NETCOINS HOLDINGS INC.
(FORMERLY GAR LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Netcoins Holdings Inc. (formerly GAR Limited):

Qualified Opinion

We have audited the consolidated financial statements of Netcoins Inc. (formerly GAR Limited) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and the consolidated financial performance and the consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

For the year ended December 31, 2019 audit, we could not obtain audit evidence with respect to the design and implementation of identified controls to determine the completeness of $13,776,521 of the $43,379,204 of revenue and $13,616,293 of the $43,035,168 related cost of sales. This impacts the results of operations and cash flows; we were unable to determine whether adjustments to revenue, cost of sales, tax expense, net loss, and cash used in operating activities for the year ended December 31, 2019 might be necessary.

We conducted our audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report.

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. As described in the Basis for Qualified Opinion section above, we were unable to determine the completeness of $13,776,521 of the $43,379,204 of revenue and $13,616,293 of the $43,035,168 related cost of sales. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Jo-Ann Lempert.

Montréal, Québec

MNP SENCRL, srl[1]

July 15, 2020

[1] FCPA auditor, FCA, public accountancy permit No. A122514

NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

(Expressed in Canadian Dollars)

		December 31, 2019		December 31, 2018
ASSETS				
Current Assets				
Cash and cash equivalents (Note 7)	$	1,934,390	$	5,598,712
Trade and Other receivables (Note 8)		266,815		196,140
Cryptocurrency inventory (Note 10)		-		38,708
Prepaid expenses (Note 9)		65,355		38,775
		2,266,560		5,872,335
Property, plant and equipment (Note 11)		792		106,476
Total Assets	$	2,267,352	$	5,978,811
LIABILITIES AND SHARHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables (Notes 13 and 26)	$	368,005	$	373,786
Income taxes payable (Note 18)		78,158		-
Deferred revenue		-		426,895
		446,163		800,681
Deferred income taxes (Note 18)		-		36,465
Total Liabilities		446,163		837,146
SHAREHOLDERS' EQUITY				
Share capital (Note 15)		22,353,190		22,203,190
Contributed Surplus		760,511		760,511
Reserves (Notes 16 and 17)		4,991,141		4,441,419
Deficit		(26,283,653)		(22,263,455)
		1,821,189		5,141,665
Total Liabilities and Shareholders' Equity	$	2,267,352	$	5,978,811

Going concern (Note 2)
Subsequent Events (Note 27)

Approved on behalf of the Board of Directors

/s/ Kevin Ma	/s/ Desmond Balakrishnan
Kevin Ma, Director	Desmond Balakrishnan, Director

NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

		December 31, 2019		December 31, 2018
REVENUE				
Cryptocurrency sales (Note 24)	$	43,379,204	$	58,357,238
Cryptocurrency purchases		(43,035,168)		(57,557,297)
Gross Profit		344,036		799,941
Listing revenues		323,675		178,089
NET REVENUE		667,711		978,030
OPERATING EXPENSES				
Accretion expense		23,363		-
Marketing and advertising		43,837		978,251
Bad debts		123,088		-
Consulting fees		682,000		515,106
Depreciation (Note 11 and 12)		101,246		34,788
Office and administrative (Note 26)		1,365,369		1,784,215
Legal and professional fees (Note 26)		748,411		372,969
Listing fees (Note 6)		-		16,121,221
Share-based payments (Note 17)		699,722		3,142,079
Transfer agent and regulatory fees		43,833		34,460
Travel		29,438		88,094
Operating Expenses		3,860,307		23,071,183
OTHER INCOME (EXPENSES)				
Interest expenses		-		(6,756)
Foreign exchange loss		(147,659)		(26,209)
Gain on sale of Subsidiaries (Note 23)		2,159,723		-
Gain on fair value of investments (Note 23)		187,500		-
Other income		67,988		15,019
NET LOSS BEFORE INCOME TAXES		(925,044)		(22,111,099)
TAXES				
Income tax expense (Note 18)		(82,913)		-
Deferred tax expense (Note 18)		-		(36,465)
		(82,913)		(36,465)
NET LOSS AND COMPREHENSIVE LOSS		(1,007,957)		(22,147,564)
Basic and diluted loss per share (Note 25)	$	(0.26)	$	(5.76)
Weighted average number of shares outstanding (basic and diluted) (Note 25)		3,868,824		3,840,550

NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

	Year ended December 31, 2019	Year ended December 31, 2018
Cash Flows from (used in) Operating Activities		
Net loss and comprehensive loss	$ (1,007,957)	$ (22,147,564)
Adjustments for items not affecting cash		
Accretion on lease liability (Note 12)	23,363	-
Bad debt expense	123,088	-
Depreciation expense – property, plant and equipment (Note 11)	19,827	34,788
Depreciation expense – right of use (Note 12)	81,419	-
Interest expense	-	6,756
Share-based payments (Note 17)	699,721	3,142,119
Listing expense	-	16,121,221
Unrealized fair value gain on cryptocurrency inventory	(47,694)	(92,274)
Income tax expense (Note 18)	78,158	
Deferred tax (Note 18)	-	36,465
Gain on sale of Subsidiaries (Note 23)	(2,159,723)	-
Gain on fair value of investments (Note 23)	(187,500)	-
	(2,377,298)	(2,898,489)
Changes in non-cash working capital:		
Cryptocurrency inventory	(68,373)	70,638
Trade and other receivables	(227,845)	442,201
Prepaid expenses	(34,782)	388,606
Trade and other payables	32,624	(297,586)
Due to related party	-	(138,700)
Customer deposits	(46,827)	401,895
	(2,722,501)	(2,031,435)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment (Note 11)	(668)	(141,264)
Reverse takeover of GAR Limited	-	5,742,999
	(668)	5,601,735
Cash Flows (used in) from Financing Activities		
Cash disposed of in sale of subsidiaries (Note 23)	(841,941)	-
Payment of lease liabilities (Note 12)	(99,212)	-
Proceeds from warrant exercises (Note 16)	-	1,522,005
Share issuance cost	-	(254,663)
	(941,153)	1,267,342
Changes in cash and cash equivalents during the year	(3,664,322)	4,837,641
Cash and cash equivalents – Beginning of year	5,598,712	761,071
Cash and cash equivalents – End of year	$ 1,934,390	$ 5,598,712

