GAR LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditors' Report

To the Shareholders of GAR Limited:

We have audited the accompanying consolidated financial statements of GAR Limited, which comprise the consolidated statement of financial position as at January 31, 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of GAR Limited as at January 31, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter
The financial statements of GAR Limited for the year ended January 31, 2017, were audited by a predecessor auditing firm who expressed an unqualified opinion, dated June 5, 2017, on the consolidated financial statements.

Vancouver, British Columbia

May 30, 2018 Chartered Professional Accountants

GAR LIMITED
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	January 31, 2018	January 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		$ 10,869,482	$ 1,028
Accounts Receivable		-	3,272
Sales Tax Receivable		132,526	-
Prepaid Expenses and Deposits		465,545	-
Loans Receivable	8	31,564	-
TOTAL ASSETS		$ 11,499,117	$ 4,300
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities		$ 353,839	$ 24,663
Due to Related Parties	7	-	199,494
TOTAL LIABILITIES		353,839	224,157
SHAREHOLDERS' EQUITY			
Share Capital	5	15,510,751	2,377,499
Subscription Receivable	5	(252,450)	-
Reserves	5	469,433	-
Deficit		(4,582,456)	(2,597,356)
TOTAL SHAREHOLDERS' EQUITY		11,145,278	(219,857)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 11,499,117	$ 4,300

Description of Business	1
Subsequent Events	10

On behalf of the Board

_____ *"Mark Binns"* _____
Director

_____ *"Michael Vogel"* _____
Director

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

GAR LIMITED

Consolidated Statements of Comprehensive Loss

For the years ended January 31,

(Expressed in Canadian dollars)

	Note		2018		2017
EXPENSES					
Advertising and Promotion Expenses		$	231	$	-
Bad Debt Expenses			4,543		-
Bank and Interest Charges			4,721		1,111
Consulting Fees	7		261,097		714
Corporate Finance Fees			895,208		-
General Exploration Expenses			-		1,200
Investor Relations Expenses			625,000		-
Management Fees			23,000		46,500
Meetings and Convention Expenses			-		600
Occupancy Costs			-		12,000
Office and Miscellaneous			4,932		11,336
Professional Fees			125,080		15,901
Rental Fees			6,000		-
Repairs and Maintenance Expenses			-		180
Transfer Agent and Regulatory Fees			33,164		8,811
Travel Expenses			2,152		961
			1,985,128		99,314
Other Items					
Gains on Disposal of Investments			-		1,246
Foreign Exchange Gain			28		-
			28		1,246
Net Loss for the Year			(1,985,100)		(98,068)
Other Comprehensive Loss					
Gain on Temporary Investments			-		1,930
Net Loss and Comprehensive Loss for the Year		$	(1,985,100)	$	(96,138)
Basic and Diluted Loss per Share		$	(0.10)	$	(0.01)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted			19,605,111		11,698,630

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

GAR LIMITED

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

		Issued Common Shares					
	Note	Number of Shares	Amount	Subscription Receivable	Warrant Reserves	Deficit	Total
Balance, January 31, 2016		11,698,630	$ 2,377,499	$ -	$ -	$ (2,501,218)	$ (123,719)
Net and comprehensive loss for the year		-	-	-	-	(96,138)	(96,138)
Balance, January 31, 2017		11,698,630	2,377,499	-	-	(2,597,356)	(219,857)
Net and comprehensive loss for the year		-	-	-	-	(1,985,100)	(1,985,100)
October private placement	5	7,000,000	-	-	350,000	-	350,000
December private placement	5	40,138,789	13,133,252	(252,450)	119,433	-	13,000,235
Balance, January 31, 2018		58,837,419	$ 15,510,751	$ (252,450)	$ 469,433	$ (4,582,456)	$ 11,145,278

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

GAR LIMITED

Consolidated Statements of Cash Flows
For the Years Ended January 31,
(Expressed in Canadian dollars)

