

FORM 51-102F4

BUSINESS ACQUISITION REPORT

Item 1. Identity of Company

1.1 Name and Address of Company

BRISIO INNOVATIONS INC.
Suite 1052 – 409 Granville Street
Vancouver, BC V6C 1T2

1.2 Executive Officer

Natasha Tsai
Chief Financial Officer
(604) 639-3880

Item 2. Details of Acquisition

2.1 Nature of Business Acquired

Brisio Innovations Inc. (the “Company”) acquired NameSilo LLC (“NameSilo”) pursuant to the terms of the share purchase agreement dated March 7, 2018 (the “Purchase Agreement”) among the Company, NameSilo and the members of NameSilo.

NameSilo is a low-cost provider of domain name registration and related management services, and is an ICANN-accredited registrar.

2.2 Date of Acquisition

August 1, 2018.

2.3 Consideration

In consideration of acquiring NameSilo, the Company Company paid the members of NameSilo (i) USD \$9,511,500 (the “Purchase Price”), (ii) an earnout payment of USD \$2,546,066 as NameSilo’s EBITDA equaled USD \$1,009,544 for the period from January 1, 2018 to June 30, 2018 (the “Earn-Out Payment”). The Earn-Out Payment was satisfied by USD \$2,360,743 in cash and 529,499 common shares of the Company.

2.4 Effect on Financial Position

The completion of the acquisition of NameSilo has enabled the Company to enter the area of domain name registration and related management services.

The Company does not presently have any plans or proposals for material changes in the Company’s or NameSilo’s affairs (corporate structure, personnel or management) that will have an impact on the financial performance and financial position of the Company.

2.5 Prior Valuations

None.

2.6 Parties to Transaction

The acquisition was not with an informed person, associate or affiliate of the Company.

2.6 Date of Report

October 25, 2018.

Item 3. Financial Statements

The following financial statements attached as Schedule "A" hereto are included in this Business Acquisition Report:

- 1) Audited financial statements of NameSilo for the fiscal years ended December 31, 2017 and 2016 and unaudited condensed interim financial statements for the interim period ended June 30, 2018 and 2017.

NAMESILO, LLC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in United States Dollars)



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Independent Auditors' Report

To the Members of NameSilo LLC

We have audited the accompanying consolidated financial statements of NameSilo LLC and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive income, changes in members' capital and cash flows for the years 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 consolidated 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits 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 financial position of NameSilo LLC and its subsidiary as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Crowe MacKay LLP"

**Chartered Accountants
Vancouver, British Columbia
June 27, 2018**

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)

	December 31, 2017	December 31, 2016	December 31, 2015
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents		386,533	306,033
Registry deposits		1,711,827	797,836
Prepaid domain name registry fees, current portion		4,769,600	3,172,504
Digital currency – held for distribution to members	5	4,168,613	-
		11,036,573	4,276,373
Prepaid domain name registry fees, long-term portion		593,994	425,232
Digital currency	5	-	319,731
		11,630,567	5,021,336
		5,021,336	3,155,017
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		159,755	72,480
Customer deposits		345,083	207,322
Deferred revenue, current portion		5,541,166	3,644,518
Distribution payable	9	1,079,443	-
		7,125,447	3,924,320
Deferred revenue, long-term portion		660,147	469,324
		7,785,594	4,393,644
		4,393,644	2,934,384
Members' capital			
Members' capital		403,700	403,700
Accumulated other comprehensive income		3,876,493	175,930
Retained earnings (Accumulated deficit)		(435,220)	48,062
		3,844,973	627,692
		627,692	220,633
Total liabilities and member's capital		11,630,567	5,021,336
		5,021,336	3,155,017

Approved and authorized on behalf of the Members on June 27, 2018:

“Michael McCallister” Member

“Chris McMurry” Member

“Michael Goldfarb” Member

“David Hurowitz” Member

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

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2017 and 2016
(Expressed in United States Dollars)

	Note	2017 \$	2016 \$
Revenue		8,071,840	5,371,391
Cost of sales		7,208,398	4,820,818
Gross profit		863,442	550,573
Expenses			
Consulting fees	10	321,301	224,750
Dues and subscriptions		5,932	5,946
Hosting fees	10	35,884	22,242
Office and general		27,418	37,613
Professional fees		37,668	10,905
		428,203	301,456
Net income for the year		435,239	249,117
Other comprehensive income			
Digital currency revaluation	5	5,070,300	157,942
Comprehensive income for the year		5,505,539	407,059