Supplemental Information (Note 21)

NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)
CONSOLIDATED STATEMENTS OF CHANGES OF SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

(Expressed in Canadian Dollars, except number of shares)

	Common Shares					
	Number of Shares	**Amount**	**Contributed Surplus**	**Reserves**	**Deficit**	**Total**
Balance – December 31, 2017	40	$ 1	$ -	$ 35,848	$ (115,891)	$ (80,042)
Net loss for the year	-	-	-	-	(22,147,564)	(22,147,564)
Shares issued for:						
Conversion of convertible debentures (Note 14)	1,000,000	535,848	-	(35,848)	-	500,000
Exercise of warrants (Note 15)	1,108,804	1,522,005	760,511	(760,511)	-	1,522,005
Restricted share units (Note 15)	40,000	150,000	-	61,813	-	211,813
Vendors' shares (Note 6)	114,288	1,000,000	-	-	-	1,000,000
Reverse acquisition (Note 6)	2,353,497	17,500,000	-	2,209,852	-	19,709,852
Finders' fee shares (Note 15)	200,000	1,750,000	-	-	-	1,750,000
Netcoins Class A shares exchanged (Note 6)	(40)	(1)	-	-	-	(1)
Issuance of stock options (Note 17)	-	-	-	2,930,265	-	2,930,265
Share issuance cost	-	(254,663)	-	-	-	(254,663)
Balance – December 31, 2018	4,816,589	22,203,190	760,511	4,441,419	(22,263,455)	5,141,665
Net loss for the year	-	-	-		(1,007,957)	(1,007,958)
Adoption of IFRS 16 (Note 3)	-	-	-	-	(12,241)	(12,241)
Vesting of stock options (Note 17)	-	-	-	494,657	-	494,657
Cancellation of options (Note 17)	-	-	-	116,879	-	116,879
Shares issued for:						
Restricted share units (Note 15)	40,000	150,000	-	(61,813)	-	88,187
Distribution of Purchaser's shares (Note 23)	-	-	-	-	(3,000,000)	(3,000,000)
Balance – December 31, 2019	4,856,589	$ 22,353,190	$ 760,511	$ 4,991,142	$ (26,283,653)	$ 1,821,189

1. General Information

Netcoins Holdings Inc. (formerly GAR Limited) ("GAR" or the "Company") was incorporated on February 20, 1987 under the Business Corporation Act (Ontario). 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 rather than through a process of forced liquidation.

GAR is a public company which is listed on the Canadian Securities Exchange ("CSE") under the symbol "NETC". The Company's head office is 800 West Pender Street, Suite 1430, Vancouver, BC, V6C 2V6, and registered and records office is located 1055 W. Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC, V6E 4N7.

Reverse Takeover

On March 9, 2018, the Company completed the acquisition of Netcoins Inc. ("Netcoins"), a private British Columbia corporation incorporated on July 8, 2014. Netcoins develops and markets software that enable the efficient purchasing of Bitcoin and uses its software to purchase and sell Bitcoin to customers. The Company acquired all of the issued and outstanding shares of Netcoins under a share purchase agreement (the "Reverse Takeover Transaction", the "Transaction", or the "RTO"). In connection to the Transaction, the Company is doing business under the business name "Netcoins Holdings Inc." and operating the primary business of Netcoins.

On the closing of the RTO, Netcoins became a wholly-owned subsidiary of the Company. As Netcoins is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 8, 2014 are included in the consolidated financial statements at their historical carrying value.

The Company's results of operations are included from March 9, 2018 onwards, the closing date. Please refer to the Reverse Acquisition (Note 6) for more details.

Disposal of Subsidiaries

On May 27, 2019, the Company announced it entered into a share purchase agreement with an unrelated third party (the "Purchaser") regarding the sale of Netcoins Inc., NTC Holdings Corp. and NTC Holdings USA Corp. (collectively, the "Subsidiaries").

Please refer to the Disposal of Subsidiaries (Note 23) for more details.

COVID-19

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 already affected workforces, economies and financial markets globally, potentially leading to an economic downturn. Other than the pandemic delaying the Company's plans for investments, the Company's business and results of operations were not materially affected by the pandemic.

2. Going Concern

These consolidated financial statements have been prepared by management on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. To date, the Company has not attained profitable operations.

For the year ended December 31, 2019, the Company incurred a net loss of $1,007,957, working capital of $1,820,397 has an accumulated deficit of $26,283,654, and negative cash flow from operations $2,722,501. The Company's ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and to generate funds therefrom.

2. Going Concern (continued)

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

3. Basis of Preparation

a. Statement of Compliance

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 of the International Financial Reporting Issues 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 were approved and authorized for issuance by the Board of Directors on July 15, 2020.

