INTELLABRIDGE TECHNOLOGY CORPORATION
(Formerly Cryptanite Blockchain Technologies Corp.)

RESTATED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in US Dollars)

INTELLABRIDGE TECHNOLOGY CORPORATION

(Formerly Cryptanite Blockchain Technologies Corp.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Intellabridge Technology Corporation (formerly Cryptanite Blockchain Technologies Corp.)

Opinion

We have audited the consolidated financial statements of Intellabridge Technology Corporation (formerly Cryptanite Blockchain Technologies Corp.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of changes in equity, 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, 2019 and 2018, 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.

Emphasis of Matter – Restatement of Financial Statements

We draw attention to Note 22 to the financial statements which describes that the financial statements that we originally reported on July 15, 2020 have been restated, and the matter that gives rise to the restatement. Our opinion is not modified in respect of this matter.

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.

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 25, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

INTELLABRIDGE TECHNOLOGY CORPORATION
(Formerly Cryptanite Blockchain Technologies Corp.)
Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(Expressed in US Dollars)

	Notes		December 31, 2019		December 31, 2018
ASSETS					
Cash		**$**	**20,988**	$	360,405
Receivables	5		**6,481**		16,865
Prepaids and deposits	7		**14,840**		74,430
Loan receivable	6		**74,602**		-
Digital currencies	9		**270**		95,781
Assets held-for-sale	10		**305,209**		305,209
			422,390		852,690
Property and equipment	10		**16,351**		44,611
Advance	8		**10,000**		-
Investments	8		**45,000**		75,000
		$	**493,741**	$	972,301
LIABILITIES					
Trade payables and accrued liabilities	11	**$**	**186,730**	$	175,510
Due to related parties	14		**148,516**		7,618
Deferred revenue			**-**		100
Lease liability	12		**3,042**		-
			338,288		183,228
SHAREHOLDERS' EQUITY					
Share capital	13		**7,262,188**		7,262,188
Reserve	13		**848,907**		839,172
Accumulated other comprehensive loss			**(56,445)**		(81,084)
Deficit			**(7,899,197)**		(7,231,203)
			155,453		789,073
		$	**493,741**	$	972,301

Nature of Operations (Note 1)
Commitments (Notes 15)
Subsequent Events (Note 21)
Restatement (Note 22)

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

Approved on behalf of the Board of Directors:

"John Eagleton"	*"Maria Eagleton"*
Director	Director

INTELLABRIDGE TECHNOLOGY CORPORATION

(Formerly Cryptanite Blockchain Technologies Corp.)
Consolidation Statement of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Expressed in US Dollars)

		Share Capital						
	Note	Number of shares	Amount	Reserve	Subscription receipts	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance at December 31, 2017		**31,754,000**	**$ 3,175**	**$ 203,122**	**$ 1,711,213**	**$ -**	**$ (233,360)**	**$ 1,684,150**
Shares issued for cash	13	7,804,733	780	1,873,555	(1,711,213)	-	-	163,122
Share issuance costs	13	-	(24,519)	-	-	-	-	(24,519)
Fair value of warrants	13	-	(600,426)	600,426	-	-	-	-
Reallocation of reserve	13	-	2,076,677	(2,076,677)	-	-	-	-
Recapitalization transaction:								
Equity of Westbay	4,13	7,006,669	2,441,810	-	-	-	-	2,441,810
Shares issued for finder's fee	13	1,717,000	599,267	-	-	-	-	599,267
Shares issued for cash	13	8,189,442	2,858,279	-	-	-	-	2,858,279
Share issuance costs	13	-	(65,131)	-	-	-	-	(65,131)
Fair value of finders' warrants	13	-	(27,724)	27,724	-	-	-	-
Share-based compensation	13	-	-	211,022	-	-	-	211,022
Net loss for the year		-	-	-	-	-	(6,997,843)	(6,997,843)
Other comprehensive loss		-	-	-	-	(81,084)	-	(81,084)
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**

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

INTELLABRIDGE TECHNOLOGY CORPORATION
(Formerly Cryptanite Blockchain Technologies Corp.)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2019 and 2018
(Expressed in US Dollars)

		Years ended December 31,	
	Notes	**2019**	2018
			Restated (Note 22)
Sales of services	17	**$ 647,805**	$ 5,712
Cost of sales		**198,674**	(4,208)
		449,131	1,504
Operating expenses			
Advertising and marketing		**52,886**	589,196
Amortization	10	**38,203**	31,723
Application development		**160,546**	273,313
Bad debt		**6,233**	17,056
Bank charges and fees		**8,374**	29,504
Consulting fees	14	**16,381**	34,015
Depreciation on right-of-use asset	10	**17,095**	-
Foreign exchange		-	(22,972)
Management fees and salaries	14	**287,074**	377,752
Office and administration	14	**231,567**	428,954
Professional fees		**149,435**	207,148
Regulatory and transfer agent fees		**25,579**	26,801
Rent and utilities		**75,784**	92,127
Share-based compensation	13	**9,735**	211,022
Travel		**41,686**	94,366
		1,120,578	2,390,005
NET LOSS BEFORE OTHER ITEMS		**(671,447)**	(2,388,501)
Other items			
Interest and other income		**1,756**	319
Recovery of security deposit	7	**45,609**	-
Realized gain (loss) on digital currency transactions	9	**30,094**	(118,484)
Gain (loss) on revaluation of digital currencies	9	**(1,772)**	18,937
Loss on sale of equipment	10	**(1,861)**	-
Write-off of equipment	10	**(1,703)**	-
Impairment charge on assets held-for-sale	10	**-**	(63,122)
Impairment of investments	8	**(82,858)**	(661,829)
Impairment of security deposit	7	**-**	(348,729)
Impairment of loan receivable	6	**(51,857)**	-
Listing expense	4	**-**	(3,211,128)
		(62,592)	(4,384,036)
NET LOSS FROM CONTINUING OPERATIONS		**(734,039)**	(6,772,537)
Gain (loss) from discontinued operations	10	**66,045**	(225,306)
NET LOSS FOR THE YEAR		**(667,994)**	(6,997,843)
Other comprehensive loss that may be reclassified to profit and loss:			
Unrealized foreign exchange gain (loss)		**24,639**	(81,084)
COMPREHENSIVE LOSS FOR THE YEAR		**$ (643,355)**	$ (7,078,927)

