$0.10 per common share for an 18 month period expiring September 9, 2019. Accordingly, the Company recorded a fair value of $600,426 in reserve.

(ii) On March 7, 2018, in accordance with the RTO (Note 1), Westbay issued 39,558,733 common shares to acquire all the issued and outstanding shares of ChargaCard and adopted Westbay's authorized share capital without par value. Accordingly, all amounts previously allocated to reserve were reallocated to share capital.

Concurrent with the completion of the RTO, the Company issued 1,717,000 common shares to the finder of the Company's acquisition of ChargaCard. The fair value of these common shares of $599,267, was recorded as a listing expense during the period ended March 31, 2018 (Note 4).

(iii) Completed a non-brokered private placement of 8,189,442 common shares for total gross proceeds of $2,854,279. The Company paid finders' fees totaling $65,133 and issued an aggregate of 184,299 warrants, each of which is exercisable to acquire one common share of the Company at a price of CAD$0.45 per share over a period of one year from date of issue. The Company recognized a fair value of $27,724 on the finder's warrants.

During the period from August 29, 2017 (date of incorporation) to December 31, 2017, the Company issued 31,754,000 common shares for proceeds of $206,297, of which $3,175 had been allocated to share capital and $203,122 to reserves.

(Expressed in US Dollars – Unaudited)

**11. SHARE CAPITAL** (cont'd)

(c) Escrow shares

17,648,600 shares issued to the principals of the Company under the RTO are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on March 7, 2018. The remaining 15,883,740 shares held within escrow will be released over a period of 36 months.

In addition, 2,750,000 shares issued under the RTO have a restrictive resale legend and are subject to a an 18-month voluntary hold period with 10% of shares being released four, eight and twelve months from the CSE listing date, and 35% released every three months thereafter.

(d) Reserve

The reserve records the fair value recognized on stock options granted and on the share purchase warrants issued in connection to the private placement until such time that the stock options or share purchase warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(e) Stock options and warrants

The Company maintains a 10% rolling share option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options and have a maximum of 10 years. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options as determined by the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

| | Warrants | | Stock Options | |
|---|---|---|---|---|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Outstanding, August 24, 2017 and December 31, 2017 | - | CAD$ - | - | CAD$ - |
| Granted | 2,184,299 | CAD$ 0.13 | 620,000 | CAD$ 0.47 |
| Outstanding, March 31, 2018 | 2,184,299 | CAD$ 0.13 | 620,000 | CAD$ 0.47 |
| Number currently exercisable | 2,184,299 | CAD$ 0.13 | 620,000 | CAD$ 0.47 |

(Expressed in US Dollars – Unaudited)

**11. SHARE CAPITAL** (cont'd)

(e) Stock options and warrants (cont'd)

As at March 31, 2018, the following were outstanding:

| | Expiry Date | Number of Shares | Weighted Average Exercise Price | Weighted Average Period |
|---|---|---|---|---|
| Options | March 12, 2023 | 620,000 | CAD$ 0.47 | 4.95 years |
| Warrants | March 2, 2019 | 184,299 | CAD$ 0.45 | 0.92 years |
| | September 7, 2019 | 2,000,000 | CAD$ 0.10 | 1.44 years |
| | | 2,184,299 | CAD$ 0.13 | 1.39 years |

Stock option and warrant activities during the period ended March 31, 2018:

(i) On March 12, 2018, the Company issued 620,000 incentive stock option to a consultant for the purchase of up to 620,000 common shares of the Company at an exercise price of CAD$0.47 per share on or before March 12, 2023 with no vesting provisions.

(ii) In connection with the private placement, the Company issued to finders an aggregate of 184,299 common share purchase warrants. Each finder warrant is exercisable for one common share of the Company at an exercise price of CAD$0.45 per share until March 2, 2019. All securities pursuant to the private placement are subject to a four-month hold period in accordance with applicable securities laws expiring July 3, 2018.

(iii) In connection to the private placement completed by ChargaCard, 2,000,000 finder's warrants were issued to a company for its efforts in raising funds exceeding the minimum target amount during the period up to and including 18 months from the date of listing of the Company, Each whole warrant is exercisable for one common share of the Company at an exercise price of CAD$0.10

(f) Share-based compensation

During the period ended March 31, 2018, the Company:

(i) Recognized $200,067 in share-based compensation for options granted to a consultant.