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b. Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entity is in Canadian dollars.

c. Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated until July 31, 2019 (Note 23); thereafter, the Company deconsolidated these subsidiaries as it no longer has control over them:

Subsidiary	Ownership	Location	Functional Currency
Netcoins Inc.	100%	Canada	CAD
NTC Holdings Corp.	100%	Canada	CAD
NTC Holdings USA Corp.	100%	USA	CAD

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

d. Adoption of IFRS 16

The Company adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

(Expressed in Canadian Dollars, except per share amounts)

3. Basis of Preparation (continued)

d. *Adoption of IFRS 16* (continued)

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company adopted IFRS 16 using the modified retrospective approach. As such, the comparative information presented for 2018 has not been restated; instead, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening deficit balance at January 1, 2019.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities for its leases, resulting in an increase to right-of-use asset of $254,433 at January 1, 2019. A corresponding lease liability was recognized for $266,674 and decrease in deficit was recognized for $12,241 Both right-of-use assets and lease liabilities were disposed when the Company sold its subsidiaries (Note 23).

Operating lease commitments as at December 31, 2018	$	312,145
Undiscounted lease payments		312,145
Effect of discounting using the incremental borrowing rate (15%) as at the date of initial adoption		(45,471)
Lease liability recognized at January 1, 2019	$	266,674

The impact of adopting IFRS 16 on the Company's consolidated statement of financial position as at January 1, 2019 was as follows:

Right-of-Use Asset	$	254,433
Retained Earnings	$	12,241
Lease Liability	$	(266,674)

Subsequent to the disposal of its subsidiaries, the Company does not have leases as at December 31, 2019.

4. Significant Accounting Policies

(i) Cash and Cash Equivalents

Cash and cash equivalents consists of amounts held in current bank accounts and Bitstamp.

(ii) Revenue Recognition

IFRS 15 provides a comprehensive five-step revenue recognition model for all contracts with customers. IFRS 15 revenue recognition model requires the Company to exercise significant judgment and make estimates that affect revenue recognition and is based on the principle that revenue is recognized when control of good or service transfers to a customer.

4. Significant Accounting Policies (continued)

(ii) *Revenue Recognition* (continued)

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The model features the following contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identifying the contract with a customer;
2. Identifying the performance obligation(s) in the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligation(s) in the contract, and
5. Recognizing revenue when or as the Company satisfies the performance obligation(s).

Revenue from cryptocurrency sale transactions are recognized based on the gross proceeds received from the customer or receivable from vendors acting on behalf of the Company. Revenue is recognized at the time of transfer of control over the cryptocurrency, which is when the cryptocurrency is credited to the customer's virtual wallet. Proceeds collected by vendors on behalf of the Company are typically settled within 1 to 15 days.

Listing revenues are recognized monthly or annually from companies wanting to list their digital asset on the Company's platform when performance obligation is satisfied, based on the agreed upon invoiced amount.

(iii) *Cryptocurrency Inventory*

Cryptocurrencies held for sale in the ordinary course of business are measured at fair value determined by reference to quoted prices published by bitcoin exchange brokers, with charges in fair value recorded in profit or loss.

(iv) *Cost of Sales*

Cryptocurrency purchases are measured based on the price paid by the Company in fiat to purchase cryptocurrency from cryptocurrency exchanges.

(v) *Property, Plant and Equipment*

Equipment is measured at cost, less accumulated depreciation and accumulated impairment losses. Cost included expenditures that are directly attributable to bring an asset to productive use at its intended location. Additions are depreciated commencing in the month that they are available for use. The cost of repairs and maintenance is expensed as incurred.

Depreciation is provided on a straight-line method over the estimated useful lives of assets. Upon sale or disposition of a depreciable asset, cost and accumulated depreciation are removed from equipment and any gain or loss is reflected as a gain or loss from operations. Equipment is depreciated over 3 years.

Leasehold improvements are depreciated on a straight-line method over the term of the lease, which is 3 years.

An asset's depreciation method, useful life and residual value are reviewed at the end of each reporting period and adjusted prospectively if appropriate.

4. Significant Accounting Policies (continued)

(vi) Share-Based Payments

Share-based payments to officers, directors and consultants are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed in profit or loss. The corresponding amount is recorded to reserves. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

When the terms of a share-based payment are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

(vii) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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 not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, 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 on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 tax benefit will be realized.

4. Significant Accounting Policies (continued)

(viii) Foreign Currency Translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates.

Transactions and Balances
Foreign currency transactions are translated into 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 the consolidated statement of loss and comprehensive 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 to the extent that gains or 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.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve is equity. These differences are recognized in profit or loss in the period in which the operation is disposed.

(ix) Fair Value Measurement

Where fair value is used to measure assets and liabilities in preparing these financial statements, it is estimated at the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair values are determined from inputs that are classified within the fair value hierarchy defined under IFRS as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - Inputs for the asset or liability that are unobservable

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:,

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants acts in their economic best interest.

4. Significant Accounting Policies (continued)

(x) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statements of loss and comprehensive loss.

Financial Assets
On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL"). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognized in the consolidated statements of loss and comprehensive loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains or losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in the consolidated statements of loss and comprehensive loss.

Financial Liabilities
The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in the consolidated statements of loss and comprehensive loss. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

4. Significant Accounting Policies (continued)

(x) *Financial Instruments* (continued)

Financial Liabilities and Equity Instruments
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, issue or cancellation of the Company's own equity instruments.

Classification of Financial Instruments
The Company classifies its financial assets and liabilities as outlined below:

	At December 31, 2019
Cash and cash equivalents	Amortized cost
Other receivables	Amortized cost
Trade and other payables	Amortized cost

(xiv) *Impairment of Financial Assets*

Financial Assets
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(xv) *Impairment of Non-Financial Assets*

The Company performs impairment tests on its long-lived assets, including property, plant and equipment when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

4. Significant Accounting Policies (continued)

(xv) *Impairment of Non-Financial Assets* (continued)

The CGU's recoverable amount is evaluated using fair value less costs of disposal calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value when active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

(xvi) Loss per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

The number of additional shares is calculated by assuming that outstanding stock options and share purchase warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(xvii) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(xviii) Segment Reporting

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment.