Loss per common share – basic and diluted				
From continuing operations	**$**	**(0.01)**	$	(0.18)
Weighted average number of common shares outstanding				
– basic and diluted		**56,471,844**		37,573,288

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

INTELLABRIDGE TECHNOLOGY CORPORATION
(Formerly Cryptanite Blockchain Technologies Corp.)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(Expressed in US Dollars)

		2019		2018
Cash provided by (used in):				Restated (Note 22)
Operating:				
Net loss from continuing operations for the year	**$**	**(667,994)**	$	(6,997,843)
Items not involving cash:				
Sales of services – non-cash consideration		**(125,000)**		-
Amortization		**38,203**		31,723
Bad debt expense		**6,233**		-
Depreciation of right-of-use asset		**17,095**		-
Interest on lease liability		**1,231**		-
Loss on sale of equipment		**1,861**		-
Write-off of equipment		**1,703**		-
Share-based compensation		**9,735**		211,022
Realized (gain) loss on digital currency transactions		**(30,094)**		118,484
(Gain) loss on revaluation of digital currencies		**1,772**		(18,937)
Impairment of security deposit		**-**		348,729
Impairment charge on assets held-for-sale		**-**		63,122
Impairment of investments		**82,858**		661,829
Impairment of loan receivable		**51,857**		-
Accrued interest on loan receivable		**(1,458)**		-
Listing expense		**-**		3,197,591
		(611,996)		(2,384,280)
Changes in non-cash operating working capital items:				
Receivables		**4,151**		(10,242)
Prepaids		**59,590**		(71,720)
Deposits		**-**		(348,729)
Trade payables and accrued liabilities		**11,218**		(30,321)
Due to related party		**140,898**		7,618
Deferred revenue		**(100)**		100
		(396,240)		(2,837,574)
Investing				
Sales (purchases) of digital currencies		**123,833**		(195,328)
Acquisition of property and equipment		**(13,344)**		(69,480)
Proceeds from sale of equipment		**2,735**		-
Advance and investments		**(62,858)**		(736,829)
Assets held-for-sale		**-**		(368,331)
Net cash acquired on acquisition of Westbay		**-**		(70,721)
		50,366		(1,440,689)
Financing				
Proceeds from issuance of shares, net		**-**		4,642,964
Subscription receipts		**-**		(1,711,213)
Lease payments		**(18,182)**		-
		(18,182)		2,931,751

(Expressed in US Dollars)

	2019	2018
Effect of foreign exchange on cash flows	**24,639**	(81,084)
Decrease in cash during the year	**(339,417)**	(1,427,596)
Cash, beginning	**360,405**	1,788,001
Cash, ending	**$ 20,988**	**$ 360,405**

Supplemental disclosure with respect to cash flows (Note 16)

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

1. NATURE OF OPERATIONS

Intellabridge Technology Corporation (formerly Cryptanite Blockchain Technologies Corp.) (the "Company" or "Intellabridge") 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. See Note 4.

As part of the transaction, the Company voluntarily delisted its common shares from the TSX Venture Exchange effective February 28, 2018, changed its name to Cryptanite Blockchain Technologies Corp. and commenced trading its shares on the Canadian Securities Exchange ("CSE") under the symbol NITE on March 12, 2018. On June 26, 2018, the Company commenced trading on the OTCQB Venture Market in the United States of America under the symbol: CRBTF. On July 18, 2018, the Company also commenced trading on the Frankfurt Stock Exchange under the symbol 98AA.

Effective October 24, 2019, the Company changed its name from Cryptanite Blockchain Technologies Corp. to Intellabridge Technology Corporation and commenced trading its shares on the CSE under the new name and symbol INTL.

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 continue its projected growth 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, 2019, the Company has an accumulated deficit of $7,899,197 including a loss for the year ended December 31, 2019 of $667,994 (2018 - $6,997,843). 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.

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. The impact on the Company is not currently determinable but management continues to monitor the situation.

The consolidated financial statements were authorized for issue on April 25, 2022 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 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, 2019	December 31, 2018	Functional currency
ChargaCard Inc. (1)	United States	100%	100%	USD
Cryptanite Ltd. (2)	Malta	100%	100%	EURO
Intellabridge LLC. (3)	Ukraine	100%	100%	UAH

(1) Acquired on March 7, 2018. See Note 4.
(2) Incorporated on October 9, 2018.
(3) Incorporated on August 7, 2018.

