NAMESILO TECHNOLOGIES CORP.
(formerly Brisio Innovations Inc.)

Consolidated Financial Statements
(Expressed in Canadian dollars)

December 31, 2018 and 2017

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Independent Auditor's Report

To the Shareholders of NameSilo Technologies Corp. (Formerly Brisio Innovations Inc.)

Opinion

We have audited the consolidated financial statements of NameSilo Technologies Corp. (Formerly Brisio Innovations Inc.) ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017 and the consolidated statements of comprehensive loss, changes in 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Keith L. Gagnon.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
April 30, 2019

NAMESILO TECHNOLOGIES CORP.

(formerly Brisio Innovations Inc.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	December 31, 2018 $	December 31, 2017 $ (Restated – Note 11)
ASSETS			
Current assets			
Cash and cash equivalents		**1,299,847**	49,145
Receivables		**127,781**	31,522
Prepaid expenses		**8,390**	8,117
Registry deposits		**3,563,424**	-
Prepaid domain name registry fees, current portion		**11,561,185**	-
		16,560,627	88,784
Prepaid domain name registry fees, long-term portion		**577,958**	-
Digital currency	5	**116,341**	-
Convertible notes	6	**-**	581,235
Investments	7	**2,922,963**	3,810,580
Equipment	8	**8,358**	-
Brand	9	**826,244**	-
Customer relationships	10	**8,020,143**	-
Goodwill	4	**8,670,931**	-
		37,703,565	4,480,599
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**762,010**	245,383
Customer deposits		**875,426**	-
Deferred revenue, current portion	12	**13,820,230**	-
Loans payable	13	**11,429,977**	-
Convertible debenture – liability portion	14	**273,296**	-
		27,160,939	245,383
Deferred revenue, long-term portion	12	**581,392**	-
Deferred income tax liability	21	**2,105,010**	-
		29,847,341	245,383
SHAREHOLDERS' EQUITY			
Share capital	15	**28,237,045**	21,539,936
Subscription advances		**18,608**	-
Convertible debt – equity portion	14	**15,808**	-
Contributed surplus		**1,463,016**	1,251,950
Accumulated other comprehensive income		**596,307**	-
Deficit	11	**(25,485,420)**	(18,556,670)
Total equity attributable to shareholders of the Company		**4,845,364**	4,235,216
Attributable to non-controlling interest		**3,010,860**	-
		7,856,224	4,235,216
		37,703,565	4,480,599

Nature of operations and going concern (note 1)
Subsequent events (notes 2, 15 and 22)

Approved on behalf of the Board

"Paul Andreola"	**Director**	"Colin Bowkett"	**Director**

The notes are an integral part of these consolidated financial statements

NAMESILO TECHNOLOGIES CORP.

(formerly Brisio Innovations Inc.)

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Notes	2018 $	2017 $ (Restated – Note 11)
REVENUE		9,868,847	46
COST OF SALES		(8,618,093)	(563)
GROSS PROFIT (LOSS)		1,250,754	(517)
GENERAL AND ADMINISTRATION EXPENSES			
Amortization	8, 9, 10	1,000,838	-
Consulting fees		35,888	-
Management fees	16	100,000	72,000
Office and general		571,191	105,224
Professional fees	16	213,326	36,667
Transfer agent and filing		51,641	19,974
		1,972,884	233,865
Loss before other items		(722,130)	(234,382)
OTHER ITEMS			
Accretion expense on convertible notes	14	(19,503)	-
Change in fair value of convertible note	6	-	440,558
Foreign exchange (loss) gain		(208,035)	8,510
Interest and loan accretion expense	13, 14	(1,245,245)	-
Interest income		14,017	-
Realized loss on digital currency	5	(13,722)	-
Loss on investments	6, 7	(1,616,792)	(1,589,401)
Write-off of investments	7	(78,500)	-
Share-based payment	16	(3,183,270)	(238,789)
		(6,351,050)	(1,379,122)
Loss before income tax		(7,073,180)	(1,613,504)
Deferred income tax recovery (expense)	21	120,000	(43,022)
Net loss		(6,953,180)	(1,656,526)
Other comprehensive income			
Exchange difference on subsidiary translation		731,665	-
Total comprehensive loss		(6,221,515)	(1,656,526)
Loss attributable to:			
Shareholders of the Company		(6,928,750)	(1,656,526)
Non-controlling interest		(24,430)	-
		(6,953,180)	(1,656,526)
Comprehensive income (loss) attributable to:			
Shareholders of the Company		(6,332,443)	(1,656,526)
Non-controlling interest		110,928	-
		(6,221,515)	(1,656,526)
Basic and diluted loss per share		(0.14)	(0.05)
Weighted average number of shares outstanding		49,736,697	35,701,889

The notes are an integral part of these consolidated financial statements

NAMESILO TECHNOLOGIES CORP.

(formerly Brisio Innovations Inc.)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Number of Shares #	Share Capital $	Subscription advances $	Convertible Debenture – Equity Component $	Contributed Surplus $	AOCI $ (Restated – Note 11)	Deficit $ (Restated – Note 11)	NCI $	Total $
Balance, January 1, 2017	29,061,828	20,393,294	-	-	1,046,628	-	(16,900,144)	-	4,539,778
Issue of share capital, net	7,446,165	1,146,642	-	-	(33,467)	-	-	-	1,113,175
Share based payment	-	-	-	-	238,789	-	-	-	238,789
Net loss for the year	-	-	-	-	-	-	(1,656,526)	-	(1,656,526)
Balance, December 31, 2017	36,507,993	21,539,936	-	-	1,251,950	-	(18,556,670)	-	4,235,216
Issue of share capital, net	16,719,243	5,115,665	-	-	-	-	-	-	5,115,665
Finders' fee – shares	243,075	85,077	-	-	-	-	-	-	85,077
Share issuance cost – cash	-	(125,065)	-	-	-	-	-	-	(125,065)
Share issuance costs – shares		(85,077)							(85,077)
Bonus shares issued pursuant to loan payable	3,750,000	1,312,500	-	-	-	-	-	-	1,312,500
Shares issued as earnout payment pursuant to acquisition of NameSilo LLC	529,499	180,030	-	-	-	-	-	-	180,030
Exercise of options	740,000	208,421	-	-	(102,671)	-	-	-	105,750
Exercise of warrants	20,088	5,558	-	-	-	-	-	-	5,558
Subscriptions received	-	-	18,608	-	-	-	-	-	18,608
Share-based payment	-	-	-	-	283,338	-	-	-	283,338
Convertible debenture	-	-	-	15,808	30,399	-	-	-	46,207
Contributions by non-controlling interest	-	-	-	-	-	-	-	2,899,932	2,899,932
Net and comprehensive loss for the year	-	-	-	-	-	596,307	(6,928,750)	110,928	(6,221,515)
Balance, December 31, 2018	**58,509,898**	**28,237,045**	**18,608**	**15,808**	**1,463,016**	**596,307**	**(25,485,420)**	**3,010,860**	**7,856,224**

