INTELLABRIDGE TECHNOLOGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in US Dollars)

INTELLABRIDGE TECHNOLOGY CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Intellabridge Technology Corp.

Opinion

We have audited the consolidated financial statements of Intellabridge Technology Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of changes in equity (deficit), loss and comprehensive loss and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its 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 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 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 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty 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 information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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.

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 29, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

INTELLABRIDGE TECHNOLOGY CORP.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in US Dollars)

	Notes		**December 31, 2020**		December 31, 2019
ASSETS					
Cash		**$**	**7,026**	$	20,988
Receivables	4		**9,045**		6,481
Prepaids and deposits			**10,049**		14,840
Loan receivable	5		**-**		74,602
Digital currencies	8		**1,146**		270
Assets held-for-sale	9		**305,209**		305,209
			332,475		422,390
Property and equipment	9		**719**		16,351
Advance	7		**-**		10,000
Investments	7		**-**		45,000
		$	**333,194**	$	493,741
LIABILITIES					
Trade payables and accrued liabilities	10 and 14	**$**	**168,840**	$	186,730
Due to related parties	14		**355,029**		148,516
Lease liability	11		**-**		3,042
			523,869		338,288
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	13		**7,262,188**		7,262,188
Reserve	13		**857,572**		848,907
Accumulated other comprehensive loss			**(55,300)**		(56,445)
Deficit			**(8,255,135)**		(7,899,197)
			(190,675)		155,453
		$	**333,194**	$	493,741

Nature of Operations (Note 1)
Subsequent Events (Note 19)

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

Approved on behalf of the Board of Directors:

"John Eagleton"
Director

"Maria Eagleton"
Director

INTELLABRIDGE TECHNOLOGY CORP.
Consolidation Statement of Changes in Shareholders' Equity (Deficit)
For the Years Ended December 31, 2020 and 2019
(Expressed in US Dollars)

	Note	Share Capital: Number of shares	Share Capital: Amount	Reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
Balance at December 31, 2018		**56,471,844**	**$ 7,262,188**	**$ 839,172**	**$ (81,084)**	**$ (7,231,203)**	**$ 789,073**
Share-based compensation	13	-	-	9,735	-	-	9,735
Net loss for the year		-	-	-	-	(667,994)	(667,994)
Other comprehensive income		-	-	-	24,639	-	24,639
Balance at December 31, 2019		**56,471,844**	**7,262,188**	**848,907**	**(56,445)**	**(7,899,197)**	**155,453**
Share-based compensation	13	-	-	4,470	-	-	4,470
Benefit of below-market interest rate loan	14	-	-	4,195	-	-	4,195
Net loss for the year		-	-	-	-	(355,938)	(355,938)
Other comprehensive income		-	-	-	1,145	-	1,145
Balance at December 31, 2020		**56,471,844**	**$ 7,262,188**	**$ 857,572**	**$ (55,300)**	**$ (8,255,135)**	**$ (190,675)**

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

INTELLABRIDGE TECHNOLOGY CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2020 and 2019
(Expressed in US Dollars)

	Notes		Years ended December 31, 2020		2019
Sales of services	15	$	83,041	$	647,805
Cost of sales			48,895		198,674
			34,146		449,131
Operating expenses					
Advertising and marketing			5,337		52,886
Amortization	9		12,737		38,203
Application development			15,536		160,546
Bad debt			4,167		6,233
Bank charges and fees			6,490		8,374
Consulting fees			4,951		16,381
Depreciation of right-of-use asset	9		2,799		17,095
Finance charge	14		1,448		-
Management fees and salaries	14		196,324		287,074
Office and administration	14		35,322		231,567
Professional fees			31,494		149,435
Regulatory and transfer agent fees			22,398		25,579
Rent and utilities			13,824		75,784
Share-based compensation	13, 14		4,470		9,735
Travel			2,358		41,686
			359,655		1,120,578
NET LOSS BEFORE OTHER ITEMS			**(325,509)**		(671,447)
Other items					
Interest and other income			3,960		1,756
Benefit of below-market interest rate loan	14		1,293		-
Fair value loss on digital currency loan	14		(2,208)		-
Government grant	12		10,000		-
Recovery of deposit	6		10,650		45,609
Realized gain on digital currency transactions	8		-		30,094
Gain (loss) on revaluation of digital currencies	8		876		(1,772)
Loss on sale of equipment	9		-		(1,861)
Write-off of equipment	9		-		(1,703)
Impairment of advance and investments	7		(55,000)		(82,858)
Impairment of loan receivable	5		-		(51,857)
			(30,429)		(62,592)
NET LOSS FROM CONTINUING OPERATIONS			**(355,938)**		(734,039)
Gain from discontinued operations	9		**-**		66,045
NET LOSS FOR THE YEAR			**(355,938)**		(667,994)
Other comprehensive loss that may be reclassified to profit and loss:					
Unrealized foreign exchange gain			**1,145**		24,639
COMPREHENSIVE LOSS FOR THE YEAR		**$**	**(354,793)**	$	(643,355)