The consolidated financial statements include the accounts of Westbay from March 7, 2018, the date of the RTO. The financial statements prior to this date include only the accounts of ChargaCard. Inter-company transactions and balances are eliminated upon consolidation.

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.

All inter-entity balances and transactions, including unrealized profits and losses arising from inter-company transactions, have been eliminated in full on consolidation.

2. BASIS OF PREPARATION (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 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.

Reverse takeover

Refer to Note 4 for disclosure on the RTO Transaction, which included estimates on the fair value of consideration paid, along with an assessment of fair value of net assets acquired.

2. BASIS OF PREPARATION (cont'd)

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

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, Accumulated Other Comprehensive Income ("AOCI").

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 in the period of the change. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and equipment *(cont'd)*

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

Computer equipment	24 months straight-line method
Office equipment and furniture	36 months straight-line method
Leasehold improvements	Term of lease
Other assets	100% amortization on purchase
Office lease	Term of lease

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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	FVTPL
Deposit	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) loans and receivables at 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 income statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 instruments at December 31, 2019 are as follows:

	Level 1	*Level 2*	*Level 3*
Financial assets			
Cash	$ 20,988	$ –	$ –
Receivables	–	2,237	–
Loan receivable	74,602	–	–
Advance	10,000	–	–
Investments	–	–	45,000
Financial liabilities			
Trade payables	–	186,730	–
Due to related parties	–	148,516	–

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, digital currencies, security deposits, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 consolidated 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. 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 IT and other development services are recognized when services are provided and billed.

Adoption of new accounting standard

As at January 1, 2019, the Company adopted all of the requirements of IFRS 16 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information, which continues to be reported under *IAS 17, Leases.*

Under IFRS 16, the Company is required to 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Effect of Adopting IFRS 16

The Company applied the modified retrospective approach on the adoption of IFRS 16, whereby comparative figures have not been restated.

The Company has a corporate office sublease arrangement (Note 15). On January 1, 2019, the Company adopted IFRS 16 and recognized a lease liability and right of use asset of $20,268 (Notes 10 and 12) in relation to its office sublease, which had previously been classified as an operating lease under the principles of IAS 17. Under the principles of the new standard, this sublease is 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.

The associated right-of-use asset has been measured at the amount equal to the lease liability on January 1, 2019. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term on a straight-line basis. Furthermore, the right-of-use asset may be reduced due to impairment losses.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of loss and comprehensive loss over the lease term and classified as rent expenses.

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.

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.

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. Upon closing of the transaction, the shareholders of ChargaCard owned 70% of the common shares of the Company and, as a result, the

(Expressed in US Dollars)

4. REVERSE TAKEOVER OF CHARGACARD (cont'd)

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 approximately $0.35 per share for gross proceeds of $2,858,279 (CAD $3,685,249) (Note 13).

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.

(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)

5. RECEIVABLES

December 31,		2019		2018
Goods and services input tax credits	$	4,244	$	10,761
Other receivables		2,237		6,104
	$	6,481	$	16,865

6. 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, 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 has not demanded repayment, nor exercised their rights under the general security agreement.

Subsequent to year end, the Company sold the loan to two companies with a director in common for an aggregate discount value of CAD $100,000 (Note 21). 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.

Fair value at initial date	$	125,000
Impairment		(51,856)
		73,144
Accrued interest at 8% per annum		1,458
	$	74,602

(Expressed in US Dollars)

7. PREPAIDS AND DEPOSITS

As at December 31, 2019, the Company's prepaids and deposits consists of the following:

		2019		2018
Deposit with the digital currency exchange	$	-	$	24,105
Insurance		-		17,653
Other		14,840		32,672
	$	14,840	$	74,430

Pursuant to a Data Service Agreement dated August 9, 2018, the Company paid a security deposit of $365,018. The Company terminated the Data Service Agreement in January 2019 and was not able to collect the deposit back by February 21, 2019 as per the terms of the Data Service Agreement. Based on management's assessment of its credit risk, the Company recognized an impairment allowance of $348,729, net of the recovery of $16,289 (Note 22), on the security deposit during the year ended December 31, 2018. During the year ended December 31, 2019, the Company collected $45,609 (2018 - $Nil) of the security deposit and recognized the recovered amount in the consolidated statement of loss and comprehensive loss.

8. 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 has advanced $10,000 in investment loan. The shares have not been issued to the Company as at December 31, 2019. Accordingly, the Company has recorded the investment loan as an advance.

Investments

		2019		2018
(1) On February 1, 2018, the Company entered into a Simple Agreement for Future Equity ("SAFE") Agreement with 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.	$	45,000	$	45,000
(2) On May 1, 2018, the Company entered into a SAFE Agreement with 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.		-		30,000
	$	45,000	$	75,000

8. ADVANCE AND INVESTMENTS (cont'd)

Investments *(cont'd)*

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 has initially recorded these SAFE investments at cost, which approximates fair value.

(1) As of December 31, 2018 and 2019, Fanboard has not met the valuation cap thresholds. As such, no shares have been distributed to the Company. Subsequent to December 31, 2019, the Company impaired its investment in Fanboard (Note 21).