	2018	2017
OPERATING ACTIVITIES		
Net Loss and Comprehensive Loss	$ (1,985,100)	$ (96,138)
Adjustment for Non-Cash Items		
Gains on Disposal of Investments	-	1,246
Marketable Securities Writedown	-	(1,930)
Changes in Non-Cash Working Capital Items		
Accounts Receivable	3,272	(2,391)
Sales Tax Receivable	(132,526)	1,020
Prepaids and Deposits	(465,545)	600
Accounts Payable and Accrued Liabilities	155,436	163
Due to Related Parties	(199,494)	97,220
Loans Receivable	(31,564)	-
NET CASH FLOW USED IN OPERATING ACTIVITIES	(2,655,521)	(210)
INVESTING ACTIVITIES		
Proceeds on Disposal of Marketable Securities	-	683
NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES	-	683
FINANCING ACTIVITIES		
Issuance of Shares	14,146,126	-
Share Issurance Costs	(622,151)	
NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES	13,523,975	-
CHANGE IN CASH DURING THE YEAR	10,868,454	473
CASH, beginning of year	1,028	555
CASH, end of year	$ 10,869,482	$ 1,028

Supplement Cash Flow Information:

Non-cash transactions not reflected in the statements of cash flows are as follows:

	2018	2017
Share Issuance Costs in Accounts Payable and Accrued Liabilites	$ 173,740	$ -

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

1. Description of Business

GAR Limited (the "Company") was incorporated under the laws of Ontario on February 20, 1987. In November 2017, the Company agreed to acquire all of the issued and outstanding common shares of Netcoins Inc., a private company (note 10). The Company has ceased its principal business activity in acquisition and exploration of mineral property interests in Northern Ontario, Canada.

These consolidated 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. As at January 31, 2018, the Company is not able to finance day-to-day activities through operations and incurs losses; however the Company has sufficient funds for its operations.

The head office, principal address and records office of the Company are located at 488 – 1090 West Georgia Street, Vancouver, BC, Canada V6E 3V7.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements for the year ended January 31, 2018 were reviewed and authorized for issue by the Board of Directors on May 30, 2018.

Basis of Preparation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments measured at their fair value as explained in the accounting policies below. The financial statements are presented in Canadian dollars, unless otherwise noted.

Basis of Consolidation

These consolidated financial statements included the accounts of the Company and its wholly owned subsidiary, GAR Limited S.A. The result of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

Significant Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant Estimates

The most significant estimates in applying the Company's financial statements include:

- Warrant transactions

  During the year ended January 31, 2018, the Company granted warrants as commissions to brokers and finders for its private placements. The fair value of the warrants are estimated by using the Black-Scholes model on the date of the grant based on certain assumptions. Those assumptions are described in note 5 and include, among others, expected volatility, risk-free interest rate, and expected life of the warrants.

Significant Judgments

The most significant judgments in applying the Company's financial statements include:

- Income taxes

  Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

3. Summary of Significant Accounting Standards

Functional Currency and Foreign Currency Translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent and subsidiary company's functional and presentation currency.

<u>Transactions and Balances</u>

Foreign currency transactions will be translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank balances, and funds held in trust with lawyers.

Financial Instruments

The Company classifies its financial instruments in the following categories:

a. fair value through profit or loss
b. available-for-sale financial assets;
c. loans and receivables;
d. held-to-maturity; and,
e. financial liabilities.

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. The Company records all financial instruments initially at fair value.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company has no financial assets included in this category as at January 31, 2018.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for the impairment losses and foreign exchange gains and losses on monetary financial assets. The Company has no financial assets included in this category as at January 31, 2018.

The Company has classified cash and cash equivalents, accounts receivable, and loan receivables as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no financial assets included in this category as at January 31, 2018.

The financial instruments included in this category are initially recognized at fair value less transaction costs and subsequent measurement is at amortized cost. They are classified as current liabilities when they are payable within twelve months of the reporting date, otherwise they are classified as non-current. The Company includes accounts payables and accrued liabilities, and due to related party in this category and convertible debentures in this category. The Company derecognizes these liabilities when its obligation is discharged or replaced by a new liability with substantially modified terms.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliability.

In assessing impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying value and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance against receivables.

Income Taxes
Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Loss per Share
Basic loss per share is calculated by dividing the net loss available to common shareholders for the period by the weighted-average number of common shares outstanding in the period. The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Diluted amounts are not present when the effect of the computations is anti-dilutive.

Warrants Transaction
The Company granted warrants to brokers and finders as commission for its placement placements. Consideration paid for the shares on the exercise of warrants is credited to capital stock. The warrant is measured using the Black-Scholes pricing model.