INTELLABRIDGE TECHNOLOGY CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2020 and 2019
(Expressed in US Dollars)

Loss per common share from continuing operations – basic and diluted	**$**	**(0.01)**	$	(0.01)
Loss per common share from discontinued operations – basic and diluted	**$**	**-**	$	(0.00)
Weighted average number of common shares outstanding – basic and diluted		**56,471,844**		56,471,844

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

INTELLABRIDGE TECHNOLOGY CORP.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(Expressed in US Dollars)

	Years ended December 31, 2020	2019
Cash provided by (used in):		
Operating activities:		
Net loss from continuing operations for the year	$ **(355,938)**	$ (667,994)
Items not involving cash:		
Sales of services – non-cash consideration	**-**	(125,000)
Amortization	**12,737**	38,203
Bad debt expense	**-**	6,233
Depreciation of right-of-use asset	**2,799**	17,095
Finance charge	**1,448**	-
Interest on lease liability	**49**	1,231
Loss on sale of equipment	**-**	1,861
Write-off of equipment	**-**	1,703
Share-based compensation	**4,470**	9,735
Benefit of below-market interest rate loan	**(1,293)**	-
Fair value loss on digital currency loan	**2,208**	-
Realized (gain) loss on digital currency transactions	**-**	(30,094)
Gain on revaluation of digital currencies	**(876)**	1,772
Impairment of investments	**55,000**	82,858
Impairment of loan receivable	**-**	51,857
Accrued interest on loan receivable	**-**	(1,458)
Changes in non-cash operating working capital items:		
Receivables	**(2,564)**	4,151
Prepaids	**4,791**	59,590
Trade payables and accrued liabilities	**(17,890)**	11,218
Due to related parties	**182,123**	140,898
Deferred revenue	**-**	(100)
	(112,936)	(396,240)
Investing activities:		
Sales of digital currencies	**-**	123,833
Acquisition of property and equipment	**-**	(13,344)
Proceeds from sale of equipment	**-**	2,735
Advance and investments	**-**	(62,858)
	-	50,366
Financing activities:		
Due to related parties	**26,222**	-
Proceeds from convertible loan	**74,602**	-
Lease payments	**(3,091)**	(18,182)
	97,733	(18,182)
Effect of foreign exchange on cash flows	**1,241**	24,639
Decrease in cash during the year	**(13,962)**	(339,417)
Cash, beginning	**20,988**	360,405
Cash, ending	$ **7,026**	$ 20,988

Supplemental cash flow information

During the year ended December 31, 2020, the Company reallocated an initial $5,488 from due to related parties to the reserve as the benefit of a below-market interest rate loan (Note 14). There were no non-cash transactions during the year ended December 31, 2019.

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

1. NATURE OF OPERATIONS

Intellabridge Technology Corp. (the "Company" or "Intellabridge") was incorporated on June 24, 1986 under the laws of British Columbia. The Company's shares trade on the Canadian Securities Exchange ("CSE") under the symbol INTL.

The Company's head office, principal address and records office is 2060 Broadway Suite B1, Boulder, Colorado, 80302. The registered office is Suite 1500-1055 West Georgia Street, PO Box 11117, Vancouver, BC V6E 4N7.

Intellabridge is a technology-based company developing block-chain solutions for a variety of sectors including financial technology, marketplaces and virtual reality social networks. The Company is also exploring the application of blockchain technologies to other sectors such as a real estate, healthcare and telecommunication.

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 grow and to be able to implement its business plans and strategies. Given the volatile nature of the industry in which it operates, the Company is subject to risks and uncertainties that may adversely impact future operating results and cash flows.

As at December 31, 2020, the Company has an accumulated deficit of $8,255,135 including a loss for the year ended December 31, 2020 of $355,938 (2019 - $667,994). These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

The consolidated financial statements were authorized for issue on April 29, 2021 by the directors of the Company.

2. BASIS OF PRESENTATION

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

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation and consolidation

The consolidated 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 and related to the valuation of certain financial assets and financial liabilities to fair value.