(2) On December 30, 2019, True Sync issued the Company 2,065,410 series seed preferred stock on conversion of the SAFE Agreement. The investment in the equity instruments was initially recognized at fair value with subsequent changes in fair value recognized in other comprehensive income. The series seed preferred stock were issued with restrictions which require the Company to hold the equity instruments indefinitely. To December 31, 2019, management determined that their investment does not hold future value. Accordingly, the Company has recognized an impairment on the investment of $30,000.

(3) On July 10, 2018, the Company signed an agreement (the "JV Agreement") with BRC Blockchain Resources Corp. ("BRC"), a corporation existing under the laws of the Province of British Columbia, to create a joint venture company, BRC Cryptanite Mining Corp. ("JV Company"), for the purchase, assembly, siting and operation of mobile crypto-currency mining equipment to be located in the United States.

    Under the terms of the agreement, the Company made an initial contribution of $55,000, representing a 20% initial capital in the JV Company.

    Pursuant to the terms of the JV Agreement, the Company also issued a non-interest bearing loan of $520,000 to fund the purchase and assembly of certain crypto-currency mining equipment.

    During the year ended December 31, 2018, JV Company did not generate sufficient income from the crypto-mining operations and has not repaid any amounts of the loan to the Company. The initial contribution and the loan provided to the JV Company of $575,000 was impaired in 2018.

8. ADVANCE AND INVESTMENTS (cont'd)

***Investments** (cont'd)*

(4) 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. The Company's management determined the investment was impaired during the year ended December 31, 2018 and recorded an impairment charge of $86,829. The Company incurred and impaired a further $52,858 during the year ended December 31, 2019.

9. DIGITAL CURRENCIES

As at December 31, 2019, the Company held various digital currencies with a fair value of $270 (December 31, 2018 - $95,781).

Digital currencies were valued using the closing USD price quoted on www.coinmarketcap.com. During the year ended December 31, 2019, the Company recorded a revaluation loss of $1,772 (2018 gain - $18,937) on digital currencies and realized a gain of $30,094 (2018 loss - $118,484) from the trades of digital currencies.

(Expressed in US Dollars)

10. PROPERTY AND EQUIPMENT

	Land and Building[1]	Crypto-mining Equipment[2]	Leasehold Improvements	Furniture& Equipment	Computer Equipment	Other Assets	Right-of-Use Asset (Note 12)	Total
Cost:								
At December 31, 2017	$ -	$ -	$ -	$ -	$ 7,152	$ 461	$ -	$ 7,613
Additions	368,331	225,056	9,105	7,784	48,690	3,901	-	662,867
Impairment	(63,122)	(38,733)	-	-	-	-	-	(101,855)
Assets held-for-sale	(305,209)	-	-	-	-	-	-	(305,209)
Reallocated to discontinued operations	-	(186,323)	-	-	-	-	-	(186,323)
At December 31, 2018	-	-	9,105	7,784	55,842	4,362	-	77,093
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	$ -	$ -	$ 9,105	$ 6,170	$ 55,017	$ 2,431	$ 20,268	$ 92,991
Depreciation and impairment:								
At December 31, 2017	$ -	$ -	$ -	$ -	$ 298	$ 461	$ -	$ 759
Amortization	-	45,457	9,105	1,530	17,187	3,901	-	77,180
Reallocated to discontinued operations	-	(45,457)	-	-	-	-	-	(45,457)
At December 31, 2018	-	-	9,105	1,530	17,485	4,362	-	32,482
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	$ -	$ -	$ 9,105	$ 3,625	$ 44,106	$ 2,431	$ 17,372	$ 76,639
Net book value:								
At December 31, 2018	$ -	$ -	$ -	$ 6,254	$ 38,357	$ -	$ -	$ 44,611
At December 31, 2019	$ -	$ -	$ -	$ 2,545	$ 10,911	$ -	$ 2,896	$ 16,352

(Expressed in US Dollars)

10. PROPERTY AND EQUIPMENT (cont'd)

During the year ended December 31, 2019, the Company recognized a loss of $1,861 (2018 - $Nil) on sale of furniture and computer equipment with the net book value of $4,596 for cash proceeds of $2,735 and wrote off the net book value of obsolete equipment and furniture of $1,703 (2018 - $Nil).

(1) 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 cryptocurrency mining operations. As at December 31, 2019, the facility remained vacant and was not used in operations. As of December 31, 2018, management made an assessment of the market value of the facility and recognized an impairment loss of $63,122 against its carrying value. As at December 31, 2019, the remaining carrying value of the property of $305,209 (2018 - $305,209) was reclassified to assets held-for-sale, following management's decision to offer the facility for sale.

(2) During the year ended December 31, 2018, the Company purchased equipment to mine cryptocurrency. As of December 31, 2018, management made an assessment, given changes in the business environment, to discontinue crypto-mining activities. As such, the following accounts have been reclassified to discontinued operations:

The following accounts have been reclassified to discontinued operations:

		2019		2018
Cost of crypto mining equipment	$	-	$	225,056
Revenue from crypto mining		-		(4,456)
Cost of crypto mining revenue		-		4,706
Gain on sale of crypto-mining equipment		66,045		-
	$	66,045	$	225,306

11. TRADE PAYABLES AND ACCRUED LIABILITIES

		2019		2018
Trade payables	$	155,932	$	137,813
Accrued liabilities		30,798		37,697
	$	186,730	$	175,510

(Expressed in US Dollars)

12. LEASE LIABILITY

The Company incurs lease payments related to its office premises.