(xix) Right-Of-Use Assets and Lease Liability

The Company has applied IFRS 16, Leases, as at January 1, 2019. The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term unless another systematic basis is more representative of the usage of the economic benefits from the leased asset.

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrow rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect he lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, payments made on or before the lease commencement and any direct costs. They are subsequently measured at cost less deprecation and any impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

4. Significant Accounting Policies (continued)

(xx) Dividends

IFRSs do not provide guidance on how an entity should measure distributions to its owners (commonly referred to as dividends). IAS1 requires an entity to present details of dividends recognized as distributions to owners either in the consolidated statement of changes in shareholders' equity or in the notes to the consolidated financial statements.

In August 2019, the Company distributed all 37,500,000 Purchaser's shares from the sale of its subsidiaries to its shareholders as a non-cash dividend. The dividend was measured at the fair value of the Purchaser's shares at $0.08. The difference between the fair value of the shares and their carrying amount is presented in the consolidated statement of loss and comprehensive loss as other income.

(xxi) Disposal of Subsidiaries

When the Company losses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes any surplus or deficit in the consolidated statement of loss and comprehensive loss;
- Reclassifies the parent's share of components previously recognized as OCI to the consolidated statement of loss and comprehensive loss, as appropriate, as would be required of the Company had directly disposed of the related assets or liabilities.

(xxii) IFRIC 23 – Uncertainty over Income Tax Treatment

- In June 2017, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Interpretation IFRIC) interpretation to specify how to reflect the effects of uncertainty in accounting for income taxes. IAS 12 Income Taxes provides requirements on the recognition and measurement of current or deferred income tax liabilities and assets. However, it does not provide a specific requirement for the accounting for income tax when the application of tax law to a particular transaction or circumstance is uncertain. As a result, the interpretation aims to reduce the diversity in how entities recognize and measure a tax liability or tax asset when there is uncertainty over income tax treatments. The new interpretation is effective for annual periods beginning on or after January 1, 2019. Management has concluded that there is no impact on the adoption of this guidance because there is no significant uncertainty in accounting for income taxes of the Company.

5. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

5. **Critical Accounting Estimates and Judgments (continued)**

Areas of judgment

(i) Revenue Recognition

In recognizing revenue, the Company determines if it acts as a principal in executing transactions with third parties, judgment is required to determine if the Company is acting as the principal or an agent in order to determine if revenue should be recognized on a gross or net basis for cryptocurrency sales and purchases.

(ii) Going Concern

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will be able to continue as a going concern. Further disclosure is included in Note 2.

(iii) Deferred Tax Asset

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probably that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Management applies judgment in determining the likelihood of future taxable profits.

Assumptions and critical estimates

(i) Determination of Fair Values

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified specialist to perform the valuation.

(ii) Depreciation of Property, Plant and Equipment

Depreciation of equipment and leasehold improvements is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of market and economic factors.

(iii) Fair Value of Cryptocurrency Inventory

At present, there is limited guidance in IFRS on the recognition and measurement of cryptocurrency inventory. Cryptocurrency inventory is measured at fair value using the quoted price on www.coinmarketcap.com.

Management considers this fair value to be a level two input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The cryptocurrency inventory are valued based on the closing price obtained from www.coinmarketcap.com at the reporting period. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the cryptocurrency inventory.

5. Critical Accounting Estimates and Judgments (continued)

(iv) Tax Assets and Liabilities

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rate as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

(iv) Share-Based Payments

The Company utilizes the Black-Scholes Option Pricing Model (“Black-Scholes”) to estimate the fair value of stock options granted to directors, officers and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based compensation calculation value, however, the most significant estimate is the volatility

(v) Impairment of Non-Financial Assets

The assessment of any impairment of non-financial assets is dependent upon estimates of recoverable amount that take into account factors such as economic and market conditions, the useful lives of assets, definition of the CGU and estimates used to measure impairment losses. The recoverable value of these assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

(vi) Leases

The application of IFRS 16 Leases requires assumptions and estimates in order to determine the value of the right-of-use assets and the lease liabilities. Judgment must be applied when determining the implicit and incremental rates of borrowing, as applicable. Judgment must also be applied as to whether renewal options are reasonably certain of being exercised and whether periods covered by an option to terminate are reasonably certain of not being exercised.

(vii) Impairment of Financial Assets

An expected credit loss (“ECL”) model applies to financial assets measured at amortized cost. The Company’s financial assets measured at amortized cost and subject to the ECL model consist primarily of other receivables. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a range of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

6. Reverse Acquisition

On March 9, 2018, pursuant to the terms of the share purchase agreement (the "Agreement") the Company and Netcoins completed an acquisition, whereby the Company acquired all of the issued and outstanding share capital of the Netcoins, being 2,114,285 common shares, as a means by which the Company will attain a public listing of its common shares.

Pursuant to the Share Purchase Agreement:

- In consideration for the acquisition of all of the Class A Shares, GAR (i) paid to the Class A shareholders pro rata in proportion to their holdings of Netcoins Class A Shares, an aggregate of $4,000,000, and (ii) issued from treasury to the Class A shareholders pro rata in proportion to their holdings of Class A shares, an aggregate of 114,285 common shares at a deemed price of $8.75 per share in the equity of GAR, free and clear of any encumbrances.

- In consideration for the acquisition of the Netcoins Class B shares, GAR issued from treasury to the Class B shareholders one common share in the equity of GAR for each Netcoins Class B share held, free and clear of any encumbrances for a total of 2,000,000 Class B shares.