The consolidated financial statements are presented in US dollars.

Subsidiaries

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able directly or indirectly, to control financial and operational policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

		Percentage owned		
	Country of incorporation	December 31, 2020	December 31, 2019	Functional currency
ChargaCard Inc.	United States	100%	100%	USD
Cryptanite Ltd.	Malta	100%	100%	EURO
Intellabridge LLC.	Ukraine	100%	100%	UAH

Consolidation

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions

The preparation of these 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.

The preparation of these consolidated financial statements requires management to make judgments regarding 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 Option Pricing Model involves 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 if products are able, with sufficient certainty, to demonstrate that they will generate future economic benefits, development costs related to these products are capitalized at cost. Research and development costs 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The consolidated financial statements of the Company are presented in US dollars. The individual financial statements of each subsidiary are presented in its functional currency, the currency of the primary economic environment in which the entity operates. The functional currency of Intellabridge is the Canadian dollar, and the functional currencies of the subsidiaries are listed in Subsidiaries section of Note 2.

In preparing the financial statements of each subsidiary, transactions in currencies other than the entity's functional currency are translated at exchange rates in effect on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rate of the exchange in effect as at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the time when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Revenue and expenses are translated at average exchange rates prevailing during the reporting period. Foreign currency differences arising on translation are recognized in the consolidated statement of comprehensive loss. All resulting exchange gains or losses are recognized as a foreign currency translation adjustment and included as a separate component of equity, within Accumulated Other Comprehensive Income ("AOCI").

Digital currencies

The Company has determined that digital currencies are intangible assets. The Company has classified digital currencies as current assets, if based on management's assessment its digital currencies held are considered to be commodities, there is a liquid market in which the Company may sell a portion of its holdings and if the Company is able to sell a portion of its digital currencies in the near future to generate a profit from price fluctuations. Digital currencies not classified as current assets are classified as long-term assets.

Digital currencies are initially recorded on the statements of financial position at their cost on the date acquired and are only re-measured at each reporting date if those assets are traded in an active market. Digital currencies that are not traded in an active market will be recorded at historical cost. Revaluation losses, as well as realised gains or losses on the sale of digital currencies are included in the statement of loss and comprehensive loss. Unrealized revaluation gains for those digital currencies that are traded in an active market above their initial fair value are included in other comprehensive income.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of income from digital currencies.

Property and equipment

Items of equipment are recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the equipment to the location and condition necessary for its intended use.

Depreciation of property and equipment is calculated over the estimated useful lives as follows:

Computer equipment	24 months straight-line method
Furniture and equipment	36 months straight-line method
Other assets	100% amortization on purchase
ROU asset	Term of lease

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

***Property and equipment** (cont'd)*

Impairment

The Company reviews the carrying amounts of its non-financial assets, including equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Fair value less costs of disposal is estimated using recent market prices for similar items that would be received in an orderly transaction between market participants at the measurement date. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in the consolidated statement of loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Income taxes

Income tax expense is comprised of current and deferred tax components.

The Company follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date. Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share capital

Financial instruments issued by the Company are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Company's common shares, options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to profit or loss.

Warrants

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of commons shares and a certain number of share purchase warrants.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share-based compensation

The Company has a share option plan. The fair value of share-based compensation to employees is measured at grant date using the Black-Scholes Option Pricing Model, and is recognized over the vesting period using the graded vesting method. The fair value of share-based compensation to non-employees is measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model, if the fair value of the goods or services received cannot be readily measured.

For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. For share options granted with vesting terms conditional upon the achievement of a performance condition, and the performance condition is not a market condition, the Company revises its estimates of the length of the vesting period, if necessary, when information arises that indicates that the length of the vesting period differs from previous estimates. When this occurs, the change in estimate is accounted for prospectively.

Compensation expense is recorded in the consolidated statement of loss as share-based compensation expense with a corresponding credit to equity reserves. When stock options are exercised, the proceeds, together with the amount recorded in equity reserves, are recorded in share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Receivables	Amortized cost
Loan receivable	Amortized cost
Investments	FVTPL
Financial liabilities	
Trade payables	Amortized cost
Due to related parties	Amortized cost

The Company classifies its financial assets in one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) amortized cost or (3) financial assets at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial instrument at FVTPL at December 31, 2020 is as follows:

	Level 1	*Level 2*	*Level 3*
Financial asset			
Cash	$ 7,026	$ –	$ –

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

***Financial instruments** (cont'd)*

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, trade payables and due to related parties approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in the statement of loss. Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Earnings/loss per share amounts

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the reporting period.

Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

Revenue

The Company generates revenue by providing transaction processing services for digital currencies, contracting development and IT services and telecommunication data services. Revenues from crypto mining activities is recognized at the fair value of the digital currencies received as consideration on the date of actual receipt. Revenues from telecommunication and IT and other development services are recognized when services are provided and billed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Government grants and loans

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

A forgivable loan from the government is treated as a government grant as long as there is reasonable assurance that the Company will meet the terms for forgiveness of the loan.

Leases

The Company assess whether a contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement, and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use ("ROU") asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate of the Company. Lease payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the exercise price of purchase options if the Company is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a modification, change in the lease term, change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

Accounting standard issued but not yet effective

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in US Dollars)

4. RECEIVABLES

December 31,		2020		2019
Goods and services input tax credits	$	7,774	$	4,244
Other receivables		1,271		2,237
	$	9,045	$	6,481

5. LOAN RECEIVABLE

Where the transaction price in a service contract with a customer includes non-cash consideration, the Company measures that non-cash consideration at fair value. If the fair value of the non-cash consideration cannot be reasonably estimated, the entity must measure it indirectly, by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration.

During the year ended December 31, 2019, the Company provided services to One Feather Mobile Technology Ltd. (“One Feather”), a privately held company. The transaction price, as outlined in the underlying service contract, was a stand-alone selling price of $125,000, which the Company initially recorded as a receivable.

On October 1, 2019, the Company entered into a convertible loan agreement with One Feather for settlement of the aforementioned services and recovery of the receivable. The convertible loan was interest bearing at 8% per annum maturing on November 4, 2019 with conversion rights and was secured by a general security agreement. The loan was convertible upon One Feather completing an initial public offering or becoming listed on a stock exchange (“Conversion Event”) by maturity date.

The loan was initially recorded at fair value and measured at the present value of all future cash receipts discounted over the term of the loan, using the prevailing market rate of interest of 8%.

Upon maturity, the Conversion Event did not transpire and the loan became due on demand. Upon date of default and to December 31, 2019, the Company had not demanded repayment, nor exercised their rights under the general security agreement. Based on management’s assessment of its credit risk, the Company recorded an impairment at December 31, 2019, based on the expected credit loss. The estimated present value of future cash flows associated with the asset was determined and an impairment loss was recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset was reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate and the resulting loss was recognized in the consolidated statement of loss and comprehensive loss.

On June 2, 2020, the Company assigned the loan to two companies with a former director in common for a value of $74,602 (CAD$100,000).

Fair value at initial date	$	125,000
Impairment		(51,856)
		73,1434
Accrued interest at 8% per annum		1,458
Balance, December 31, 2019		74,602
Assignment of loan (Note 14)		(74,602)
Balance, December 31, 2020	$	-

6. RECOVERY OF DEPOSIT

Pursuant to an agreement dated August 9, 2018, the Company paid a security deposit of $365,018. The agreement was subsequently terminated and the Company recorded an impairment allowance of $365,018 in 2018. During the year ended December 31, 2020, the Company collected $10,650 (2019 - $45,609) of the deposit and recognized the recovered amount in the consolidated statement of loss and comprehensive loss.

7. ADVANCE AND INVESTMENTS

Advance

On February 28, 2019, as amended on March 21, 2019, the Company entered into a Shareholders Agreement, for provision of investment loans for a software development project and incorporation of a common legal entity, in which the Company will acquire a 3.35% interest of shares. The Company may provide investment loans of up to $60,000. The investment loans are non-interest bearing and refundable to the Company from profits generated by the product after a one-year hold period. As at December 31, 2019, the Company had advanced $10,000 as an investment loan. To December 31, 2020 and 2019, the shares have not been issued to the Company. Accordingly, the Company recognized an impairment on the advance of $10,000 during the year ended December 31, 2020.

Investments

Simple Agreement for Future Equity ("SAFE") Agreements

Pursuant to the terms of the SAFE Agreements, if there is an equity financing before the instrument expires or is terminated, the investee will automatically issue to the investors either: 1) a number of shares of standard preferred stock sold in the equity financing equal to the purchase amount divided by the price per share of the standard preferred stock, if the pre-money valuation is less than or equal to the valuation cap; or 2) a number of shares of SAFE preferred stock equal to the purchase amount divided by the SAFE Price, if the pre-money valuation is greater than the valuation cap.