(ii) Recognized $27,724 in share-based compensation on finder's warrants in reserves.

(iii) Recognized $600,426 in share-based compensation on finder's warrants in reserves.

(Expressed in US Dollars – Unaudited)

## 11. SHARE CAPITAL (cont'd)

(f) Share-based compensation (cont'd)

The Company applies the fair value method in accounting for its stock options and finder's warrants using the Black-Scholes Option Pricing Model using the following estimates:

| March 31, 2018 | Warrants | Stock Options |
|---|---|---|
| Risk free rate | 1.75% | 2.02% |
| Expected dividend yield | 0% | 0% |
| Expected stock price volatility | 147.66% | 157.83% |
| Weighted average expected life | 1.46 year | 5 years |
| Weighted average fair value | CAD$0.37 | CAD$0.42 |

## 12. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the period ended March 31, 2018, the remuneration of the key management personnel were as follows:

| | | March 31, 2018 |
|---|---|---|
| Chief Executive Officer (1) | $ | 22,500 |
| Chief Operating Officer (2) | | 22,500 |
| Total | $ | 45,000 |

(1) Management salaries are included within office and administration expenses.
(2) Pursuant to an Operations Management and Product Development Services contract between the Company and its Chief Operating Office of the Company dated December 4, 2017.The contract is for a one year term with an extension to renewal for an additional year at the end of the original term.

Other related party transactions and balances

(a) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by a common director. (Note 13(a))

Pursuant to this agreement for the three months ended March 31, 2018, the Company paid $7,910 for administrative fees to VCC.

(b) As at March 31, 2018, $577 (December 31, 2017 - $207) in cost recoveries was due from companies with a director in common. The amount was included in receivables and $282 was collected subsequent to March 31, 2018.

## 12. RELATED PARTY TRANSACTIONS (cont'd)

(c) In connection with the ChargaCard and concurrent private placements, the Company issued 2,000,000 share purchase warrants to VCC at an exercise price of CAD$0.10 per share expiring September 9, 2019. A fair value of $599,528 was recorded as a listing expense on these warrants. (Note 11 (e))

## 13. COMMITMENTS

(a) On March 1, 2018, the Company entered into an agreement with a private company to provide administrative services to the Company for a period of three years in exchange for a monthly fee of CAD$10,000 plus applicable taxes. At the end of the service term, the terms of the agreement are automatically renewed on an annual basis until either party provides notice of termination.

(b) On March 1, 2018, the Company entered into a sublease agreement with a company for a portion of the office premises located in Vancouver, BC for a period of 2 years and 9 months, expiring November 30, 2020, in exchange for CAD$2,050 per month plus applicable taxes.

(c) On February 26, 2018, the Company entered into a sublease agreement for office rental space in Kiev, Ukraine in exchange for $5,397 per month including applicable taxes. The sublease commenced March 1, 2018 and expires on July 15, 2019. A refundable security deposit of $10,795 was paid on this lease.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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

As at March 31, 2018, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy. The carrying value of receivables and trade payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

The Company can be exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts which is held with reputable US and Canadian banks. Therefore, credit risk is assessed as low.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist of refundable Canadian government sales taxes of $22,093, trades receivable of $207 and dues from related parties of $577. $282 due from related parties were collected in full subsequent to March 31, 2018.

<u>Liquidity risk</u>
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash and cash equivalent balances to ensure that it is able to meet its short term and long term obligations as and when they fall due.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

As at March 31, 2018, the Company had working capital of $3,354,767 (December 31, 2017 - $1,677,296).

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

(a) Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers the interest rate to be minimal.

(b) Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in Canadian Dollars. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant.

As at March 31, 2018, Cryptanite had net financial assets of CAD$3,060,345. A 10% change in the US dollar versus the Canadian dollar would give rise to a gain/loss of approximately $237,360.

(c) Price risk
The Company is not exposed to price risk.

## 15. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns and benefits to shareholders. The capital structure of the Company consists of equity comprised of issued share capital and any debt that it may issue.

The Company manages its capital structure and makes adjustments to it in light of economic conditions.

The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

## 16. SUBSEQUENT EVENT

On May 1, 2018, the Company signed the SAFE agreement with a private company to invest in future share rights after reaching a valuation cap of $2,000,000. Total amount of investment payments will be $30,000 in two equal payments of $15,000 within 2 consecutive months starting on or about the execution date.