The notes are an integral part of these consolidated financial statements

NAMESILO TECHNOLOGIES CORP.

(formerly Brisio Innovations Inc.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Year Ended December 31,	2018 $	2017 $
CASH FLOWS PROVIDED BY (USED IN):		
Operating activities		
Net loss for the year	**(6,953,180)**	(1,656,526)
Adjustment for items not involving cash:		
Accretion expense on convertible note	**19,503**	-
Amortization	**1,000,838**	-
Change in fair value of convertible note	**-**	(440,558)
Deferred income tax expense (recovery)	**(120,000)**	43,022
Foreign exchange loss	**208,035**	-
Interest expense and loan accretion	**1,225,190**	-
Interest income	**(14,007)**	-
Share-based payment	**3,183,270**	238,789
Write-off of investments	**78,500**	-
Loss on sale of investment	**1,616,791**	1,589,401
Realized loss on digital currency	**13,722**	-
	258,662	(225,872)
Changes in non-cash working capital related to operations:		
Receivables	**(96,259)**	(2,766)
Prepaid expenses	**(273)**	(650)
Registry deposits	**(810,266)**	-
Prepaid domain name registry fees	**847,805**	-
Digital currency	**(687)**	-
Accounts payable and accrued liabilities	**172,343**	15,674
Customer deposits	**55,798**	-
Deferred revenue	**(495,969)**	-
Net cash used in operating activities	**(68,846)**	(213,614)
Investing activities		
Repayment (purchase) of convertible note	**109,132**	(197,500)
Sale of investments	**-**	325,705
Acquisition of NameSilo LLC, net of cash acquired	**(15,220,835)**	-
Purchase of equipment	**(8,517)**	
Purchase of investments	**(290,000)**	(1,000,175)
Net cash used in investing activities	**(15,410,220)**	(871,970)
Financing activities		
Convertible debenture	**300,000**	-
Subscription advances	**18,608**	-
Loans payable	**11,347,916**	-
Issuance of common shares, net of issuance costs	**5,101,908**	1,113,175
Net cash provided by financing activities	**16,768,432**	1,113,175
Foreign exchange on cash	**(38,664)**	-
Increase in cash during the year	**1,250,702**	27,591
Cash – beginning of the year	**49,145**	21,554
Cash – end of the year	**1,299,847**	49,145
Cash paid for interest	-	-
Cash paid for income tax	-	-

Supplemental cash flow information (Note 20)

The notes are an integral part of these consolidated financial statements

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

NameSilo Technologies Corp. (formerly Brisio Innovations Inc.) (the "Company") is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. On December 3, 2018, the Company changed its name from Brisio Innovations Inc. to NameSilo Technologies Corp. The Company's shares are listed on the Canadian Securities Exchange ("CSE"). The head office and principal address is 409 Granville Street, Suite 1052, Vancouver, BC, Canada, V6C 1T2. 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.

For the year ended December 31, 2018, the Company had a net loss of $6,953,180 (2017 – $1,656,526), has a working capital deficit of $10,600,312 (2017 - $156,599), and has an accumulated deficit of $25,485,420 (2017 - $18,556,670). These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon generating positive cash flows from operations, earning sufficient returns on its investments, and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. BASIS OF PREPARATION

(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 Board of Directors on April 29, 2019.

(b) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the following subsidiaries subject to control by the Company:

		Percentage owned	
	Incorporated in	**December 31, 2018**	**December 31, 2017**
Green River Petroleum (USA) Inc.	USA	100%	100%
Netco Argentina S.A.	Argentina	100%	100%
1161217 BC Ltd.	Canada	100%	0%
1155064 BC Ltd.	Canada	100%	0%
NameSilo, LLC ("NameSilo LLC")	USA	81.5%	0%
NameSilo Canada Inc.	Canada	81.5%	0%

Green River Petroleum (USA) Inc. and 1161217 BC Ltd. have been dissolved subsequent to December 31, 2018.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(c) Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

The functional currency of the Company, Green River Petroleum (USA) Inc., Netco Argentina S.A., 1161217 BC Ltd., 1155064 BC Ltd. and NameSilo Canada Inc. is the Canadian dollar. The functional currency of NameSilo, LLC is the US dollar. The presentation currency of the Company is the Canadian dollar.

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income as cumulative translation differences.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(d) Basis of measurement

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

(e) Use of estimates and judgments

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.

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 accounting estimates:

a. The judgment of indications of impairment of each asset and related determination of the net realizable value and write-down of these assets where applicable;
b. The tax basis of assets and liabilities and related deferred income tax assets and liabilities;
c. The inputs used in determining the valuation of share purchase warrants owned by the Company; and
d. The fair value of the convertible note.

Significant accounting judgments:

a. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
b. The Company has used judgment in determining the currency of the primary economic environment in which each entity operates. In making such determination, the management has considered the currency that mainly influences the sale prices and the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained;
c. 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;

d. The acquisition of NameSilo LLC was accounted for as a business combination at fair value in accordance with IFRS 3, *Business Combinations*. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a preliminary purchase price allocation. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value, and also relies on work performed by third-party valuation specialists. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied; and

e. The going concern risk assessment (see note 1).

3. 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) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(b) Financial instruments

Recognition and classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income.

<u>Financial assets at FVTOCI</u>
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income.

<u>Financial assets and liabilities at amortized cost</u>

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost
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 profit or 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.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

(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) 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.