- At the time of closing of the Transaction, each of the holders of Class B Warrants disposed of their respective right to acquire Netcoins Class B shares under the outstanding Class B Warrants held by such warrant holders at that time and those outstanding Class B Warrants were deemed immediately cancelled. In consideration for the disposition by a Class B Warrant holder of each right to acquire one Netcoins Class B share pursuant to a Class B Warrant, the Class B Warrant holder received the right to acquire one common share of GAR (each a "Replacement Warrant" and collectively, the "Replacement Warrants"), rounded down to the nearest whole number of common shares. The exercise price under each Replacement Warrant equaled to the exercise price of the particular Class B Warrant that was cancelled in consideration for such Replacement Warrant.

- As a result of the Transaction, GAR issued an aggregate of 2,114,285 GAR common shares to Netcoins shareholders. At the completion of the Transaction, 4,667,782 GAR common shares were outstanding.

- At the closing Transaction, the shareholders of Netcoins hold 45.3% of GAR. Accordingly, Netcoins is considered to have acquired GAR with the transaction being accounted for as a reverse takeover of GAR by Netcoins shareholders (the "RTO").

The acquisition constitutes an asset acquisition as the Company did not met the definition of a business, as defined in IFRS 3, Business Combinations. Additionally, as a result of the RTO, the consolidated statement of financial position has been adjusted for the elimination of the Company share capital, contributed surplus and accumulated deficit within shareholders' equity.

As a result of this asset acquisition, a listing expense of $16,121,221 has been recorded. This reflects the difference between the estimated fair value of Netcoins shares deemed to have been issued to the Company's shareholders less the fair value of the net assets of the Company's acquired.

(Expressed in Canadian Dollars, except per share amounts)

6. Reverse Acquisition (continued)

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

Purchase Price		
2,114,285 common shares of GAR Limited	$	18,500,000
351,954 warrants of GAR Limited		2,209,852
200,000 finders' fee shares		1,750,000
Cash payment		4,000,000
Total Purchase Price	$	26,459,852

Allocation of Purchase Price		
Cash		9,742,999
Prepaid expenses and other current assets		922,782
Accounts payables and accrued liabilities		(327,150)
Listing expenses		16,121,221
	$	26,459,852

7. Cash and Cash Equivalents

		December 31, 2019		December 31, 2018
Cash held with banks	$	1,934,390	$	5,598,712
	$	1,934,390	$	5,598,712

8. Trade and Other Receivables

		December 31, 2019		December 31, 2018
Trade receivables	$	-	$	34,529
GST receivable	$	266,815		161,611
	$	266,815	$	196,140

As at December 31, 2019 and December 31, 2018, the Company's trade receivables are current and no ECL provision was considered necessary.

9. Prepaid Expenses

		December 31, 2019		December 31, 2018
Deposits	$	-	$	6,988
Prepaid expenses		65,355		31,786
	$	65,355	$	38,775

(Expressed in Canadian Dollars, except per share amounts)

10. Cryptocurrency Inventory

	December 31, 2019	December 31, 2018
Autonio	-	52
Bitcoins	-	26,214
Cloakcoins	-	13
Elastos	-	6
EOS	-	39
Ethereum	-	5,824
Komodo	-	51
Litecoin	-	852
Myraid	-	1
Paretos	-	3,973
Peerplays	-	4
Steem	-	3
Niostellar	-	29
XRP	-	1,647
	$ -	$ 38,708

The fair value of cryptocurrency inventory at each reporting period is determined by taking the rate from www.coinmarketcap.com.

During the year ended December 31, 2019, the total cost of cryptocurrency inventory sold was $43,000,722 (2018 - $57,492,627).

(Expressed in Canadian Dollars, except per share amounts)

11. Property, Plant and Equipment

		Equipment		Leasehold Improvements		Total
COST						
Balance as at January 1, 2018	$	-	$	-	$	-
Additions		22,418		118,846		141,264
Balance as at December 31, 2018	$	22,418	$	118,846	$	141,264
DEPRECIATION						
Balance as at January 1, 2018	$	-	$	-	$	-
Depreciation for the year		4,884	$	29,904	$	34,788
Balance as at December 31, 2018		4,884		29,904		34,788
Net book value at December 31, 2018	$	17,534	$	88,942	$	106,476
COST						
Balance as at December 31, 2018	$	22,418	$	118,846	$	141,264
Additions		669		-		669
Disposal of assets		(21,410)		(118,846)		(140,256)
Balance as at December 31, 2019		1,677		-		1,677
DEPRECIATION						
Balance as at December 31, 2018		4,884		29,904		34,788
Depreciation for the year		3,438		16,389		19,827
Disposal of assets		(7,437)		(46,293)		(53,730)
Balance as at December 31, 2019		885		-		885
Net book value at December 31, 2019		792		-		792

12. Leases

a. Lease Liability

Balance as at December 31, 2018	$	-
Adoption of IFRS 16 (Note 3)		266,674
Payments		(99,212)
Accretion expense		23,636
Balance as at July 31, 2019		190,825
Disposal		(190,825)
Balance as at December 31, 2019	$	-

(Expressed in Canadian Dollars, except per share amounts)

12. Leases (continued)

b. Right-of-Use Asset

Balance as at December 31, 2018	$	-
Adoption of IFRS 16 (Note 3)		254,433
Depreciation		(81,419)
Balance as at July 31, 2019		173,014
Disposal (Note 23)		(173,014)
Balance as at December 31, 2019	$	-

13. Trade and Other Payables

		December 31, 2019		December 31, 2018
Taxes payable	$	48,263	$	48,262
Trade payables		319,742		325,524
	$	368,005	$	373,786

Trade and other payables comprise primarily of trade payables incurred in the normal course of business. Included in trade payables are amounts total $590 (December 31, 2018 - $92,484) due to related parties (see note 26).