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

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
(Expressed in United States Dollars)

	Members' Capital	Accumulated Other Comprehensive Income (Note 5)	Retained Earnings (Accumulated Deficit)	Total
	\$	\$	\$	\$
Balance, December 31, 2015	403,700	17,988	(201,055)	220,633
Net income for the year	-	-	249,117	249,117
Digital currency revaluation	-	157,942	-	157,942
Balance, December 31, 2016	403,700	175,930	48,062	627,692
Net income for the year	-	-	435,239	435,239
Digital currency revaluation	-	5,070,300	-	5,070,300
Realized gain on digital currency	-	(1,369,737)	1,369,737	-
Distribution provided for or paid	-	-	(2,288,258)	(2,288,258)
Balance, December 31, 2017	403,700	3,876,493	(435,220)	3,844,973

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

NAMESILO, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016
(Expressed in United States Dollars)

	2017	2016
	\$	\$
Operating activities:		
Net income for the year	435,239	249,117
Changes in non-cash working capital related to operations:		
Registry deposits	(913,991)	(363,399)
Digital currency	12,603	(88,681)
Prepaid domain name registry fees	(1,765,858)	(1,212,511)
Accounts payable and accrued liabilities	87,275	32,251
Customer deposits	137,761	80,397
Deferred revenue	2,087,471	1,346,612
Net cash provided by operating activities	80,500	43,786
Change in cash and cash equivalents during the year	80,500	43,786
Cash and cash equivalents – beginning of the year	306,033	262,247
Cash and cash equivalents – end of the year	386,533	306,033
Non-cash transactions:		
Digital currency distributed to members	1,208,815	-

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

NAMESILO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS

NameSilo LLC (the “Company”) is a limited liability company incorporated in the United State of America with limited liability under the legislation of the State of Arizona. The head office and principal address is Suite A-110 1300 E Missouri Avenue, Phoenix, Arizona 85014.

The Company is a provider of domain name registration services and marketplace services for the buying and selling of domain names.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were approved by the Members on June 27, 2018.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Namesilo Canada Inc., incorporated in the Province of Ontario on February 9, 2017. All significant intercompany balances and transactions have been eliminated upon consolidation.

(d) Functional and presentation currency

These consolidated financial statements are presented in United States dollars, which is the functional currency of the Company and its subsidiary.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

NAMESILO, LLC
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Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant estimates and judgements made in the preparation of these consolidated financial statements include, but are not limited to, the following areas, with further information contained in the applicable accounting policy or note:

Functional currency

The Company has used judgment in determining the currency of the primary economic environment in which the entity operates.

Digital currency

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for digital currencies and management has exercised significant judgement in determining appropriate accounting treatment. In making this determination on the accounting for the digital currencies the Company has reviewed the sources and uses of the digital currencies in the operations of its business. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Company.

(a) Foreign currency

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Any foreign currency gains or losses are recognized in net income (loss) for the period.

(b) Financial instruments

i. Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and receivables or at fair value through profit or loss ("FVTPL").

Financial assets designated at FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of financial assets designated at FVTPL are accounted for at trade date, as opposed to settlement date. The Company has designated its cash and cash equivalents as FVTPL.

Financial assets designated as loans and receivables or held-to-maturity are measured at amortized cost. The Company does not have any loans and receivable assets.

Financial assets designated as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company does not have available-for-sale financial assets.

NAMESILO, LLC
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Transactions costs associated with FVTPL and available-for-sale financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

ii. Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception at FVTPL or as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities designated at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL. Derivatives, including separated embedded derivatives are also designated at FVTPL unless they are designated as effective hedging instruments. Fair value changes on financial liabilities designated at FVTPL are recognized through profit and loss. The Company has not designated any financial liabilities as FVTPL.

The Company is not engaged in any financial derivative contracts.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and cash equivalents that are readily convertible into cash and which are subject to insignificant risk of changes in value.

(d) Digital currency

The Company accepts digital currencies as a form of payment as consideration for their services. Revenue is measured based on the fair value of the digital currencies received. The fair value is determined using the spot price of the digital currency on the date of receipt, based on Blockchain.info.