If there is a liquidation event before the expiration or termination of the SAFE Agreement, the investor will at its option either: 1) receive a cash payment equal to the purchase amount or 2) automatically receive from the investee a number of shares of common stock equal to the purchase amount divided by the liquidity price, if the investor fails to select the cash option. Thereafter the SAFE Agreement will terminate. In connection with a cash payment through a liquidity event, if there are not enough funds to pay the investors and holders of the SAFE Agreements in full, funds will be distributed pro-rata and based on the purchase price and the remaining amounts will be covered with common stock equal to the remaining unpaid purchase price divided by the liquidity event. In a dissolution event, SAFE Agreement holders will be paid out of remaining assets prior to holders of the investee's capital stock.

In accordance with IFRS 9, the Company initially recorded these SAFE investments at cost, which approximates fair value.

The Company holds the following SAFE investments:

(1) $45,000 SAFE investment in Fanboard Inc. ("Fanboard"), a private company, to invest in future rights to shares after Fanboard reaches a valuation cap of $1,000,000. The maximum investment shall not be higher than $60,000. As of December 31, 2020 and 2019, Fanboard has not met the valuation cap thresholds and no shares have been distributed to the Company to December 31, 2020. Accordingly, the Company has recognized an impairment on the investment of $45,000.

7. ADVANCE AND INVESTMENTS (cont'd)

(2) $30,000 SAFE investment in True Sync Media, Inc. ("True Sync"), a private company to invest in future rights to shares after True Sync reaches a valuation cap of $2,000,000 for an investment of $30,000. On December 30, 2019, True Sync issued the Company 2,065,410 series seed preferred shares on conversion of the SAFE Agreement. The series seed preferred stock were issued with restrictions which require the Company to hold the equity instruments indefinitely. During the year ended December 31, 2019, management determined that the investment does not hold future value. Accordingly, the Company recognized an impairment on the investment of $30,000.

Other

On April 2, 2018, the Company signed a Revenue Participation Agreement ("RP Agreement") with Canyon Capital LLC ("Canyon Capital"), a corporation with directors in common, existing under the laws of the State of New Mexico, USA. Pursuant to the RP Agreement, the Company agreed to provide application development services and, in return, would earn a 10% royalty from the gross revenue from the project with maximum payout cap set at 10 times of the final total amount of the investment, which is equal to the amount of the development costs incurred by the Company.

To date, Canyon Capital has not generated any income sufficient to commence the repayment from the iHalo project, and no repayments have been earned by the Company. During the year ended December 31, 2019, the Company recognized an impairment on the investment of $52,858.

8. DIGITAL CURRENCIES

As at December 31, 2020, the Company held various digital currencies with a fair value of $1,146 (December 31, 2019 - $270).

During the year ended December 31, 2020, the Company recorded a revaluation gain of $876 (December 31, 2019 - loss - $1,772) on digital currencies and realized a gain of $ Nil (December 31, 2019 - $30,094) from the trades of digital currencies.

9. PROPERTY AND EQUIPMENT

(a) During the year ended December 31, 2018, the Company purchased equipment to mine cryptocurrency. In 2018, management made an assessment, given changes in the business environment, to discontinue crypto-mining activities. As such, all related activity was reclassified to discontinued operations. During the year ended December 31, 2020, the Company realized a gain on the sale of crypto-mining equipment of $Nil (December 31, 2019 - $66,045).

(b) During the year ended December 31, 2018, the Company acquired title to a facility located in Nederland, Colorado. This facility was to be used as a data center for its previous cryptocurrency mining operations. As at December 31, 2020, the facility remained vacant and was not used in operations. As at December 31, 2020 and 2019, the carrying value of the facility of $305,209 has been presented as asset held-for-sale, following management's decision to offer the facility for sale. Management continues an active program to dispose of the facility.

9. PROPERTY AND EQUIPMENT (cont'd)

(c) On July 15, 2019, the Company entered into a sublease agreement for office rental space premises located in Kyiv, Ukraine, expiring on September 30, 2019 in exchange for a monthly rent of US $5,000 exclusive of sales taxes. Effective October 1, 2019, the Company reduced its office rental space in Kyiv and renewed its sublease for an additional five-month period. Under the terms of the new sublease agreement, the Company paid a monthly office rent of US $2,500 plus applicable sales taxes. The lease agreement expired on February 28, 2020.

On January 1, 2019, the Company adopted IFRS 16 and recognized a lease liability and right-of-use ("ROU") asset of $20,268 in relation to its office sublease, which had previously been classified as an operating lease. Under the principles of the new standard, this sublease was measured as the lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate estimated at 10% per annum (Note 11).