14. Convertible Debentures

On October 13, 2017, the Company issued 1,000,000 convertible debenture units (the “Debenture Units”) for gross proceeds of $500,000. Each Debenture Unit is convertible into a unit of the Company (the “Netcoins Units”) at a conversion price of $0.50 per Debenture Unit. Each Netcoins Unit consists of one Class B share of the Company and one share purchase warrant to purchase one Class B share (“Class B Warrant”). Each Class B Warrant entitles the holder to acquire an additional Class B share at an exercise price of $1.25 per share for a period of 3 years.

The Debenture Unit was determined to meet the definition of a compound financial instrument required to assign a fair value to the debt component with any residual amount recorded to the equity component or conversion feature. The conversion feature value has been determined to be $35,848. The borrowing amount represents the debt component of the Debenture Unit, without the conversion option, recorded at its amortized cost, using a discount rate of 28%, at December 31, 2017.

During the year ended December 31, 2018, Netcoins converted the Debenture Units into 1,000,000 Class B shares of the Netcoins. In addition, 1,000,000 Class B Warrants were converted into Class B shares for gross proceeds of $1,250,000. As part of the share purchase agreement, all Class B shares were exchanged for public company shares on closing of the RTO (see note 6). As at December 31, 2018, there are no Debentures Units outstanding.

15. Share Capital

a. Authorized Share Capital

The Company is authorized to issue unlimited number of common shares without par value. At December 31, 2019, the Company had 4,856,589 (December 31, 2018 – 4,816,589) common shares outstanding.

b. Issued Share Capital

In November 2019, the Company completed a consolidation of its authorized and issued common shares on the basis of one post-consolidated common share for every twenty-five pre-consolidation common shares. All references to shares, per share amounts, warrants and options in these financial statements have been retroactively restated to reflect the share consolidation.

In April 2019, the Company issued 40,000 common shares to Restricted Share Unit ("RSU") holders upon the vesting of the remaining RSUs.

During the year ended December 31, 2018, the Company issued common shares as follows:

- On October 26, 2018, 2,000 issued RSU shares were returned to treasury.
- On October 23, 2018, the Company issued 42,000 common shares to RSU holders upon the vesting of RSU.
- On October 9, 2018, the Company issued 40,000 common shares to warrant holders who exercised their warrants in return for gross proceeds of $100,000.
- On October 3, 2018, the Company issued 20,815 common shares to warrant holders who exercised their warrants in return for gross proceeds of $52,039.
- On August 7, 2018, the Company issued 10,500 common shares to warrant holders who exercised their warrants in return for gross proceeds of $26,250.
- On July 30, 2018, the Company issued 37,486 common shares to warrant holders who exercised their warrants in return for gross proceeds of $93,716.
- On March 9, 2018, 2,353,497 common shares of the Company were deemed to have been issued on completion of the RTO. The fair value of the 2,353,497 deemed to have been issued in the amount of $17,500,000 was determined using a fair value of $8.75 per share.
- In connection with the closing of the RTO, the Company issued an aggregate of 200,000 common shares to an arms' length third party as a finder's fee. The fair value of services is $1,750,000.
- In connection with the closing of the RTO, the Company issued 114,285 of common shares, at a value of $1,000,000 or $8.75 per share, to vendors of Netcoins.
- On January 30, 2018, the Company issued 1,000,000 Class B shares on conversion of the Debenture Units (see note 6). The Company also issued 1,000,000 Class B shares on exercise of Class B share purchase warrants for gross proceeds of $1,250,000. In connection with the closing of the RTO, all Class B shares were exchanged for common shares of the Company.

b. Restricted Share Units

Pursuant to the Company's fixed RSU plan, the Company awarded a total of 80,000 RSUs to certain directors, officers and employees in October 2018. 50% of the awarded RSUs vested immediately and the remaining 50% vested on April 17, 2019. The shares awarded pursuant to the RSUs are equity settled and based on the fair value at date of grant.

(Expressed in Canadian Dollars, except per share amounts)

16. Warrants

Details regarding share purchase warrants issued and outstanding are summarized as follows:

		Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – December 31, 2017	$	-	-
Issuance of warrants on RTO (Note 6)	$	2.50	280,000
Issuance of warrants on RTO (Note 6)	$	8.75	71,942
Exercise of warrants (Note 14)	$	2.50	(108,801)
Expiry of warrants	$	8.75	(71,942)
Balance – December 31, 2018	$	2.50	171,199
Expiry of warrants	$	2.50	(171,199)
Balance – December 31, 2019	$	-	-

On March 9, 2018, pursuant the RTO all issued and outstanding share purchase warrants of 351,942 were cancelled and share purchase warrants of 351,942 were issued as replacements. Under IFRS 2 'Share-based payment', the cancellation and reissuance was considered a modification of the terms and conditions on which the equity instrument were granted. As such, the Company is required to recognize the effects of modification that increases the total fair value of the share-based payment arrangements or are otherwise beneficial to the option holders. The incremental fair value was $2,209,852 for warrants in conjunction to the RTO.

The fair value of the share purchase warrants has been estimated using the Black-Scholes Option Pricing Model assuming a share price range of $2.50 - $8.75, a risk-free interest rate of 1.61% - 4.55%, an expected life of 1 to 2 years, an expected volatility of 120% and no expected dividends. The expected volatility was determined using the average historical volatility of similar entities that are publicly listed on the basis that the Company has limited historical information.

During the year ended December 31, 2019, all issued and outstanding warrants expired unexercised.