The Company has classified its digital currencies as indefinite life intangible assets. The Company is using the revaluation model to account for the digital currencies if there is an active market for their digital currencies and a significant value of daily transactions and a determinable market price for the digital currencies.

The digital currencies are recorded on the consolidated statement of financial position at their fair value and re-measured at each reporting date. Revaluation gains or losses are recognized in other comprehensive income. Realized gains and losses are transferred from accumulated other comprehensive income to retained earnings.

NAMESILO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(e) Impairment

i. Financial assets

A financial asset, other than those designated at FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

ii. Non-financial assets

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("CGU"). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(f) Revenue recognition

Revenue is recorded when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, the selling price is fixed or determinable and collectability is reasonably assured.

The Company's revenues are derived from domain name registration fees and the sale of domain names. Amounts received in advance of meeting the revenue recognition criteria described below are recorded as deferred revenue.

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i. Domain services

The Company earns registration fees in connection with each new, renewed and transferred-in registration. Service has been provided in connection with registration fees once the Company has confirmed that the requested domain name has been appropriately recorded in the registry under contractual performance standards.

Domain names are generally purchased for terms of one to ten years. Registration fees charged for domain name registration and provisioning services are recognized on a straight-line basis over the life of the contracted term.

For arrangements with multiple deliverables, the Company allocates revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. The fair value of the selling price for a deliverable is determined using a hierarchy of (1) Company specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. The Company allocates any arrangement fee to each of the elements based on their relative selling prices.

ii. Commissions

If the Company acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount of commission made by the Company.

(g) Deferred revenue

Deferred revenue primarily relates to the unearned portion of revenues received in advance related to the unexpired term of registration fees from domain name registrations.

(h) Registry deposits

Registry deposits represent amounts on deposit with, or receivable from, various domain name registries to be used by the Company to make payments for future domain registrations or renewals.

(i) Prepaid domain name registry fees

Prepaid domain name registry services fees represent amounts paid to registries, and country code domain name operators for updating and maintaining the registries. Domain name registry fees are recognized on a straight-line basis over the life of the contracted registration term.

(j) Customer deposits

Customer deposits are collections and credits from customer that can be redeemed for services offered by the Company.

(k) Income tax

The Company is an LLC for U.S. income tax purposes and is treated as a flow through entity. The Company is not subject to U.S. income taxes as all earnings flow through to the owners to report on their tax returns. Therefore, there is no income taxes recorded in these consolidated financial statements. The change of the status of the Company for U.S. income tax purposes in the future would result in a change in the accounting for income taxes.

NAMESILO, LLC
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4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following revised standards are effective for the annual periods noted with earlier application permitted. The Company also has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (“IFRS 9”), which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”) and all previous versions of IFRS 9. The new standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company intends to adopt IFRS 9 in its consolidated financial statements for the fiscal year beginning January 1, 2018. The extent of the impact of adoption has not yet been determined.

Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 15 in its consolidated financial statements for the fiscal year beginning January 1, 2018. The extent of the impact of adoption has not yet been determined.

Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption has not yet been determined.

5. DIGITAL CURRENCIES

The Company has the following digital currencies:

	2017		2016		2015	
	#	Fair Value	#	Fair Value	#	Fair Value
Bitcoin	247	\$ 3,419,742	332	\$ 319,731	170	\$ 73,108
Bitcoin Gold	319	-	-	-	-	-
Bitcoin Cash	316	748,871	-	-	-	-
		\$ 4,168,613		\$ 319,731		\$ 73,108

The Company has recorded re-valuation gains in other comprehensive income of:

2017	\$ 157,942
2016	\$ 5,070,300

The Company also recorded a realized gain on disposition and transferred from accumulated other comprehensive income to retained earnings \$1,369,737 during 2017.

NAMESILO, LLC
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The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices or lack of an active market for the digital currencies would have a significant impact on the Company's other comprehensive income and financial position.

The Company uses Blockchain.info as the exchange to transact in bitcoin and bitcoin cash.

The Company intends to transfer all the digital currencies held at December 31, 2017 to the members as a distribution within six months of the year-end. The digital currencies have been recorded as an asset held for distribution to the members and classified as a current asset in the current year.

6. FAIR VALUE MEASUREMENT

Estimates of the fair value of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. At December 31, 2017, the Company's financial instruments include cash and cash equivalents and accounts payable and accrued liabilities. Cash and cash equivalents and accounts payable are recognized on the statement of financial position at their carrying value which approximated their fair value due to their short-term nature.