(e) 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.

(f) 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 re-valuation 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.

(g) Investments in associates

An associate is an entity over which the Company has significant influence. If the Company holds, directly or indirectly (i.e. through subsidiaries), 20% or more of the voting power of the investee, it is presumed the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

If the Company has significant influence over an investee, it accounts for its investment in an associate using the equity method. Under the equity method, on initial recognition, the investment in an associate is recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss of the investee after the date of acquisition. The Company’s share of the investee’s profit or loss is recognized in the Company’s profit or loss.

Distributions received from an investee reduce the carrying amount of the investment. It may also be necessary to adjust the carrying amount for changes in the Company’s proportionate interest in the investee arising from changes in the investee’s other comprehensive income. The Company’s share of those changes is recognized in other comprehensive income.

(h) Furniture and equipment

Furniture and equipment is stated at cost, less accumulated amortization. Amortization is provided using the straight-line method over a useful life of five years.

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

The Company has determined the useful life of the brand to be 5 years and the customer relationships to be 7 years.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognised.

(j) Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible assets acquired. Goodwill is not subject to amortization and an impairment test is performed annually or as events occur that could indicate impairment. Goodwill is reported at cost less any impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (“cash generating units” or “CGU”s). To test for impairment, goodwill is allocated to each of the Company’s CGUs, groups of CGUs, or an operating segment expected to benefit from the acquisition. Goodwill is tested by combining the carrying amounts of equipment and leasehold improvements, intangible assets and goodwill and comparing this to the recoverable amount. Fair value less costs of disposal is price to be received in an orderly transaction between market participants. Value in use is assessed using the present value of the expected future cash flows. Any excess of the carrying amount over the recoverable amount is recorded as impairment. Impairment charges, which are not tax affected, are recognized in in profit or loss and are not reversed.

(k) Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of their carrying amount to the recoverable amount. The recoverable amount is the higher of the fair value less selling costs or the value in use. Value in use is determined by the present value of the future cash flows from the asset. If the recoverable amount is less than the carrying amount, then there is impairment. Where an impairment loss exists, the portion of the carrying amount exceeding the recoverable amount is recorded as an expense immediately. Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstance indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. The reversal is recognized in profit or loss immediately.

(l) Customer deposits

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

(m) 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.

(n) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

<u>Valuation of equity units issued in private placements</u>
The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

(o) 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. Control of the promised product or service is transferred to customers in an amount reflecting consideration we expect to be entitled to for such purchases.

The Company's revenues are derived from domain name registration fees and the sales of domain names. Amounts received in advance of meeting the revenue recognition criteria described below are recorded as deferred revenue. We have determined that our contracts do not include a significant financing component.

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.

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.

(p) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. The amount remains in contributed surplus if the options expire unexercised.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that if the income tax expense related to items recognized directly in equity, the income tax expense would also be recognized in equity. Current tax is the expected tax payable on the taxable income for the period, 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 using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, 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 to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

(r) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(s) Transition to IFRS 9

The Company adopted IFRS 9, *Financial Instruments: Classification & Measurement* on January 1, 2018. The adoption of the standard was applied retrospectively and the opening statement of financial position as of January 1, 2017 was adjusted.

(Expressed in Canadian Dollars)

On transition to IFRS 9, the Company's financial assets were classified into the following categories:

- FVTPL – Cash and cash equivalents, convertible notes and investments
- FVOCI – None
- Amortized Cost – Accounts receivable

The only change in classification was to the Company's investments which were previously classified as available for sale. Since the available for sale classification already required the investments to be recorded on the statement of financial position at fair value, there was no adjustment to the carrying value of the investments. The change in classification will result in past and future unrealized gains and losses on the Company's investments being recorded in profit and loss before tax instead of in other comprehensive income and loss net of tax. The accumulated unrealized gains and losses on the Company's investments will be included in deficit instead of accumulated other comprehensive income/loss.

Refer to Note 11 for quantitative details pertaining to the adoption of this standard.

(t) Changes in accounting policies

The Company adopted the following new standards and interpretations issued by the IASB effective January 1, 2018. The adoption of these standards had no impact on the Company's consolidated financial statements with the exception of IFRS 9 (note 11).

IFRS 9	*Financial Instruments: Classification & Measurement* (note 11)
IFRS 15	*Revenue from Contracts with Customers*
IFRS 2 (Amendment)	*Clarification of Classification & Measurement of Share-Based Payment Transactions*

The following standards and interpretations have been issued but are not yet effective. The Company is currently assessing the impact that these standards will have on the consolidated financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period. The extent of the impact of adoption has not yet been determined.

Effective annual periods beginning on or after January 1, 2019:	
IFRS 16	*Leases*

4. ACQUISITION OF NAMESILO LLC

On August 1, 2018, the Company completed the acquisition of NameSilo LLC, whereby the Company has acquired all of the issued and outstanding securities of NameSilo LLC on terms as follows:

- USD$9,511,500 (CAD$12,422,300) was paid in cash on closing; and
- An earn-out payment of USD$2,499,047 was satisfied by USD$2,360,743 (CAD$3,072,978) in cash and 529,499 common shares of the Company

(Expressed in Canadian Dollars)

The transaction was accounted for as a business combination, as the operations of NameSilo LLC meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs of $39,089 were expensed. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets represented the sales and growth potential of NameSilo LLC. Goodwill recorded is allocated in its entirety to NameSilo LLC.

The consideration transferred was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Company has allocated the preliminary purchase price as follows:

	$
Cash	15,495,278
529,499 common shares of the Company	180,030
Fair value of consideration	15,675,308
Cash	274,443
Digital currency	129,376
Registry deposits	2,753,158
Prepaid domain name registry fees	12,985,026
Brand	860,424
Customer relationships (not deductible for tax purposes)	8,585,984
Goodwill (not deductible for tax purposes)	8,273,678
Accounts payable and accrued liabilities	(344,283)
Customer deposits	(819,628)
Deferred revenue	(14,899,797)
Deferred income tax liability	(2,123,073)
	15,675,308

The fair value of the 529,499 common shares issued ($180,030) was determined based on the fair value of the Company's shares immediately prior to the completion of the acquisition.