	Office Lease
Balance, December 31, 2018	$ -
Lease liability for ROU asset (Note 3, 10 and 15(b))	20,268
Imputed interest	956
Payments	(18,182)
Balance, December 31, 2019	3,042
Current portion	3,042
Long-term portion	$ -

13. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

There were no transactions affecting share capital during the year ended December 31, 2019.

During the year ended December 31, 2018, the Company completed the following transactions:

(i) On March 7, 2018, in accordance with the RTO (Note 1), the Company issued 39,558,733 common shares to acquire all the issued and outstanding shares of ChargaCard and adopted the Company's authorized share capital without par value (Note 4). 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 and additional expenses of $13,537 were recorded as a listing expense during the year ended December 31, 2018 (Note 4).

(ii) Completed a non-brokered private placement of 8,189,442 common shares at a price of $0.35 (CAD $0.45) per share for total gross proceeds of $2,858,279 (CAD $3,685,249). The Company paid finders' fees totaling $65,131 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.

(Expressed in US Dollars)

13. 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 and 15% will be released from escrow every six months over a period of 36 months until March 7, 2021. As at December 31, 2019, 7,941,870 (December 31, 2018 – 13,236,450) shares remained in escrow.

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) 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, 2017	-	CAD$ -	-	CAD$ -
Granted	2,184,299	CAD$ 0.13	920,000	CAD$ 0.60
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
Number currently exercisable	-	CAD$ -	620,000	CAD$ 0.47

As at December 31, 2019, 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	3.20 years
	September 12, 2020*	100,000	CAD$ 0.60	0.70 years
	September 12, 2021	100,000	CAD$ 0.60	1.70 years
Total options:		820,000	CAD$ 0.50	2.71 years

*Subsequent to December 31, 2019, 100,00 stock options expired unexercised (Note 21).

13. SHARE CAPITAL (cont'd)

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

There were no stock options or share purchase warrants granted during the year ended December 31, 2019.

Stock option and warrant activities during the year ended December 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.

During the year ended December 31, 2018, the Company recorded share based compensation expense of $200,067 as the fair value of these options.

(ii) On April 30, 2018, the Company issued three blocks of 100,000 stock options, for a total of 300,000, incentive stock options to an officer of the Company for the purchase of up to 300,000 common shares of the Company at an exercise price of CAD $0.60 per share. Each block of stock options are subject to vesting provisions and expire between September 21, 2019 and 2021.

During the year ended December 31, 2019, the Company recorded share-based compensation expense of $9,735 (2018 - $10,955) to recognize the fair value of the vested portions of these options.

(iii) 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. During the year ended December 31, 2018, the Company recognized $27,724 in share-based compensation as the fair value of the finder's warrants in reserves. These warrants expired unexercised during the year ended December 31, 2019.

(iv) In connection with 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 per share until September 7, 2019. During the year ended December 31, 2018, the Company recognized $600,426 in share-based compensation as the fair value of the finder's warrants in reserves.

(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	ChargaCard shares issued in excess of par value	Total
Balance, December 31, 2017	$ –	$ –	$ 203,122	$ 203,122
Shares issued by ChargaCard (Note 13(b))	–	–	1,873,555	1,873,555
RTO reallocation of reserve	–	–	(2,076,677)	(2,076,677)
Share-based compensation (Note 13(d))	211,022	628,150	–	839,172
Balance, December 31, 2018	211,022	628,150	–	839,172
Share-based compensation (Note 13(d))	9,735	–	–	9,735
Balance, December 31, 2019	$ 220,757	$ 628,150	$ –	$ 848,907

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, 2019, the remuneration of management fees to key personnel were as follows:

December 31,	2019	2018
Chief Executive Officer[(a)] (CEO)	$ 97,850	$ 95,311
Chief Operating Officer[(b)] (COO)	102,747	90,000
Chief Technology Officer[(c)] (CTO)	70,000	114,205
President[(d)]	21,352	78,236
Total	$ 291,949	$ 377,752

(a) During the year ended December 31, 2019, the Company paid or accrued salary of $97,850 (2018 - $95,311) to the CEO and director of the Company.

During the year ended December 31, 2019, ChargaCard entered into short term loan agreements with the CEO borrowing $8,800 (2018 - $Nil) in cash and $954 (2018 - $Nil) in digital currencies. The loans are non-interest bearing and have one year repayment terms. The cash loans have been repaid as of December 31, 2019.

As at December 31, 2019, $64,574 (2018 - $Nil) was due to the CEO for salaries and digital currency loan.

14. RELATED PARTY TRANSACTIONS (cont'd)

(b) On December 4, 2017, ChargaCard 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 of 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 the original term.

On August 21, 2019, the Company's Ukrainian subsidiary Intellabridge LLC entered into a separate consulting contract with the COO for provision of business development and management services for a period until December 31, 2019 for a total consideration including benefits of $12,747.

During the year ended December 31, 2019, the Company paid or accrued aggregate fees of $102,747 (2018 -$90,000) for management services pursuant to the above consulting agreements and paid $7,850 in benefits to the COO.

As at December 31, 2019, $37,750 (2018 - $Nil) in management fees was due to the COO.

(c) During the year ended December 31, 2019, the Company paid or accrued salary of $70,000 (2018 - $114,205) to the Chief Technology Officer of ChargaCard. The CTO Employment Agreement was terminated effective August 1, 2019.