All financial instruments measured at fair value are categorized into a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
December 31, 2017	\$	\$	\$	\$
Cash and cash equivalents	386,533	-	-	386,533
	386,533	-	-	386,533
<hr/>				
	Level 1	Level 2	Level 3	Total
December 31, 2016	\$	\$	\$	\$
Cash and cash equivalents	306,033	-	-	306,033
	306,033	-	-	306,033
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	Level 1	Level 2	Level 3	Total
December 31, 2015	\$	\$	\$	\$
Cash and cash equivalents	262,247	-	-	262,247
	262,247	-	-	262,247

NAMESILO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its activities such as market risk, credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Management establishes and executes the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

a. Interest rate risk

The Company's cash and cash equivalents is held in bank accounts and due to the short-term nature of these financial instruments, fluctuations in market interest rates do not have significant impact on the fair value as at December 31, 2017.

The Company's sensitivity to interest rates is currently immaterial due to the short-term maturity of its monetary assets and liabilities.

b. Foreign currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

As at December 31, 2017, the Company did not hold any financial assets or liabilities in foreign currencies.

c. Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk. The credit risk on cash and cash equivalents is considered small because the majority of funds have been placed with accredited US financial institutions.

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(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet liabilities when due.

8. CAPITAL MANAGEMENT

The Company considers its capital structure to include working capital and members' capital. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company is reasonable.

The Company is not subject to any external capital restrictions and the Company did not change its approach to capital management during the period.

9. MEMBERS' CAPITAL

In December 2017, the Company's members agreed to distribute digital currency to its members as a non-cash distribution. The distribution was measured at the fair value of the digital currency agreed to be distributed (\$2,417,631). A distribution of \$1,208,815 was made in December 2017 and a further \$1,208,816 distribution payable was recorded. Due to a decline in value at December 31, 2017 of the digital currency to be distributed the distribution payable and the distribution provided for or paid recorded in the statements of changes in members' capital were reduced by \$129,373.

10. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to parties not at arm's length to the Company for the years ending December 31, 2017 and 2016 are:

	Year ended December 31,	
	2017	2016
	\$	\$
Consulting fees to a related company	321,301	224,750
Hosting fees to a related company	19,900	17,400
	341,201	242,150

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

There were no post-employment benefits, termination benefits or other long-term benefits paid to key management personnel for the years ended December 31, 2017 and 2016.

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For the years ended December 31, 2017 and 2016
(Expressed in United States Dollars)

11. SEGMENTED REPORTING

The Company operates in a single reporting segment, domain services.

During the years ended December 31, 2017 and 2016, no customer accounted for more than 10% of total revenue.

The Company operates in a single geographic region, the United States of America, because it is impracticable to determine the country of the customer.

12. SUBSEQUENT EVENTS

Subsequent to the year-end the Company distributed digital currency to the members:

- 75 bitcoin to settle the distribution payable at December 31, 2017 valued at \$846,000 on the date of distribution.
- 300 bitcoin cash as a distribution in 2018 valued at \$525,000 on the date of distribution.
- 120 bitcoin as a distribution in 2018 valued at \$1,035,000 on the date of distribution.

On the distribution of the 75 bitcoin to settle the distribution payable at December 31, 2017 the distribution originally recorded for 2017 will be reduced by \$233,443 resulting in an increase in retained earnings of the same amount.

A distribution of \$1,560,000 will be recorded in 2018 to reflect the value of the 300 bitcoin cash and 120 bitcoin distributed to the members. This will reduce retained earnings by \$1,560,000.

The value of bitcoin and bitcoin cash has declined since December 31, 2017. The decline in value between the year-end date and the date of distribution of the above digital currency was approximately \$1,005,000. This reduction in value will be recorded as a digital currency revaluation in other comprehensive income and reduce accumulated other comprehensive income.

The realized gain occurring on the distribution of the digital currency will be transferred from accumulated other comprehensive income to retained earnings. The estimated amount of the realized gain is \$2,175,000.