The operating results for NameSilo LLC have been recognized in the consolidated statement of comprehensive loss beginning on August 1, 2018, the effective date of control. During the year ended December 31, 2018, the Company recorded revenues of $9,868,847 and net loss of $252,053 related to NameSilo LLC.

In August 2018, the Company entered into a share purchase agreement with 1161217 B.C. Ltd. (the "Digital Service Company") and the shareholders of the Digital Service Company. In consideration of the Digital Service Company, the Company has transferred 18.5% of the member interest of NameSilo LLC to the shareholders of the Digital Service Company. The value of the 18.5% of the member interest of NameSilo LLC was determined to be $2,899,932 and is accounted for as a non-controlling interest.

5. DIGITAL CURRENCY

The Company holds 22 bitcoins with a fair value of $116,341 (USD$85,281) as at December 31, 2018.

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.

6. CONVERTIBLE NOTES

On September 12, 2016, the Company completed an investment in ImmunoPrecise Antibodies Ltd. ("IPA"). The Company subscribed for a convertible note in the principal amount of $97,500 (the "Convertible Note"). The Convertible Note earned interest at a rate of 5% per annum, calculating and accruing daily from the date of issue, payable in arrears on an annual basis commencing on September 12, 2016, and matured on September 12, 2017. Such interest was to be paid in Canadian currency or common shares in accordance with the terms.

On March 16, 2017, the Convertible Note was converted into 650,000 units of IPA at a price of $0.15 per unit. The Company was issued 650,000 common shares of IPA and 650,000 warrants which entitled the Company to acquire one additional share of IPA at a price of $0.30 per share for a period of 12 months from the date of issue. The fair value of the Convertible Note on conversion date comprised the fair value of the shares and the fair value of the warrants determined by the use of the Black-Scholes option-pricing model with the following assumptions: dividend yield 0%; expected annual volatility 282%; risk-free interest rate 0.64%; market share price of $1.24; and expected life of 1 year. Expected volatility was based on the volatility of similar companies. As a result, the change in fair value of the Convertible Note was $56,823. In February 2018, the Company exercised 650,000 warrants of IPA at a price of $0.30 per share for a total of $195,000.

On August 9, 2017, the Company completed an investment in Atlas Engineered Products Ltd. ("Atlas"). The Company subscribed for a convertible note in the principal amount of $97,500 (the "Convertible Note2"). The Convertible Note2 earned interest at a rate of 5% per annum, calculating and accruing daily from the date of issue, payable in arrears on an annual basis commencing on August 9, 2017, and matured on August 9, 2018. Such interest was to be paid in Canadian currency or common shares in accordance with the terms.

Since Atlas completed a reverse takeover to list on stock exchange ("Pubco"), the principal amount of the Convertible Note2 became convertible into 487,500 units of Pubco at $0.20 per unit. Each Unit consists of one common share of Pubco (a "Pubco Share") and one share purchase warrant ("Pubco Warrant"). Each Pubco Warrant entitles the Company to acquire one additional Pubco Share at a price of $0.40 per share for a period of twelve months from the date of issue.

At December 31, 2017, the Convertible Note2 was revalued to the fair value of $481,235 due to the conversion feature embedded in the Convertible Note2. As a result, the change in fair value of the Convertible Note2 was $383,735. The estimated fair value of the Convertible Note2 comprised the fair value of the shares and the fair value of the warrants determined by the use of the Black-Scholes option-pricing model with the following assumptions: Dividend yield 0%; expected annual volatility 100%; risk-free interest rate 1.52%; market share price of $0.65; and expected life of 1 year. Expected volatility was based on the volatility of similar companies.

On August 9, 2018, the Convertible Note2 was converted into 498,579 units of Pubco at a price of $0.20 per unit. The Company was issued 498,579 common shares of Pubco and 498,579 warrants which entitle the Company to acquire one additional share of Pubco at a price of $0.40 per share for a period of 12 months from the date of issue.

On December 12, 2017, the Company received a promissory note from Nanalysis Corp. (“Nanalysis”) for advancing a principal amount of $100,000 (the “Convertible Note3”). The purpose of the Convertible Note3 was to assist Nanalysis with a proposed business combination. The Convertible Note3 earned simple, non-compounding interest at a rate of 11% per annum. As the proposed business combination has been terminated, the principal amount plus accrued interest becomes due and payable in full on July 1, 2021. On October 26, 2018 the principal amount plus accrued interest was repaid in full.

(Expressed in Canadian Dollars)

7. INVESTMENTS

December 31, 2018

	Lite Access Technologies Inc.		Pioneering Technologies		Renoworks Software Inc.		NAMSYS Inc.		Allur Group		Total Telcom Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2018	319,099	$ 462,694	1,021,300	$ 868,105	137,000	$ 30,140	120,000	$ 76,800	523,332	$ 78,500	340,000	$ 105,400
Purchased	-	-	-	-	-	-	-	-	-	-	-	-
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(25,000)	(24,595)	(100,000)	(27,195)	-	-	-	-	-	-	-	-
Write-off	-		-		-	-	-	-	-	(78,500)	-	-
Gain (loss)	-	(323,400)	-	(767,206)	-	18,495	-	(10,800)	-	-	-	(60,875)
Balance, Dec 31, 2018	294,099	$ 114,699	921,300	$ 73,704	137,000	$ 48,635	120,000	$ 66,000	523,332	$ -	340,000	$ 44,525

	Vigil Health Solutions		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		Gatekeeper Systems Inc.		Gatekeeper Systems Inc. – Warrants		Innovotech Inc	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2018	750,000	$ 525,000	1,650,000	$ 990,000	650,000	$ 196,229	750,000	$ 97,500	375,000	$ 3,597	287,000	$ 41,615
Purchased	-	-	250,000	250,000	250,000	-	-	-	-	-	-	-
Converted	-	-	650,000	383,500	(650,000)	(188,500)	-	-	-	-	-	-
Proceeds from sale	-	-	-	-	-	-	(750,000)	(74,110)	-	-	(287,000)	(37,535)
Write-off	-	-	-		-	-	-		-	-	-	
Gain (loss)	-	(255,000)	-	187,000	-	53,603	-	(23,390)	-	(3,597)	-	(4,080)
Balance, Dec 31, 2018	750,000	$ 270,000	2,550,000	$ 1,810,500	250,000	$ 61,332	-	$ -	375,000	$ -	-	$ -