The associated right-of-use asset was measured at the amount equal to the lease liability on January 1, 2019. The right-of-use asset has been subsequently depreciated from the commencement date to the earlier of the end of the lease term on a straight-line basis.

(Expressed in US Dollars)

9. PROPERTY AND EQUIPMENT (cont'd)

	Furniture and Equipment	Computer Equipment	Other Assets	ROU Asset	Total
Cost:					
At December 31, 2018	$ 7,784	$ 55,842	$ 4,362	$ -	$ 67,988
Additions	2,524	8,390	2,431	20,268	33,613
Sales and disposal	(4,138)	(9,215)	(4,362)	-	(17,715)
At December 31, 2019	6,170	55,017	2,431	20,268	83,886
Sales and disposal	-	(3,074)	-	-	(3,074)
At December 31, 2020	$ 6,170	$ 51,943	$ 2,431	$ 20,268	$ 80,812
Depreciation and impairment:					
At December 31, 2018	$ 1,530	$ 17,485	$ 4,362	$ -	$ 23,377
Amortization	3,263	32,510	2,431	17,095	55,299
Sales and disposal	(1,168)	(5,889)	(4,362)	-	(11,419)
Foreign exchange	-	-		277	277
At December 31, 2019	3,625	44,105	2,431	17,372	67,534
Amortization	1,825	10 912	-	2,799	15,536
Sales and disposal	-	(3,074)	-	-	(3,074)
Foreign exchange	-	-	-	97	97
At December 31, 2020	$ 5,450	$ 51,943	$ 2,431	$ 20,268	$ 80,093
Net book value:					
At December 31, 2019	$ 2,545	$ 10,910	$ -	$ 2,896	$ 16,351
At December 31, 2020	$ 719	$ -	$ -	$ -	$ 719

(Expressed in US Dollars)

10. TRADE PAYABLES AND ACCRUED LIABILITIES

December 31,		2020		2019
Trade payables (Notes 14)	$	151,805	$	155,932
Accrued liabilities		17,035		30,798
	$	168,840	$	186,730

11. LEASE LIABILITY

Movements in the office lease are as follows:

	Office Lease
Balance, December 31, 2018	$ -
Lease liability for ROU asset (Note 9)	20,268
Imputed interest	956
Payments	(18,182)
Balance, December 31, 2019	3,042
Imputed interest	49
Payments	(3,091)
Balance, December 31, 2020	$ -

12. GOVERNMENT GRANT

During the year ended December 31, 2020, the Company applied for a government grant from the Small Business Association in the U.S.A under the Economic Injury Disaster Loan Program, whereby the Company was eligible to a grant up to a maximum of $10,000 to assist with working capital needs and does not have to be repaid.

During the year ended December 31, 2020, the $10,000 grant was received in full and recorded in other income in the statement of loss and comprehensive loss.

13. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

There were no transactions affecting share capital during the years ended December 31, 2020 and 2019.

(c) Escrow shares

17,648,600 common shares issued to the principals of the Company 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 and 15% will be released from escrow every six months over a period of 36 months until March 7, 2021. As at December 31, 2020, 2,647,290 (December 31, 2019 – 7,941,870) common shares remained in escrow.

(Expressed in US Dollars)

13. SHARE CAPITAL (cont'd)

(c) Escrow shares (cont'd)

In addition, 2,750,000 common shares 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) 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, December 31, 2018	2,184,299	CAD$ 0.13	920,000	CAD$ 0.60
Expired	(2,184,299)	CAD$ 0.13	(100,000)	CAD$ 0.60
Outstanding, December 31, 2019	-	CAD$ -	820,000	CAD$ 0.50
Expired			(100,000)	CAD$ 0.60
Outstanding, December 31, 2020	-	CAD$ -	720,000	CAD$ 0.49
Number currently exercisable	-	CAD$ -	620,000	CAD$ 0.47

As at December 31, 2020, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Stock options	September 12, 2021	100,000	CAD$ 0.60	0.70 years
	March 12, 2023	620,000	CAD $ 0.47	2.19 years
Total options:		720,000	CAD$ 0.49	1.99 years

There were no warrants or stock options granted during 2020.

During the year ended December 31, 2020, the Company recorded share-based compensation expense of $4,470 (2019 - $9,735) to recognize the fair value of the vested portion of previously granted stock options.