As at December 31, 2019, $20,000 (December 31, 2018 - $Nil) was due to the former CTO for two months salaries.

(d) During the year ended December 31, 2019, the Company paid management fees of $13,977 (2018 - $78,236) and commissions of $7,375 (2018 - $Nil) to Katmando Holdings Inc. ("Katmando"), a company owned by Keith Turner, President of the Company. Management fees were paid to Katmando pursuant to a consulting agreement dated April 30, 2018, which was terminated effective January 31, 2019, and a new agreement dated February 1, 2019 for provision of commission-based business development consulting services (see Note 15).

As at December 31, 2019, $1,625 (2018 - $7,037) was due to Katmando.

<u>Other related party transactions and balances</u>

(e) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by a common director. (Note 15(a))

Pursuant to this agreement for the year ended December 31, 2019, the Company paid $90,444 (2018 - $76,650) for administrative fees to VCC.

As at December 31, 2019, $40,422 (December 31, 2018 - $Nil) in administrative fees were due to VCC. This amount is included in trade payables.

(f) On September 10, 2019, the Company entered into a promissory note agreement for a short-term loan in the amount of $25,000 (2018 - $Nil) 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. The Company accrued interest of $921 (2018 - $Nil) on the loan.

To December 31, 2019, the Company is in default of the loan. The former director has not demanded repayment, nor exercised rights under the general security agreement. Subsequent to December 31, 2019, the Company repaid the loan in full.

14. RELATED PARTY TRANSACTIONS (cont'd)

(g) As at December 31, 2019, $309 (2018 - $600) in cost recoveries was due from a company with a director in common. The amount was included in receivables and collected subsequent to the year ended December 31, 2019.

(h) As at December 31, 2019, $Nil (December 31, 2018 - $524) was due to a director of the Company for reimbursement of business expenses.

(i) During the year ended December 31, 2019, the Company recognized $9,735 (2018 - $10,955) in share-based compensation for the vested portion of the stock options granted to the President of the Company. On April 1, 2018, the Company issued three blocks of 100,000 stock options, for a total of 300,000, incentive stock options to the President of the Company for the purchase of up to 300,000 common shares of the Company at an exercise price of CAD $0.60 per share. Each block of stock options are subject to vesting provisions and expires between September 21, 2019 and 2021. 100,000 stock options expired unexercised on September 21, 2019.

(j) During the year ended December 31, 2018 in connection with the RTO and concurrent private placements, the Company issued 2,000,000 share purchase warrants to VCC exercisable at a price of CAD $0.10 per share; the warrants expired September 9, 2019. The Company also paid $29,000 to VCC for consulting and advisory services provided in connection with the RTO.

(k) During the year ended December 31, 2018, the Company engaged in a software application development project with Canyon Capital (Note 8), a company with a common director and officer. As at December 31, 2019, the Company incurred software development costs in the aggregate of $139,687 (December 31, 2018 - $86,829) in connection with this project.

15. COMMITMENTS

(a) On March 1, 2018, the Company entered into an agreement with VCC 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.

(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. This agreement was terminated effective March 1, 2020.

(c) On July 15, 2019, Intellabridge entered into a new short-term 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 is sublease for an additional five-month period expiring February 28, 2020. Under the terms of the new sublease agreement, the Company will be paying a monthly office rent of US $2,500 plus applicable sales taxes.

(Expressed in US Dollars)

15. COMMITMENTS (cont'd)

(d) On February 1, 2019, the Company entered into a Services Agreement with Katmando. The agreement can be terminated within 30 days notice. Pursuant to the agreement, Katmando will provide consulting services and, as consideration, the Company will pay the following –

Term	Commitment
February 2019, March 2019, April 2019	A commission (the "Advance Commission") of CAD $3,000/month (paid, CAD $9,000).
February 1, 2019 – July 31, 2019	A commission (the "Commission") in the amount of 4% of the Company's Revenue(1). If the Commission is less than or equal to the Advance Commission, then no further payment shall be made by the Company. If the commission is greater than the Advance Commission, the Company will pay the additional difference.
August 1, 2019 – January 31, 2020	A commission in the amount of 3% of the Company's Revenue.
February 1, 2010 – July 31, 2020	A commission in the amount of 2% of the Company's Revenue.
August 1, 2020 – January 31, 2021	A commission in the amount of 1% of the Company's Revenue.

(1) For purposes of this agreement "Revenue" is defined as revenue which the Company has received under the contracts in development, which were negotiated by Katmando. In the event that the contract was negotiated with a member of the board of directors or party related to any such member, Katmando's commission shall be based on 50% of the Revenue.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the year ended December 31, 2019.

Significant non-cash transactions for the year ended December 31, 2018 included:

- fair value of finder's warrants of $27,724 recognized as share issuance costs included in share capital (Note13(d)(iii));
- fair value of shares granted in conjunction with the RTO of $599,267 and recorded as listing expense (Note 13(b)(i)); and
- reallocation of $2,076,677 for amounts previously allocated to reserve were reallocated to share capital.

(Expressed in US Dollars)

17. SEGMENTED INFORMATION

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

December 31,		2019		2018
				Restated (Note 22)
Sales for the year				
Transaction processing	$	305	$	325
Development and IT services		647,500		5,387
	$	647,805	$	5,712

During 2019, there was one customer that made up 99% of total revenue. During 2018, one customer also made up in excess of 99% of total revenue.