17. Stock Options

The Company adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

The changes in stock options outstanding are summarized as follows:

(Expressed in Canadian Dollars, except per share amounts)

17. Stock Options (continued)

		Weighted Average exercise price	Number of Options outstanding	
Balance – December 31, 2017	$	-	-	$
Stock options granted	$	8.00	466,400	
Stock options forfeited	$	6.25	(7,400)	
Balance – December 31, 2018	$	8.00	459.000	
Stock options cancelled	$	7.88	(404,629)	
Balance – December 31, 2019	$	8.75	54,371	$

In March 2018, the Company granted 390,800 stock options to employees, consultants, and directors. The options may be exercised within 5 years from the date of grant at a price of $8.75 per share and have vesting periods ranging from 0 to 2 years.

In May 2018, the Company granted 27,600 stock options to employees, consultants and directors. The options may be exercised within 5 years from the date of grant at a price of $6.25 per share and have vesting periods ranging from 0 to 2 years. 7,400 options were forfeited during the year.

In July 2018, the Company granted 48,000 stock options to employees and directors. The options may be exercised within 5 years from the date of grant at a price of $2.50 per share and have vesting periods ranging from 0 to 2 years.

The fair value of stock options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a share price range of $1.75 to $8.75, a risk-free interest rate of 1.41% - 2.11% per annum, an expected life of options of 5 years, an expected volatility of 120%, and no expected dividends.

On July 31, 2019, the Company cancelled majority of the outstanding options due to the sale of its subsidiaries; as such, the Company is accelerated recognition of the unvested amounts for a total of $116,879.

The Company recorded a total of $699,722 (2018 - $3,142,079) in share-based expenses for the year ended December 31, 2019.

(Expressed in Canadian Dollars, except per share amounts)

17. Stock Options (continued)

Stock options outstanding and exercisable December 31, 2019 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
$0.35	54,371	3.20	$8.75	54,371	$8.75

Stock options outstanding and exercisable December 31, 2018 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
$8.75	390,800	4.20	$8.75	195,400	$8.75
$6.25	20,200	4.36	$6.25	10,800	$6.25
$2.50	48,000	4.52	$2.50	12,000	$2.50
	459,000	4.49	$8.00	218,200	$8.25

18. 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 consolidated statement of loss and comprehensive loss:

	December 31, 2019	December 31, 2018
Loss before income tax	$ (925,045)	$ (22,111,099)
Statutory income tax rate	27%	27%
Expected income tax recovery	(249,762)	(5,969,997)
Non-deductible expenses	221,281	5,203,089
Tax effect of debt forgiveness	855,263	-
Tax effect on disposition of subsidiaries	(4,274,799)	-
Non-taxable portion of capital gain	(25,294)	-
Change in estimate	23,261	28,823
Change in enacted tax rate	-	(18,800)
Other	33,159	(58,431)
Deferred tax asset not recognized	3,495,050	851,780
Total income tax expense	$ 78,158	$ 36,464

(Expressed in Canadian Dollars, except per share amounts)

18. Income Taxes (continued)

	December 31, 2019	December 31, 2018
Current tax expense (recovery)	$ 78,158	$ -
Deferred tax expense (recovery)	-	36,464
Total tax expense (recovery)	$ 78,158	$ 36,464

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. Details of deferred tax assets (liabilities) are as follows:

	December 31, 2019	December 31, 2018
Foreign exchange	$ -	$ (36,464)
Net deferred tax assets (liabilities)	$ -	$ (36,464)

The unrecognized deductible temporary differences as at December 31, 2019 and December 31, 2018 is comprised of the following:

	December 31, 2019	December 31, 2018
Non-capital loss carry forward	$ 4,872,580	$ 5,489,122
Capital loss carry forward	14,112,267	-
Financing cost	318,356	668,219
Exploration and evaluation assets	644,700	789,540
Plant, property, equipment	416	20,662
Other items	682	-
Total unrecognized temporary differences	$ 19,949,001	6,967,543

The Company has not recognized a deferred tax asset in respect of non-capital loss carry forward of approximately $4,872,580 (2018: $5,489,122) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

	$
Non-capital losses expire as follows:	
2036	93,879
2037	99,314
2038	3,155,414
2039	1,523,973
	4,872,580

(Expressed in Canadian Dollars, except per share amounts)

19. Capital Management

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned operations and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended December 31, 2019 and 2018.

20. Financial Instruments

The Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are classified and measured as follows:

	Category		December 31, 2019		December 31, 2018
Financial Assets					
Cash and cash equivalents	Financial assets at amortized cost	$	1,934,390	$	5,598,712
Trade and other receivables	Financial assets at amortized cost	$	266,815	$	196,140
Financial Liabilities					
Trade and other payables	Financial liabilities at amortized cost	$	368,005	$	373,786

The Company's risk management policies are established to identify, analyze and manage the risks faced by the Company and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Company's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, price risk and currency risk. These risks, and the actions taken to manage them, include:

(a) Fair value

Due to the short-term nature of cash and cash equivalents, trade and other receivables, trade and other payables, the Company determined that the carrying amounts of these financial instruments approximate their fair value.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks, cash on deposit with fiat to cryptocurrency exchanges and from outstanding other receivables. The Company minimizes credit risk associated with its cash balance substantially by dealing with financial institutions deemed to be reliable due to their history of operations. Credit risk associated with Bitcoin sale proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 or 15 days. The Company assessed its credit risk to be low.

20. Financial Instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

(c) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company previously was exposed to foreign currency risk through cash in banks and cash on deposit with fiat to cryptocurrency exchanges which are denominated in United States dollars (USD). As at December 31, 2019 the Company was not exposed to currency risk.