Private Placement
Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares is recognized as a deduction from equity

The Company uses the residual method to value the common share and share-purchase warrant, whereby, the fair value of the warrant is measured using the Black-Scholes pricing model; the unit purchase price is first allocated to the warrant with its residual, if any, then allocates to the common share.

Accounting Standards Issued but Not Yet Applied

A number of new standards and amendments to the standards and interpretations are not yet effective for the year ended January 31, 2018, and have not applied in preparing these consolidated financial statements.

IFRS 9 Financial Instruments

This new standard is a partial replacement if IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measure of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Based on the Company's preliminary assessment, the adoption of this new standard is not expected to have a material impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect the adoption of this standard to impact its financial statements, as currently the Company does not earn revenues.

Other accounting standards with future effective dates are either not applicable or not expected to impact the Company's financial statements.

4. Cash and Cash Equivalents

As at January 31, 2018, $10,616,378 of cash was held in trust with lawyers.

(Expressed in Canadian dollars)

5. Share Capital

Authorized Share Capital
Unlimited number of common shares without par value

As at January 31, 2018 and 2017, 58,837,419 and 11,698,630 common shares were outstanding respectively.

Private Placements
In October 2017, the Company closed a private placement financing consisting of 7,000,000 units at a price of $0.05 per unit for proceeds of $350,000. Each unit consists of one common share and one common share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until October 24, 2019. Using Black Scholes Option Pricing Model, the warrants had a fair value that was higher than the gross proceeds of $350,000. Based on the residual method, all of the proceeds, $350,000, were allocated to the warrants and $nil was allocated to the shares.

In November and December 2017, the Company closed another private placement financing in two tranches consisting of a total 40,138,789 common shares of the Company at a price of $0.35 per share for total proceeds of $14,048,576, of which $252,450 was receivable at January 31, 2018. In turn, the Company incurred a total of $795,892 in finders' commissions and issued 1,043,859 and 755,983 brokers' warrants in the two tranches with fair values of $74,302 and $45,131 respectively. Holders of Tranche 1 brokers' warrants can purchase a common share of the Company at a price of $0.35 until November 30, 2018; while holders of Tranche 2 brokers' warrants can purchase a common share of the Company at a price of $0.35 until December 20, 2018.

The fair value of broker's warrants is measured on the date of the grant, using the Black-Scholes pricing model with the following assumptions (there was no warrant granted in the year ended January 31, 2017):

	Tranche 1	Tranche 2
Risk-free interest rate	1.41%	1.61%
Dividend yield	0.00%	0.00%
Expected volatility	249.57%	216.59%
Expected life	1 year	1 year

(Expressed in Canadian dollars)

Stock Options

There was no option outstanding at January 31, 2018 and 2017.

Warrants

A continuity of the Company's warrants is as follows:

	Warrants	Weighted Average Exercise Price		Weighted Average Number of Years to Expire
Balance, January 31, 2017	-		-	-
Granted in October 2017	7,000,000	$	0.10	1.73
Granted in November 2017 - Tranche 1	1,043,859	$	0.35	0.83
Granted in December 2017 - Tranche 2	755,983	$	0.35	0.88
Balance, January 31, 2018	8,799,842	$	0.15	1.55

6. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended January 31, 2018 and 2017:

	January 31, 2018		**January 31, 2017**	
Net loss before tax	$	(1,985,100)	$	(96,138)
Statutory tax rate		26.5%		26.5%
Expected income tax (recovery)		(526,051)		(25,477)
Non-deductible items		1,216		483
Change in deferred tax assets not recognized		524,835		24,994
Total income tax expense (recovery)	$	-	$	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary difference at January 31, 2018 and January 31, 2017 are as follows:

(Expressed in Canadian dollars)

	January 31, 2018	January 31, 2017
Non-capital loss carryforward	$ 2,377,155	$ 237,468
Financing cost	636,713	-
Exploration and evaluation assets	789,540	789,540
Other Items	921	921
Total unrecognized temporary differences	$ 3,804,329	$ 1,027,929

The Company has $2,377,155 of non-capital losses, which begin to expire in 2026.

7. Related Party Transactions

Transactions with Key Management and Personnel Compensation

During the year ended January 31, 2018, the Company had the following transactions with key management and directors:

	January 31, 2018	January 31, 2017
Consulting fees	87,001	46,500

Related Party Transaction and Balances

As at January 31, 2018, the Company paid $nil (2017 - $12,000) in occupancy cost to a related party of the CEO.