NAMESILO, LLC
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(Unaudited – Expressed in United States Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the second quarter 2018 report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

NAMESILO, LLC
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in United States Dollars)

	Note	June 30, 2018 \$	December 31, 2017 \$
Assets			
Current assets			
Cash and cash equivalents		1,496,075	386,533
Registry deposits		1,027,837	1,711,827
Prepaid domain name registry fees, current portion		7,203,405	4,769,600
Digital currency – held for distribution to members	5	406,413	4,168,613
		10,133,730	11,036,573
Prepaid domain name registry fees, long-term portion		609,016	593,994
Total assets		10,742,746	11,630,567
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		121,911	159,755
Customer deposits		634,025	345,083
Deferred revenue, current portion		8,174,225	5,541,166
Distribution payable	6	-	1,079,443
		8,930,161	7,125,447
Deferred revenue, long-term portion		651,094	660,147
		9,581,255	7,785,594
Members' capital			
Members' capital		403,700	403,700
Accumulated other comprehensive income		212,901	3,876,493
Retained earnings (accumulated deficit)		544,890	(435,220)
		1,161,491	3,844,973
Total liabilities and member's capital		10,742,746	11,630,567

Approved and authorized on behalf of the Managers on October 25, 2018:

“Kristaps Ronka” Manager

“Paul Andreola” Manager

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

NAMESILO, LLC
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE (LOSS) INCOME
For the three and six months ended June 30, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

	Note	Three months ended		Six months ended	
		2018	June 30, 2017	2018	June 30, 2017
		\$	\$	\$	\$
Revenue		2,389,623	1,943,099	4,364,957	3,730,270
Cost of sales		2,238,879	1,733,857	3,973,165	3,325,572
Gross profit		150,744	209,242	391,792	404,698
Expenses					
Consulting fees	7	94,186	69,601	180,878	169,601
Dues and subscriptions		4,241	1,370	6,766	2,926
Hosting fees	7	6,182	6,193	12,373	12,450
Office and general		8,602	337	18,323	1,571
Professional fees		33,825	9,550	42,080	12,218
		147,036	87,052	260,420	198,766
Net income for the period		3,708	122,190	131,372	205,932
Other comprehensive (loss) income					
Digital currency revaluation	5	(43,160)	200,898	(1,483,198)	274,010
Comprehensive (loss) income for the period		(39,452)	323,088	(1,351,826)	479,942

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

NAMESILO, LLC
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
(Unaudited – Expressed in United States Dollars)

	Members' Capital \$	Accumulated Other Comprehensive Income (Note 5) \$	Retained Earnings (Accumulated Deficit) \$	Total \$
Balance, December 31, 2016	403,700	175,930	48,062	627,692
Net income for the period	-	-	205,932	205,932
Digital currency revaluation	-	272,010	-	272,010
Balance, June 30, 2017	403,700	447,940	256,994	1,105,632
Net income for the period	-	-	226,307	226,307
Digital currency revaluation	-	4,798,290	-	4,798,290
Realized gain on digital currency	-	(1,369,737)	1,369,737	-
Distribution provided for or paid	-	-	(2,288,258)	(2,288,258)
Balance, December 31, 2017	403,700	3,876,493	(435,220)	3,844,973
Net income for the period	-	-	131,372	131,372
Digital currency revaluation	-	(1,483,498)	-	(1,483,498)
Realized gain on digital currency	-	(2,180,394)	2,180,394	-
Distribution paid	-	-	(1,331,656)	(1,331,656)
Balance, June 30, 2018	403,700	212,901	544,890	1,161,491

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

NAMESILO, LLC
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

	2018	2017
	\$	\$
Operating activities:		
Net income for the period	131,372	205,932
Changes in non-cash working capital related to operations:		
Registry deposits	683,990	461,722
Digital currency	(132,097)	(181,939)
Prepaid domain name registry fees	(2,448,827)	(666,458)
Accounts payable and accrued liabilities	(37,844)	(72,480)
Customer deposits	288,942	185,278
Deferred revenue	2,624,006	739,693
Net cash provided by operating activities	1,109,542	671,747
Change in cash and cash equivalents during the period	1,109,542	671,747
Cash and cash equivalents – beginning of the period	386,533	306,033
Cash and cash equivalents – end of the period	1,496,075	977,781

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

NAMESILO, LLC
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

1. NATURE OF OPERATIONS

NameSilo LLC (the “Company”) is a limited liability company incorporated in the United States of America with limited liability under the legislation of the State of Arizona. The head office and principal address is Suite A-110 1300 E Missouri Avenue, Phoenix, Arizona 85014.