(Expressed in US Dollars)

13. SHARE CAPITAL (cont'd)

(e) Reserve

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

	Stock options	Finders' warrants	Other	**Total**
Balance, December 31, 2018	$ 211,022	$ 628,150	$ –	**$ 839,172**
Share-based compensation (Note 13)	9,735	–	–	**9,735**
Balance, December 31, 2019	220,757	628,150	–	**848,907**
Share-based compensation (Note 13)	4,470	–	–	**4,470**
Benefit of below-market interest rate loan (Note 14)	–	–	4,195	**4,195**
Balance, December 31, 2020	$225,227	$ 628,150	$ 4,195	**$ 857,572**

14. 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 year ended December 31, 2020, the remuneration of management fees to key personnel were as follows:

December 31,	2020	2019
Chief Executive Officer[a] (CEO)	$ 105,052	$ 97,850
Chief Operating Officer[b] (COO)	91,272	102,747
Chief Technology Officer[c] (CTO)	-	70,000
President[d]	3,700	21,352
Total	$ 200,024	$ 291,949

(a) During the year ended December 31, 2020, the Company paid or accrued salary of $105,052 (2019 $97,850) to the CEO and director of the Company.

During the year ended December 31, 2020, the Company entered into a short-term loan arrangement with the CEO for a total of $51,222. The loans are non-interest bearing and have one-year repayment terms. The Company determined that the rate implicit in the loan is at a market rate of 12% per annum. Accordingly, the Company recorded an initial benefit of the below-market interest rate loan of $5,488 to the reserve. To December 31, 2020, interest of $1,448 was accrued and a benefit of $1,293 was recognized in the statement of loss and comprehensive loss.

To December 31, 2019, the Company also had a loan from the CEO of $954 in digital currencies. To December 31, 2020, the Company recorded a fair value loss of $2,208 on the loan.

As at December 31, 2020, a total of $207,411 (December 31, 2019 - $64,574) was due to the CEO. This amount is recorded in due to related parties.

14. RELATED PARTY TRANSACTIONS (cont'd)

(b) On December 4, 2017, the Company entered into an Operations Management and Product Development Services contract with the COO and director of the Company for provision of management services in exchange for a monthly fee of $7,500. The contract was for a one-year term with an extension for renewal for an additional year at the end of each year of the contract.

During the year ended December 31, 2020, the Company paid or accrued aggregate fees of $91,272 (2019 - $102,747) for management services pursuant to the above and paid $Nil (2019 - $7,850) in benefits to the COO.

As at December 31, 2020, a total of $123,918 (December 31, 2019 - $37,750) was due to the COO. This amount is recorded in due to related parties.

(c) During the year ended December 31, 2020, the Company paid or accrued salary of $Nil (2019 - $70,000) to the former Chief Technology Officer ("CTO") of the Company.

As at December 31, 2020, a total of $20,000 (December 31, 2019 - $20,000) was due to the former CTO. This amount is recorded in due to related parties.

(d) During the year ended December 31, 2020, the Company paid or accrued management fees and commissions of $3,700 (2019 - $21,352) to Katmando Holdings Inc. ("Katmando"), a company owned by Keith Turner, President of the Company.

As at December 31, 2020, $3,700 (December 31, 2019 - $1,625) was due to Katmando. This amount is recorded in due to related parties.

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 former common director 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. This agreement was terminated effective March 1, 2020.

Pursuant to this agreement for the year ended December 31, 2020, the Company paid or accrued $14,886 (2019 - $90,444) for administrative fees to VCC.

As at December 31, 2020, $35,771 (December 31, 2019 - $40,422) in administrative fees were due to VCC. This amount is included in trade payables.

(b) On September 10, 2019, the Company entered into a promissory note agreement for a short-term loan in the amount of $25,000 from a former director of the Company, Praveen Varshney. The loan was secured personally by the CEO. The loan bears an annual interest of 12% and was repayable on November 11, 2019.

To December 31, 2019, the Company was in default of the loan. The former director had not demanded repayment, nor exercised rights under the general security agreement. During the year ended December 31, 2020, the Company repaid the loan and $921 in accrued interest.

(c) As at December 31, 2020, $Nil (2019 - $309) in cost recoveries was due from a company with a director in common. The amount was included in receivables.

(Expressed in US Dollars)

14. RELATED PARTY TRANSACTIONS (cont'd)

(d) During the year ended December 31, 2020, the Company assigned a loan to two companies with a former director in common for a value of $74,602 (CAD$100,000) (Note 5).

(e) During the year ended December 31, 2020, the Company incurred software development costs in the aggregate of $Nil (2019 - $139,687) in connection with the project with Canyon Capital (Note 7).