	Atlas Engineered Products Ltd.		Atlas Engineered Products		Ironwood Capital		
	Number	Amount	Number	Amount	Number	Amount	Total
Balance, Jan. 1, 2018	500,000	$ 335,000	-	$ -	-	$ -	$ 3,810,580
Purchased	-	-			200,000	40,000	290,000
Converted	498,579	314,105	498,579	-	-	-	509,105
Proceeds from sale	-	-	-	-	-	-	(163,435)
Write-off	-	-	-	-	-	-	(78,500)
Gain (loss)	-	(294,610)	-	19,073	-	20,000	(1,444,787)
Balance, Dec 31, 2018	998,579	$ 354,495	498,579	$ 19,073	200,000	$ 60,000	$ 2,922,963

NAMESILO TECHNOLOGIES CORP.

(formerly Brisio Innovations Inc.)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

December 31, 2017

	Lite Access Technologies Inc.		Intema Solutions Inc. – warrants		Renoworks Software Inc.		Allur Group		International Barrier Tech		Innovotech Inc.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2017	331,499	$ 623,218	2,000,000	$ -	100,000	$ 46,000	523,332	$ 78,500	17,500	$ 5,425	-	$ -
Purchased	-	-	-	-	37,000	15,850	-	-	100,000	35,000	291,000	22,410
Converted	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale	(12,400)	(20,526)	-	-	-	-	-	-	(117,500)	(58,163)	(4,000)	(540)
Warrants expired	-	-	(2,000,000)	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss)	-	17,962	-	-	-	-	-	-	-	17,423	-	231
Unrealized gain (loss)	-	(157,961)	-	-	-	(31,710)	-	-	-	315	-	19,513
Balance, Dec.31, 2017	319,099	$ 462,693	-	$ -	137,000	$ 30,140	523,332	$ 78,500	-	$ -	287,000	$ 41,614

	NAMSYS Inc		ImmunoPrecise Antibodies		ImmunoPrecise Antibodies – Warrants		Gatekeeper Systems Inc.		Gatekeeper Systems Inc. – Warrants		Vigil Heath Solutions	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, Jan. 1, 2017	100,000	$ 65,000	1,000,000	$ 1,290,000	-	$ -	-	$ -	-	$ -	-	$ -
Purchased	20,000	12,000	-	-	-	-	750,000	150,000	375,000	-	750,000	340,905
Converted	-	-	650,000	806,000	650,000	748,198	-	-	-	-	-	-
Proceeds from sale	-	-	-	-	-	-	-	-	-	-	-	-
Warrants expired	-	-	-	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized gain (loss)	-	(200)	-	(1,106,000)	-	(551,967)	-	(52,500)	-	3,597	-	184,095
Balance, Dec. 31, 2017	120,000	$ 76,800	1,650,000	$ 990,000	650,000	$ 196,231	750,000	$ 97,500	375,000	$ 3,597	750,000	$ 525,000

	Total Telcom Inc		Atlas Engineer Products Ltd.		Pioneering Tech – shares		Pioneering Tech – warrants		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Total
Balance, Jan. 1, 2017	-	$ -	-	$ -	665,500	$ 658,845	600,000	$ 447,347	$ 3,214,335
Purchased	340,000	74,010	500,000	200,000	-	-	-	-	850,175
Converted	-	-	-	-	-	-	-	-	1,554,198
Proceeds from sale	-	-	-	-	(244,200)	(246,476)	-	-	(325,705)
Warrants expired	-	-	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	600,000	150,000	(600,000)	-	150,000
Realized gain (loss)	-	-	-	-	-	203,538	-	-	239,154
Unrealized gain (loss)	-	31,390	-	135,000	-	102,198	-	(447,347)	(1,871,577)
Balance, Dec. 31, 2017	340,000	$ 105,400	500,000	$ 335,000	1,021,300	$ 868,105	-	$ -	$ 3,810,580

(Expressed in Canadian Dollars)

8. FURNITURE AND EQUIPMENT

	Furniture & Equipment
	$
Cost:	
Balance, January 1, 2018	-
Additions	8,517
Balance, December 31, 2018	**8,517**
Accumulated Amortization:	
Balance, January 1, 2018	-
Amortization	159
Balance, December 31, 2018	**159**
Net Book Value:	
December 31, 2017	-
December 31, 2018	**8,358**

9. BRAND

The brand was acquired as a result of the acquisition of NameSilo LLC. The brand is amortized using the straight-line method over the useful life of 5 years. The changes in the value of the brand during the year ended December 31, 2018 are as follows:

	$
Balance, December 31, 2017	-
Amount at date of acquisition	860,424
Amortization	(71,702)
Foreign exchange	37,522
Balance, December 31, 2018	826,244

10. CUSTOMER RELATIONSHIPS

The brand was acquired as a result of the acquisition of NameSilo LLC. The brand is amortized using the straight-line method over the useful life of 5 years. The changes in the value of the brand during the year ended December 31, 2018 are as follows:

	$
Balance, December 31, 2017	-
Amount at date of acquisition	8,585,984
Amortization	(928,977)
Foreign exchange	363,136
Balance, December 31, 2018	8,020,143

11. TRANSITION TO IFRS 9 – FINANCIAL INSTRUMENTS

(Expressed in Canadian Dollars)

The Company adopted IFRS 9, *Financial Instruments*, on January 1, 2018. The adoption of the standard was applied retrospectively and the opening statement of financial position as of January 1, 2017 was adjusted.
On transition to IFRS 9, the Company's financial assets were classified into the following categories:

- FVTPL – Cash and cash equivalents, convertible notes and investments
- FVOCI – None
- Amortized Cost – Accounts receivable

The only change in classification was to the Company's investments which were previously classified as available for sale. Since the available for sale classification already required the investments to be recorded on the statement of financial position at fair value, there was no adjustment to the carrying value of the investments. The change in classification will result in past and future unrealized gains and losses on the Company's investments being recorded in profit and loss before tax instead of in other comprehensive income and loss net of tax. The accumulated unrealized gains and losses on the Company's investments will be included in deficit instead of accumulated other comprehensive income/loss.