The Company is a provider of domain name registration services and marketplace services for the buying and selling of domain names.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, using the same accounting policies as detailed in the Company’s audited consolidated financial statements for the year ended December 31, 2017. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited consolidated financial statements for the year ended December 31, 2017.

These condensed interim consolidated financial statements were approved by the Managers on October 25, 2018.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Namesilo Canada Inc., incorporated in the Province of Ontario on February 9, 2017. All significant intercompany balances and transactions have been eliminated upon consolidation.

(d) Functional and presentation currency

These condensed interim consolidated financial statements are presented in United States dollars, which is the functional currency of the Company and its subsidiary.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

NAMESILO, LLC
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant estimates and judgements made in the preparation of these consolidated financial statements include, but are not limited to, the following areas:

Functional currency

The Company has used judgment in determining the currency of the primary economic environment in which the entity operates.

Digital currency

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for digital currencies and management has exercised significant judgement in determining appropriate accounting treatment. In making this determination on the accounting for the digital currencies the Company has reviewed the sources and uses of the digital currencies in the operations of its business. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following revised standards are effective for the annual periods noted with earlier application permitted. The Company also has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9"), which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and all previous versions of IFRS 9. The new standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company intends to adopt IFRS 9 in its consolidated financial statements for the fiscal year beginning January 1, 2018. The adaption of this standard is not expected to have material impact on the Company's financial statements.

Revenue recognition

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt IFRS 15 in its consolidated financial statements for the fiscal year beginning January 1, 2018. The adaption of this standard is not expected to have material impact on the Company's financial statements.

Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of adoption has not yet been determined.

NAMESILO, LLC
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

5. DIGITAL CURRENCIES

The Company has the following digital currencies:

	June 30, 2018		December 31, 2017	
	#	Fair Value	#	Fair Value
Bitcoin	62	\$ 394,637	247	\$ 3,419,742
Bitcoin Cash	16	11,776	316	748,871
		\$ 406,413		\$4,168,613

The Company has recorded re-valuation losses in other comprehensive loss of \$1,483,198 for the three and six months ended June 30, 2018 (2017 – gains of \$274,010).

The Company also recorded a realized gain on disposition and transferred from accumulated other comprehensive income to retained earnings \$2,180,394 during the period ended June 30, 2018 (\$1,369,737 during the year ended December 31, 2017).

The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices or lack of an active market for the digital currencies would have a significant impact on the Company's other comprehensive income and financial position.

The Company uses Blockchain.info as the exchange to transact in bitcoin and bitcoin cash.

The Company intends to transfer all the digital currencies held at June 30, 2018 to the members as a distribution within three months of the period-end. The digital currencies have been recorded as an asset held for distribution to the members and classified as a current asset in the current period.

6. MEMBERS' CAPITAL

In December 2017, the Company's members agreed to distribute digital currency to its members as a non-cash distribution. The distribution was measured at the fair value of the digital currency agreed to be distributed (\$2,417,631). A distribution of \$1,208,815 was made in December 2017 and a further \$1,208,816 distribution payable was recorded. Due to a decline in value at December 31, 2017 of the digital currency to be distributed the distribution payable and the distribution provided for or paid recorded in the statements of changes in members' capital were reduced by \$129,373. During the period ended June 30, 2018, the Company distributed 75 bitcoin to the members in satisfaction of the distribution payable. Due to a decline in value of bitcoin at the date of distribution, distributions paid was reduced by a further \$233,254 to reflect this decline in value.

During the period ended June 30, 2018, the Company also distributed 120 bitcoin valued at \$1,040,270 and 300 bitcoin cash valued at \$524,640 to the members.

NAMESILO, LLC
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 2018 and 2017
(Unaudited – Expressed in United States Dollars)

7. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to parties not at arm's length to the Company for the three and six months ending June 30, 2018 and 2017 are:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting fees to a related company	89,360	69,601	176,052	169,601
Hosting fees to a related company	4,950	4,950	9,900	9,900
	94,310	74,551	185,952	179,501

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

There were no post-employment benefits, termination benefits or other long-term benefits paid to key management personnel for the three and six months ended June 30, 2018 and 2017.

8. SEGMENTED REPORTING

The Company operates in a single reporting segment, domain services.

During the three and six months ended June 30, 2018 and 2017, no customer accounted for more than 10% of total revenue.

The Company operates in a single geographic region, the United States of America, because it is impracticable to determine the country of the customer.