The Company operates in the following geographic areas:

December 31,		2019		2018
Long-term advance and investments – USA	$	55,000	$	75,000
Property and equipment				
Canada		2,896		-
USA		1,545		7,305
Ukraine		11,911		37,306
	$	16,352	$	44,611

18. INCOME TAXES

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

		2019		2018
Loss before income taxes	$	(667,994)	$	(6,997,843)
Tax rate		23.6%		25.5%
Expected income tax recovery at statutory tax rates		(157,499)		(1,784,450)
Increase (decrease) in income tax recovery resulting from:				
Non-deductible items		2,857		57,720
Foreign tax rates differences		(13,778)		72,021
Change in deferred tax assets not recognized		168,420		1,654,709
Total income tax expense (recovery)	$	-	$	-

(Expressed in US Dollars)

18. INCOME TAXES (cont'd)

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:

		2019	Expiry dates		2018	Expiry dates
Share issue costs	$	95,705	No expiry	$	130,889	No expiry
Non-Capital losses (Canada)		1,579,236	2029 to 2038		1,569,889	2029 to 2038
Net operating losses (US)		2,112,281	2037-2039		1,455,338	2037-2038
Non capital losses (Malta)		20,368	-		7,870	-
		3,807,590			3,163,986	
Deferred tax asset not recognized		(3,807,590)			(3,163,986)	
Deferred tax asset liability	$	-		$	-	

19. 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:

<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 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, 2019, the Company retained a minimum balance of digital currencies for testing and development purposes.

<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 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, 2019, the Company had working capital of $84,102 (2018 - $669,462).

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

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 dollar rate.

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.

20. 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.

21. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company:

(a) On June 2, 2020, the Company assigned the loan receivable (Note 6) to two companies with a director in common for an aggregate discounted value of $74,602 (CAD $100,000).

(b) On September 12, 2020, 100,000 stock options with an exercise price of CAD $0.60 expired unexercised.

(c) As at December 31, 2020, Fanboard had not met the valuation cap thresholds and no shares had been distributed to the Company. Accordingly, the Company has recognized an impairment on the investment of $45,000 (Note 7).

(d) During the year ended December 31, 2020, the Company repaid the $25,000 loan, along with accrued interest, to a former director of the Company (Note 14(f)).

21. SUBSEQUENT EVENTS (cont'd)

(e) During the year ended December 31, 2020, the Company received a government grant of $10,000 from the Small Business Association in the U.S.A under the Economic Injury Disaster Loan Program to assist with working capital needs and does not have to be repaid.

(f) 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 loan was non-interest bearing and repayable in one year. The Company determined that the rate implicit in the loan was 12% per annum based on market rates. Accordingly, the Company recorded an initial benefit of the below-market interest rate loan of $5,488 to the reserve.

(g) On February 18, 2021, the Company 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.

(h) On February 23, 2021 the Company issued 4,499,990 common shares for settlement of $356,774 (CAD $450,035) in debt to related parties.

(i) On April 6, 2021 the Company entered into a 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.

(j) On July 20, 2021, the Company completed a private placement of 8,064,517 units at a price of CAD $1.24 for total gross proceeds of $7,926,443 (CAD $10,000,001). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of CAD $1.55 per common share for a period of three years following the issuance date. H.C. Wainwright & Co. acted as the exclusive placement agent for the private placement. H.C. Wainwright & Co. received a cash commission equal to 7.5% of the gross proceeds of the private placement and 604,838 non-transferable broker warrants. Each broker warrant entitles the holder to purchase one common share at an exercise price of CAD $1.55 for a period of three years following the issuance date.

(k) During August 2021, the Company issued 132,125 shares for the settlement of CAD $105,000 in relation to the Consulting Agreement dated April 6, 2021.

(l) On September 1, 2021, the Company issued 100,000 shares for the exercise of stock options at exercise price of CAD $0.60 for gross proceeds of CAD $60,000.

21. SUBSEQUENT EVENTS (cont'd)

(m) On October 6, 2021, the Company issued 620,000 common shares for the exercise of stock options at an exercise price of CAD $0.47 per share for gross proceeds of CAD $291,400.

(n) On October 7, 2021 the Company signed agreement with Hybrid Financial Ltd. for the provision of marketing services to the Company. Hybrid Financial Ltd. has been engaged to heighten market and brand awareness for the Company and to broaden the company's reach within the investment community. The initial period of the contract is 6 months from the start date. The Company has agreed to pay $15,000 per month as compensation for these services.

(o) On December 29, 2021, the Company issued 119,000 common shares at a price of $0.70 per share for provision of services with a value of $83,300.

22. RESTATEMENT

The consolidated financial statements for the year ended December 31, 2018, have been restated. From August 2018 through November 2018, Intellabridge purchased telecom minutes from an entity Travel Data Solutions LLC. Those purchases totaled $1,084,360 and were recorded as part of Intellabridge's cost of sales. From August 2018 through November 2018, Intellabridge sold telecom minutes to an entity Success Zone Technology Limited. Those sales totaled $1,100,649 and were recorded as part of Intellabridge's sales of products and services. The difference between those sales and cost of sales is $16,289, which was included as part of Intellabridge's recorded profit.