The only impact of the adoption to the transition statement of financial position at January 1, 2017 was to transfer the balance of AOCI of $2,269,855 to deficit resulting in a change to the deficit from $19,169,999 to $16,900,144. The impact of the retrospective application of IFRS 9 resulted in the following adjustments to net income previously reported for the year ended December 31, 2017:

Net income previously reported	$172,029
Unrealized loss on FVTPL	(1,828,555)
	$(1,656,526)

As a result of the adoption, the OCI loss was adjusted to $nil and there was no impact on the total comprehensive income. The retrospective application also resulted in a decrease to loss per share of $0.05 per share.

The adoption of the expected credit loss impairment model did not have a significant impact on the Company's financial statements.

12. DEFERRED REVENUE

Deferred revenue consists of the following as at December 31, 2018 and 2017:

	2018 $	2017 $
Current	13,820,230	-
Non-current	581,392	-
	14,401,622	-

The increase in the deferred revenue balance is primarily driven by payments received in advance of satisfying out performed obligations, affected by $9,868,847 of revenue recognized during 2018. The changes in the value of deferred revenue during the year ended December 31, 2018 are as follows:

(Expressed in Canadian Dollars)

	$
Balance, December 31, 2017	-
Amount at date of acquisition	14,899,797
Additions	9,370,672
Transferred to revenue	(9,868,847)
Balance, December 31, 2018	14,401,622

13. LOANS PAYABLE

On May 1, 2018, the Company received a bridge loan financing in the principal amount of $5,000,000. The loan bears interest at a rate of 8% per annum and was due on November 1, 2018. On June 21, 2018, the Company entered into an amended loan agreement which extended the maturity date to June 21, 2019.

On June 21, 2018, the Company received another bridge loan financing in the principal amount of $6,347,916 (USD$4,770,000). The loans bear interest at a rate of 8% per annum and are due on June 21, 2019.

As an incentive for the lenders entering into the loan agreements, the Company has issued as a bonus a total of 3,750,000 common shares to the lenders. The fair value of the common shares issued ($1,312,500) has been recorded as transaction costs against the value of the loans payable and is amortized over the term of the loans.

	$
Balance, December 31, 2017	-
Amount at date of issue	11,347,916
Transaction costs	(1,312,500)
Amortization of transaction costs	694,007
Interest expense	531,183
Foreign exchange	169,371
Balance, December 31, 2018	11,429,977

14. CONVERTIBLE DEBENTURE

On May 2, 2018, the Company issued a convertible debenture in the principal amount of $300,000. The debentures are secured on the assets of the Company, bear interest at a rate of 10% per annum, payable semi-annually and due eighteen months after closing. The debenture is convertible into common shares of the Company at a price of $0.50 per share. Further, the holder received a total of 300,000 detachable share purchase warrants. The warrants are exercisable at a price of $0.65 per share for a period of eighteen months from the date of issue.

For accounting purposes, the convertible debenture is separated into liability and equity components. The fair value of the liability component is calculated as the discounted cash flows for the exchangeable note assuming a 15% effective interest rate which is the estimated rate for convertible debentures without a conversion feature. The fair value of the equity component (conversion feature) is determined as the difference between the face value of the convertible debenture and the fair value of the liability component.

(Expressed in Canadian Dollars)

The fair value of the share purchase warrants is estimated to be $30,399 based on the Black-Scholes option pricing model. The following assumptions were used for the fair value determination of the warrants: dividend yield of 0%, expected volatility of 100.8%, a risk- free interest rate of 0.73% and an expected life of 1.5 years. The fair value of the share purchase warrants is allocated between the liability and equity components of the convertible debenture on a pro rata basis.

During the year ended December 31, 2018, the Company recorded accrued interest of $20,055 (2017 – $nil) on the convertible debenture. The changes in the value of the convertible debenture during the year ended December 31, 2018 are as follows:

	Liability Component ($)	**Equity Component ($)**
Balance, December 31, 2017	-	-
Amount at date of issue	282,409	17,591
Transaction costs	(28,616)	(1,783)
Accretion	19,503	-
Balance, December 31, 2018	273,296	15,808

15. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.
Unlimited number of preferred shares without par value.

(b) Issued

	December 31, 2018		December 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Common shares:				
Balance, beginning of year	36,507,993	$21,539,936	29,061,828	$20,393,294
Private placement	16,719,243	5,115,665	5,332,834	799,925
Bonus shares	3,750,000	1,312,500	-	-
Earn-out payment - shares	529,499	180,030	-	-
Warrants exercised	20,088	5,558	1,838,331	275,750
Finders' fee – shares	243,075	85,077	-	-
Share issuance costs	-	(210,142)	-	-
Options exercised	740,000	208,421	275,000	70,967
Balance, end of year	**58,509,898**	**$28,237,045**	**36,507,993**	**$21,539,936**

On January 17, 2017, the Company closed a non-brokered private placement of 5,332,834 units at a price of $0.15 per unit for gross proceeds of $799,925. Each unit consists of one common share of the Company and one-quarter of one share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one addition share at a price of $0.25 per share for a period of two years from the closing of the financing, subject to an acceleration provision whereby, in the event that the average closing price is equal to or greater than $0.40 per share for a period of ten consecutive trading days, the Company may accelerate the expiry date of the warrants to a date that is thirty days after the notice of completion of such period.

During the year ended December 31, 2017, 1,838,331 warrants were exercised at $0.15 per share for gross proceeds of $275,750.

On September 6, 2017, the aggregate of 275,000 options were exercised for gross proceeds of $37,500. The weighted average share price on the date of exercise is $0.25 per share.

In January 2018, the Company closed a non-brokered private placement of 5,000,000 units at a price of $0.20 per unit for gross proceeds of $1,000,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share at a price of $0.30 per share for a period of two years from closing of the financing. In the event the average closing price is equal to or greater than $0.45 per share for a period of twenty consecutive trading days, the Company may accelerate the expiry date of the warrants to a date that is thirty days after the notice of completion of such period.