(d) Price risk

The Company's net income or loss, and financial condition were subject to price risk due to fluctuations of the following:

Commodity Price Risk
The profitability of the Company's was significantly affected by changes in prices of cryptocurrency. Cryptocurrency fluctuate on a daily basis and were affected by numerous factors beyond the Company's control. The supply and demand for crypto currency, investment decisions by large holders could all cause significant fluctuations in cryptocurrency prices. The Company is no longer exposed to commodity price risk after the sale of its subsidiaries.

21. Supplemental Cash Flow Information

The Company paid $82,913 in income taxes and received $20,088 for interest during the year ended December 31, 2019; the Company did not make any cash payments and had no cash receipts for interest or income taxes during the year ended December 31, 2018.

The acquisition of the GAR Limited (see note 6) is a non-cash transaction, whereby, 2,114,285 shares and 351,953 warrants at a price of $8.75 per share is exchanged as consideration for the net assets.

The disposition of the Subsidiaries (see Note 23) is a non-cash transaction, whereby, the Purchaser issued 37,500,000 of its own shares at a fair value of $0.075 per share as consideration for the net assets.

22. Segmented Information

The Company's operated a single business unit of cryptocurrency sales via its virtual ATMs prior to the sale of its Subsidiaries. The Company's primary business activities are located in Canada. All of the Company's assets, including head office, are located in Canada.

(Expressed in Canadian Dollars, except per share amounts)

23. Disposal of Subsidiaries

The Subsidiaries were sold on July 31, 2019 for a consideration of $2,812,500 in the form of 37,500,000 common shares of the Purchaser at a fair value of $0.075 per share. However, actual share price on disposal date was $0.08, as a result, the Company recorded a gain of $187,500 on the fair value of the shares, along with a gain of $2,159,723 on the disposal of Subsidiaries.

Details of Sale of Subsidiaries

		July 31, 2019
Consideration received:		
37,500,000 Purchasers' shares at $0.075	$	2,812,500
Carrying amount of net assets sold		(652,777)
Gain on sale of Subsidiaries	$	2,159,723

The carrying amounts of assets and liabilities as at the date of sale (July 31, 2019) were:

		July 31, 2019
Cash	$	841,941
Trade and other receivables		32,746
Cryptocurrency inventory		154,775
Prepaid expenses		8,202
Property, plant and equipment		86,526
Right-of-use asset		173,014
Total assets	$	1,297,204
Trade and other payables	$	(37,068)
Lease liability (Note 12)		(190,826)
Deferred revenue		(94,062)
Customer deposit		(286,005)
Deferred income taxes		(36,465)
Total liabilities	$	(644,427)
Net assets	$	652,777

In August 2019, the Company distributed all 37,500,000 Purchaser's common shares to its shareholders as dividend-in-kind at a fair-value share price of $0.08.

24. Revenue

	For the Year Ended			
		December 31, 2019		December 31, 2018
Type of Revenue				
Buyback revenue	$	29,602,683	$	43,496,812
Private brokerages		13,776,521		14,860,426
	$	43,379,204	$	58,357,238

(Expressed in Canadian Dollars, except per share amounts)

25. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the years ended December 31, 2019 and 2018:

		December 31, 2019		December 31, 2018
Numerator				
Net loss and comprehensive loss for the year	$	(1,007,958)	$	(22,147,564)
Denominator				
Basic – weighted average number of shares outstanding		3,868,824		3,840,550
Effect of dilutive securities		-		-
Diluted – adjusted weighted average number of shares outstanding		3,868,824		3,840,550
Loss per share – basic and diluted	$	(0.26)	$	(5.76)

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the years ended December 31, 2019 and 2018 as the warrants and stock options were anti-dilutive since the Company was in a loss position.

26. Related Party Transactions

During the year ended December 31, 2019 and 2018, the Company paid and/or accrued salaries, commissions, consulting and professional fees to key management personnel and directors:

		December 31, 2019		December 31, 2018
Management	$	864,864	$	952,838
Directors		291,193		273,377
	$	1,156,057	$	1,226,215

During the years ended December 31, 2019, the Company also had share-based payments made to management and directors of $226,566 (2018 - $1,333,338) and $17,429 (2018 - $94,823), respectively.

During the year ended December 31, 2019, the Company purchased $472,603 (2018 - $356,516) worth of Bitcoins from a company with common management, respectively.

Due to Related Parties

As at December 31, 2019 and December 31, 2018, the Company has the following amounts due to related parties:

		December 31, 2019		December 31, 2018
Accounts payable and accrued liabilities	$	590	$	92,484
	$	590	$	92,484

27. Subsequent Events

In February 2020, the Company entered into a letter of intent for the purposes of an investment into Black Swan Graphene Inc. ("Black Swan"), an unrelated party, where Black Swan is engaged in the research and development of graphene for industrial applications in the international bulk graphene market.

In February 2020, the Company entered into a loan agreement with an unrelated party (the "Borrower") for the amount of $100,000 with interest at 15% per annum and due upon demand. The Company and the Borrower agreed that accrued interest is payable in the shares of the Borrower at $0.20 per share. In addition, the Borrower agreed to issue warrants at a rate of 15% to the loan amount with each warrant exercisable into a common share of the Borrower at $0.20 per share.

In April 2020, the Company participated in a non-brokered private placement of an unrelated party (the "Offeror A") by subscribing for 1,000,000 units at a price of $0.35 per unit. Each unit consists of one common share of the Offeror A and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Offeror at a price of $0.50 for a period of 12 months from the closing of the private placement.

Also in April 2020, the Company participated in another non-brokered private placement of another unrelated party (the "Offeror B") by subscribing for 2,400,000 units at a price of $0.25 per unit. Each unit consists of one common share of the Offeror B and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Offeror B at a price of $0.25 for a period of 24 months from the closing of the private placement.