As at January 31, 2018, there was $nil (2017 - $nil) outstanding balance in accounts receivable and $nil (2017 - $199,494) outstanding balance in accounts payable due to/from related parties.

Amounts due to and from related parties are non-interest bearing, unsecured, with no terms of repayment.

8. Loans Receivable

In January 2018, the Company advanced a total of $288,564 to Netcoins Inc. ("Netcoins"), an unrelated private company. The loan is non-interest bearing, unsecured and due on demand. In turn, Netcoins, on behalf of GAR, paid a supplier of GAR $257,000 for prepaid services to be rendered. The balance owing of $31,564 is non-interest bearing, unsecured and due on demand.

Subsequent to the year ended January 31, 2018, the Company completed acquisition of all of the issued and outstanding shares of Netcoins (note 10). The Company paid an aggregate of $4,000,000 and issued 52,857,142 common shares of the Company to the holders of Netcoins at a deemed price of $0.35 per share.

9. Financial Risk Management and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Currency Risk
The Company's functional and reporting currency is the Canadian dollar, and the Company holds cash balances in both Canadian dollars and US dollars. The Company is subject to foreign exchange risk with respect to the US dollar cash balance.

Interest Rate Risk
Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to interest rate risk.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its accounts receivable. During the year ended January 31, 2018, the Company recorded a bad debt expense of $4,543 (2017 - $nil).

The Company's other exposure to credit risk is on its cash held in bank accounts. Cash is deposited in bank accounts held with a major bank in Canada. As all of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit financial institutions as determined by rating agencies. The Company's maximum exposure to credit risk is the carrying amount of its financial assets.

(Expressed in Canadian dollars)

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holding of cash.

Capital Management

The Company's policy is to maintain a capital base to safeguard the Company's ability to sustain future development of the business. The capital structure of the Company consists of cash, common shares and share-purchase warrants.

There is no restriction on the Company's capital, and there was no change in the Company's approach to capital management during the year.

Classification of Financial Instruments

Financial assets included in the statement of financial position are as follows:

	January 31, 2018	January 31, 2017
Loans and Receivables		
Cash and cash equivalents	$ 10,869,482	$ 1,028
Accounts receivable	-	3,272
Loans Receivable	31,564	-
	$ 10,901,046	$ 4,300

Financial liabilities included in the statement of financial position are as follows:

	January 31, 2018	January 31, 2017
Non-Derivative Financial Liabilities		
Accounts payable and accrued liabilties	$ 353,839	$ 24,663
Due to related parties	-	199,494
	$ 353,839	$ 224,157

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount whether due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Company has no financial instruments subject to Levels 2 and 3 fair value measurements.

10. Subsequent Events

Subsequent to the year ended January 31, 2018, the Company completed the acquisition (the "Transaction") of all of the issued and outstanding shares of Netcoins Inc. ("Netcoins"), a private company, pursuant to the terms of a share exchange agreement dated November 16, 2017.

In consideration for the Transaction, the Company paid an aggregate of $4,000,000 and issued 52,857,142 common shares of the Company to the holders of Netcoins securities at a deemed price of $0.35 per share.

In connection with the Transaction, the Company also issued 5,000,000 common shares to an arm's length third party at a deemed price of $0.35 per common share as a finder's fee.

On March 14, 2018, the Company received approval from Canadian Securities Exchange ("CSE") to resume trading on the CSE under the symbol "NETC".

In connection with the closing of the acquisition of Netcoins, the Company's previous directors and officers resigned, and the new Board of Directors consists of Mark Binns, Michael Vogel, Gary Boddington and Desmond Balakrishnan. New management consists of Mark Binns as CEO, Kevin Ma as CFO and Corporate Secretary and Michael Vogel as VP, Technology.

On March 14, 2018, the Company granted 9,770,000 incentive stocks to eligible directors, officers, employees and consultants. The options have an exercise price of $0.35 per share and are exercisable for a period of five years. Of the 9,770,000 options, 25% of 7,770,000 options vested immediately and 25% every six months thereafter for 18 months. The remaining 2,000,000 options, 50% vest immediately, and 50% after 12 months.

On March 27, 2018, the Company changed the fiscal year end to December 31; beginning with fiscal year end on December 31, 2018.