In May and July 2018, the Company closed a non-brokered private placement of 11,719,243 shares at a price of $0.35 per share for gross proceeds of $4,115,665. In connection with the private placement, the Company incurred $210,142 in share issue costs and cash finders' fees and issued 243,075 finders shares valued at $85,077.

In August 2018, the Company issued 529,499 shares as an earnout payment pursuant to the acquisition of NameSilo LLC. Refer to Note 4.

In August 2018, as an incentive for the lenders entering into the loan agreements, the Company has issued as a bonus a total of 3,750,000 common shares to the lenders. Refer to Note 13.

During the year ended December 31, 2018, 9,375 warrants were exercised at a price of $0.25 for gross proceeds of $2,344 and 10,713 warrants were exercised at a price of $0.3 for gross proceeds of $3,214.

During the year ended December 31, 2018, the aggregate of 740,000 options were exercised for gross proceeds of $105,750. A value of $102,671 was transferred from contributed surplus to share capital as a result. The weighted average share price at dates the stock options were exercised was $0.35.

(c) Stock options

(Expressed in Canadian Dollars)

The Company has a stock option plan in accordance with the policies on the Canadian Securities Exchange whereby, from time to time at the discretion of the Board of Directors, stock options are granted to directors, officers and certain consultants.
Under the plan up to 10% of the total number of issued common shares of the Company, calculated on a non-diluted basis, at the time an option is granted are available for the issuance of stock options. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant less an applicable discount. The options can be granted for a maximum term of 10 years. The maximum number of options that may be granted to any one person must not exceed 5% of the common shares issued and outstanding at the time of grant unless disinterested shareholder approval is obtained. Any options granted to consultants or persons performing Investor Relations under the Amended Stock Option Plan shall vest to the optionee as follows: 25% at date of grant, 25% six months from date of grant, 25% nine months from date of grant and the remaining 25% twelve months from the date of grant. All other options granted under the Amended Stock Option Plan shall have vesting terms set at the discretion of the Board of Directors.
A summary of the stock option activity is as follows:

	December 31, 2018		December 31, 2017	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	2,640,000	$0.19	1,840,000	$0.15
Granted	1,300,000	$0.35	1,075,000	0.23
Expired	(100,000)	$0.15	-	-
Exercised	(740,000)	$0.14	(275,000)	(0.14)
Balance, end of year	3,100,000	$0.27	2,640,000	$0.19

As at December 31, 2018, the Company has outstanding directors' and employees' incentive stock options enabling the holders to acquire additional common shares as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
300,000[(1)]	300,000	$0.30	February 28, 2019
500,000	500,000	$0.10	August 4, 2021
1,000,000	1,000,000	$0.23	December 20, 2022
1,300,000	1,300,000	$0.35	August 8, 2023
3,100,000	3,100,000		3.65 years remaining

(1) These options expired unexercised subsequent to December 31, 2018.

On December 20, 2017, the Company granted 1,000,000 stock options to officers and directors of the Company. The stock options were granted for a period of 5 years, expiring on December 20, 2022, and each stock option will allow the holder to purchase a common share of the Company at an exercise price of $0.23. On December 29, 2017, the Company granted an additional 75,000 stock options with the same terms to an officer of the Company.

(Expressed in Canadian Dollars)

In August 2018, the Company granted a total of 1,300,000 stock options to its officers, directors and persons providing investor relations services. The options will be exercisable at a price of $0.35 per share for a period of five years from the date of grant.

For the year ended December 31, 2018, $283,338 (2017 - $238,789) has been recorded as share-based payment relating to options granted during the year. The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Dividend yield 0%; expected annual volatility 100%; risk-free interest rate 1.60%; market share price of $0.35; forfeiture rate of 0% and expected life of 3 years. Expected volatility was based on the historical share price volatility over the past 5 years. The expected life of the option was calculated based on the history of option exercises.

(d) Warrants

	December 31, 2018		December 31, 2017	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	1,333,208	$0.25	1,838,331	$0.15
Issued	2,800,000	0.34	1,333,208	0.25
Exercised	(20,088)	(0.28)	(1,838,331)	(0.15)
Balance, end of year	4,113,120	$0.31	1,333,208	$0.25

As at December 31, 2018, the Company has outstanding share purchase warrants as follows:

Number of warrants outstanding	Exercise Price	Expiry Date
1,323,833[1]	$0.25	January 17, 2019
300,000	$0.65	November 2, 2019
2,489,287	$0.30	January 15, 2020
4,113,120		

[1] These warrants were exercised subsequent to December 31, 2018.

The outstanding warrants have a weighted average remaining life of 0.71 years.

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to parties not at arm's length to the Company for the years ended December 31, 2018 and 2017 are:

	2018 $	2017 $
Accounting fees	44,331	-
Management fees	100,000	72,000
Share-based payment	217,953	238,789
	362,284	310,789

During the year ended December 31, 2018, Paul Andreola, President and Director was paid or accrued management fees of $47,500 (2017 - $30,000), Colin Bowkett, Director was paid or accrued management fees of $47,500 (2017 - $30,000), Scott MacEachern, former Chief Financial Officer was paid management fees of $5,000 (2017 - $12,000) and Malaspina Consultants Inc., a company in which Natasha Tsai, Chief Financial Officer was an associate until July 31, 2018 and a shareholder thereafter, was paid or accrued management fees of $44,331 (2017 - $nil).

Included in accounts payable and accrued liabilities at December 31, 2018 is $12,149 (2017 - $100,000) due to officers and directors for unpaid management fees.

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, 2018 and 2017.

17. DETERMINATION OF FAIR VALUES

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, 2018, the Company's financial instruments include cash and cash equivalents, accounts receivable, convertible notes, investments, accounts payable and accrued liabilities, loans payable and convertible debenture. Accounts receivable, accounts payable and accrued liabilities, loans payable and convertible debenture are recognized on the consolidated 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:

(Expressed in Canadian Dollars)

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.

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 1,299,847	$ -	$ -	$ 1,299,847
Investment - shares	$ 2,842,558	$ -	$ -	$ 2,842,558
Investment - warrants	$ -	$ -	$ 80,405	$ 80,405

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 49,145	$ -	$ -	$ 49,145
Investment - shares	$ 3,532,252	$ -	$ -	$ 3,532,252
Investment - warrants	$ -	$ -	$ 199,828	$ 199,828
Convertible note	$ -	$ -	$ 581,235	$ 581,235

18. 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
- 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.