(f) During the year ended December 31, 2020, the Company recognized $4,470 (2019 - $5,247) in share-based compensation for the vested portion of the stock options previously granted to the President of the Company.

15. SEGMENTED INFORMATION

The Company operates in two industry segments, being development and IT services, utilizing its blockchain technologies, and telecommunication data services.

December 31,		2020		2019
Sales for the year				
Transaction processing	$	-	$	305
Development and IT services		83,041		647,500
	$	83,041	$	647,805

During the year ended December 31, 2020, there were four customers that made up 100% of total revenue.

The Company operates in the following geographic areas and a summary of non-current assets is as follows:

December 31,		2020		2019
Long-term advance and investments – USA	$	-	$	55,000
Property and equipment				
Canada		-		2,896
USA		-		1,545
Ukraine		719		11,911
	$	719	$	16,352

(Expressed in US Dollars)

16. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

December 31,	2020	2019
Loss before income taxes	$ (355,938)	$ (667,994)
Tax rate	23.7%	23.6%
Expected income tax recovery at statutory tax rates	(84,417)	(157,499)
Increase (decrease) in income tax recovery resulting from:		
Non-deductible items	1,618	2,857
Foreign tax rates differences	-	(13,778)
Change in deferred tax assets not recognized	82,799	168,420
Total income tax expense (recovery)	$ -	$ -

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2020	Expiry dates	December 31, 2019	Expiry dates
Share issue costs	$ 62,763	No expiry	$ 95,705	No expiry
Non-Capital losses (Canada)	1,644,765	2029 to 2040	1,579,236	2029 to 2039
Net operating losses (US)	2,391,714	2037-2040	2,112,281	2037-2039
Non capital losses (Malta)	21,653	-	20,368	-
	4,120,895		3,807,590	
Deferred tax asset not recognized	(4,120,895)		(3,807,590)	
Deferred tax asset liability	$ -		$ -	

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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:

Credit risk

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 mainly held with reputable US and Canadian banks. Therefore, credit risk on the Company's cash deposits is assessed as relatively low.

The Company's secondary exposure to credit risk is on its receivables, which consists mainly of trade receivables and refundable government sales taxes. Credit risk related to these receivables is assessed as low.

The Company was exposed to credit risk on its digital currencies that were held on different crypto exchange platforms. Management chooses reliable and legitimate platforms for its crypto transaction to minimize that risk. As at December 31, 2020 and 2019, the Company retained a minimum balance of digital currencies for testing and development purposes.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Liquidity risk

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 continuously monitoring cash requirements to ensure that it is able to meet its short term and long-term obligations and operational plans.

As at December 31, 2020, the Company had working capital deficiency of $191,394 (working capital of 2019 - $84,102). Liquidity risk is assessed as high.

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 and its subsidiaries operate internationally, and during the year were exposed to foreign exchange risk arising from currency fluctuations, primarily with respect to the USD/CAD/EURO and UAH dollar rates.

Management regularly monitors exposure to foreign exchange risks, but does not have a current hedging policy in place.

(c) *Price risk*
The Company is exposed to digital currencies price risk due to the volatility of the industry.

18. 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.

There were no changes in the Company's approach to capital management during the year.

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Company:

(a) Agreed to settle $356,774 (CAD $450,035) in debt to related parties, of which $341,774 was recorded in due to related parties at December 31, 2020, through the issuance of 4,518,513 common shares at a price of CAD $0.10 per common share. Subsequent to December 31, 2020, a total of 4,499,990 common shares have been issued.

(b) Completed a non-brokered private placement of 2,500,000 units at a price of CAD $0.15 per share for total gross proceeds of CAD $375,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of CAD $0.45 per share over a period of two years from date of issue. The warrants are subject to an acceleration clause that if after the first six months following the closing date, the volume-weighted average trading price of the common shares on the CSE is equal to or greater than CAD $0.52 for any consecutive-trading-day period, the Company may, upon providing written notice to the holder of warrants, accelerate the expiry date of the warrants to the date that is 30 days following the date of such written notice.

(c) Entered into consulting agreement (the “Consulting Agreement”) for a term commencing April 1, 2021 to October 1, 2021. As consideration, the Company will pay CAD $100,000, which may be settled by the issuance of common shares. The Company may terminate the Consulting Agreement on or before April 30, 2021, in which case a one-time payment of CAD $15,000 will be required. If the Consulting Agreement is not terminated by such date, the entirety of the consideration will be required by May 15, 2021. To the date of these consolidated financial statements, the Company has not terminated the Consulting Agreement.