It was recently determined from all available information that Travel Data Solutions LLC and Success Zone Technology Limited were both owned and controlled by the same individual. At that time, the individual in question did not disclose this information during the due diligence process . As a result of the restatement, the net profit of $16,289 was applied against the impairment of the security deposit previously recognized for the amount Intellabridge had paid in relation to the acquisition of this revenue stream (Note 7).

Consequently, Intellabridge has revised its accounting for the purchase and sale of the telecom minutes, eliminating the recording of the sales, cost of sales, and resulting profit related to those telecom minutes. Telecom activity has not been a part of Intellabridge's activity for more than 3 years.

The effect of the restatement is as follows:

(Expressed in US Dollars)

22. RESTATEMENT (cont'd)

Consolidated Statement of Loss and Comprehensive Loss

	Year ended December 31, 2018	Adjustment	**Restated Year ended December 31, 2018**
Sales of product and services	$ 1,106,362	$ (1,100,650)	$ **5,712**
Cost of sales	(1,088,569)	1,084,361	**(4,208)**
	17,793	(16,289)	**1,504**
Operating expenses			
Advertising and marketing	589,196	–	**589,196**
Amortization	31,723	–	**31,723**
Application development	273,313	–	**273,313**
Bad debt	17,056	–	**17,056**
Bank charges and fees	29,504	–	**29,504**
Consulting fees	34,015	–	**34,015**
Foreign exchange	(22,972)	–	**(22,972)**
Management fees and salaries	377,752	–	**377,752**
Office and administration	428,954	–	**428,954**
Professional fees	207,148	–	**207,148**
Regulatory and transfer agent fees	26,801	–	**26,801**
Rent and utilities	92,127	–	**92,127**
Share-based compensation	211,022	–	**211,022**
Travel	94,366	–	**94,366**
	2,390,005	–	**2,390,005**
NET LOSS BEFORE OTHER ITEMS	(2,372,212)	(16,289)	**(2,388,501)**
Other items			
Interest and other income	319	–	**319**
Realized loss on digital currency transactions	(118,484)	–	**(118,484)**
Gain on revaluation of digital currencies	18,937	–	**18,937**
Impairment charge on assets held-for-sale	(63,122)	–	**(63,122)**
Impairment of investments	(661,829)	–	**(661,829)**
Impairment of security deposit	(365,018)	16,289	**(348,729)**
Listing expense	(3,211,128)	–	**(3,211,128)**
	(4,400,325)	16,289	**(4,384,036)**
NET LOSS FROM CONTINUING OPERATIONS	(6,772,537)	–	**(6,722,537)**
Loss from discontinued operations	(225,306)	–	**(225,306)**
NET LOSS FOR THE PERIOD	(6,997,843)	–	**(6,997,843)**
Other comprehensive loss that may be reclassified to profit and loss:			
Unrealized foreign exchange loss	(81,084)	–	**(81,084)**
COMPREHENSIVE LOSS FOR THE PERIOD	$ (7,078,927)	$ –	**$ (7,078,927)**

(Expressed in US Dollars)

22. RESTATEMENT (cont'd)

Consolidated Statement of Cash Flows

	Year ended December 31, 2018	Adjustment	Restated Year ended December 31, 2018
Cash provided by (used in):			
Operating:			
Net loss for the period	$ (6,997,843)	$ –	$ (6,997,843)
Items not involving cash:			
Amortization	31,723	–	31,723
Share-based compensation	211,022	–	211,022
Realized loss on digital currency transactions	118,484	–	118,484
Gain on revaluation of digital currencies	(18,937)	–	(18,937)
Impairment of security deposit	365,018	(16,289)	348,729
Impairment charge on assets held-for-sale	63,122	–	63,122
Impairment of investments	661,829	–	661,829
Listing expense	3,197,591	–	3,197,591
	(2,367,991)	(16,289)	(2,384,280)
Changes in non-cash operating working capital items:			
Receivables	(10,242)	–	(10,242)
Prepaids	(71,720)	–	(71,720)
Deposits	(365,018)	16,289	(348,729)
Accounts payable and accrued liabilities	(30,321)	–	(30,321)
Due to related party	7,618	–	7,618
Deferred revenue	100	–	100
	(2,837,574)	–	(2,837,574)
Investing			
Purchase of digital currencies	(195,328)	–	7,618
Acquisition of property and equipment	(69,480)	–	100
Investments	(736,829)	–	(2,837,574)
Assets held-for-sale	(368,331)	–	7,618
Net cash acquired on acquisition of Westbay	(70,721)	–	100
	(1,440,689)	–	(2,837,574)
Financing			
Proceeds from issuance of shares, net	4,642,964	–	206,297
Subscription receipts	(1,711,213)	–	1,711,213
	2,931,751	–	1,917,510
Effect of foreign exchange on cash flows	(81,084)	–	(81,084)
Change in cash during the period	(1,427,596)	–	(1,427,596)
Cash, beginning	1,788,001	–	1,788,001
Cash, ending	$ 360,405	$ –	**$ 360,405**

(Expressed in US Dollars)

22. RESTATEMENT (cont'd)

Segmented Information (Note 17)

December 31,	2018	Adjustment	Restated 2018
Sales for the period			
Transaction processing	$ 325	–	$ 325
Contracting development and IT services	5,387	–	5,387
Telecommunication data services	1,100,650	(1,100,650)	–
	$ 1,106,362	(1,100,650)	$ 5,712