The Board of Directors oversees management's establishment and execution of 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.

(Expressed in Canadian Dollars)

(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.

(i) Interest rate risk

The Group's cash 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, 2018.

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

(ii) 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. At December 31, 2018, the Group had the following financial assets and liabilities in foreign currencies:

	US Dollars	Argentine Pesos
Cash	$ 708,709	(550)
Accounts receivable	$2,240,809	24,827
Accounts payable	$ 392,085	455,323
Loans payable	$4,770,000	-

At December 31, 2018 US dollar amounts were converted at a rate of $1.00 US dollars to $1.3642 Canadian dollars and Argentine pesos amounts were converted at a rate of 1.00 Argentine pesos to $0.0336 Canadian dollars.

(ii) 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 exposed to significant other price risk. A 10% increase or decrease in the value of its investments will impact net income (loss) by approximately $292,000.

(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 and accounts receivable 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 major Canadian and Argentinean financial institutions. Management believes that the credit risk related to its accounts receivable is remote. The carrying value of the receivable represents the maximum credit exposure.

(Expressed in Canadian Dollars)

(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.

At December 31, 2018, the Group had a cash balance of $1,299,847 and accounts receivable of $127,781. The Company has accounts payable and accrued liabilities of $762,010. The Company intends to raise adequate funds to meet its liquidity needs for the next twelve months via cash flows from operations, private placement or the sale of over-performing investments.

Contractual cash flow requirements as at December 31, 2018 were as follows:

	< 1 year $	**1 – 2 years $**	**2 – 5 years $**	**>5 years $**	**Total $**
Accounts payable and accrued liabilities	762,010	-	-	-	762,010
Loans payable	11,879,099	-	-	-	11,879,099
Convertible debenture	300,000	-	-	-	300,000
Total	12,941,109	-	-	-	12,941,109

19. CAPITAL MANAGEMENT

The Company considers its capital structure to include working capital (deficiency) and shareholders' equity. 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 year.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing transactions:	**December 31, 2018**	**December 31, 2017**
Fair value of shares issued pursuant to acquisition of NameSilo LLC	180,030	-
Issuance of bonus shares on loans payable	1,312,500	-

(Expressed in Canadian Dollars)

The following changes in liabilities arose from financing activities:

	December 31, 2017	Cash Flows	Allocation of transaction costs and bifurcation	Accretion	Foreign exchange movements	December 31, 2018
	$	$	$	$	$	$
Loans payable	-	11,347,916	(1,312,500)	1,225,190	169,371	11,429,977
Convertible debenture	-	300,000	(46,207)	19,503	-	273,296
Total	-	11,647,916	(1,358,707)	1,244,693	169,371	11,703,273

21. INCOME TAXES

Income tax expense varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

		2018		2017 (Restate – Note 11)
Income (loss) for the year before income tax	$	7,073,180	$	(1,613,504)
Statutory Canadian corporate tax rate		27.00%		26.00%
Anticipated tax expense (recovery)		(1,910,000)		(420,000)
Change in tax rates resulting from:				
Effect of jurisdictional tax rate difference		4,000		-
Effect of tax rate change		-		(51,000)
Non capital loss expired		15,000		251,000
Unrecognized items for tax		848,000		(26,000)
Tax benefits not realized (realized)		923,000		289,000
Income tax expense (recovery)	$	(120,000)	$	43,000

The significant components of the Company's deferred tax assets (liabilities) are as follows:

		2018		2017
Exploration and evaluation assets	$	3,367,000	$	3,366,947
Convertible note and loans		(121,000)		(51,804)
Non-capital loss carry forwards		2,683,000		2,083,179
Capital loss carry forwards		75,000		69,905
Investments		(150,000)		(296,206)
Intangibles		(2,369,000)		63,592
Other		393,000		1,770
		3,878,000		5,237,383
Unrecognized deferred tax assets		(5,983,000)		(5,237,383)

(Expressed in Canadian Dollars)

Deferred income taxes	$ (2,105,000)	$ -

At December 31, 2018, the Company has available non-capital tax losses for Canadian income tax purposes of approximately $4,189,000, expiring as follows:

	Canada
2026	$ 1,000
2027	327,000
2028	164,000
2029	260,000
2030	166,000
2031	325,000
2032	365,000
2033	270,000
2034	306,000
2035	268,000
2036	129,000
2037	229,000
2038	1,379,000
	$ 4,189,000

The Company also has non-capital losses for US income tax purposes of $2,970,000 available for carry-forward to reduce future year's taxable income and if not utilized, expires between 2019 and 2038.

22. SUBSEQUENT EVENTS

(a) Acquisition of NamePal.com, LLC

On January 3, 2019, the Company acquired NamePal.com, LLC ("NamePal") pursuant to the terms of a share purchase agreement ("Purchase Agreement") among NameSilo, LLC, Kristaps Ronka ("Ronka"), a director of the Company, and Market Plaza International LLC (the "Vendor"). NamePal is an ICANN domain name registrar and provider of domain registration, web hosting, email and SSL services. NamePal has developed its proprietary, patent pending, Fetch! Product, which is an innovative domain backorder service that uses aggregator technology to capture and deliver expiring domain names, through an auction process from over 15 platforms, with a 99% capture rate.
Under the terms of the Purchase Agreement, NameSilo acquired 100% of the membership interest in NamePal and, in consideration of which, Ronka has agreed to transfer up to a 1.75% interest in NameSilo to the Vendor as follows: (i) 0.5% of the membership interest within six months of closing, (ii) 0.5% of the membership interest within twelve months of closing, and (iii) 0.75% of the membership interest within eighteen months of closing. NameSilo has also agreed to retain the principals and existing staff of NamePal in order to integrate value added services and expand the NameSilo offering.

(b) Stock options

On March 22, 2019, the Company granted to a director 250,000 stock options exercisable at $0.45 per share for a period of five years from the date of grant.

On April 5, 2019, the Company granted to a consultant 100,000 stock options exercisable at $0.45 per share for a period of two years from the date of grant.