LITELINK TECHNOLOGIES INC.

Interim Condensed Consolidated Financial Statements

As at and for the Six Months Ended August 31, 2020 and 2019

(Unaudited - Expressed in U.S. Dollars)

Page

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

October 26, 2020

(Unaudited - Expressed in U.S. Dollars)

	Note		August 31, 2020 Unaudited		February 29, 2020 Audited
ASSETS					
Current assets					
Cash		**$**	**384,180**	$	693,705
Accounts receivable	4		**123,054**		121,411
Digital currencies	5, 18		**-**		66,588
Inventory	6		**4,320**		100
Prepaid expenses and deposits	7		**65,208**		97,634
			576,762		979,438
Right-of-use asset	3, 10		**234,203**		202,361
Property and equipment	11		**25,101**		37,417
Total Assets		**$**	**836,066**	$	1,219,216
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12	**$**	**507,115**	$	264,644
Note payable	13		**266,988**		-
Current portion of lease liability	3, 14		**134,004**		172,569
			908,107		437,213
Long-term portion of lease liability	3, 14		**157,478**		66,068
Long-term debt	15		**28,447**		-
Total Liabilities			**1,094,032**		503,281
Shareholders' equity					
Share capital	18		**17,203,519**		17,203,519
Reserves	17		**3,285,338**		2,998,869
Accumulated other comprehensive income			**62,161**		(138,162)
Deficit			**(21,708,984)**		(20,248,291)
Non-controlling interest	22		**900,000**		900,000
Total Shareholders' Equity (Deficiency)			**(257,966)**		715,935
Total Liabilities and Shareholders' Equity (Deficiency)		**$**	**836,066**	$	1,219,216

Nature of operations and going concern (Note 1)
Commitments (Note 23)
Subsequent events (Note 25)

On behalf of the Board of Directors, on October 26, 2020

/S/ Peter Green
Peter Green, CEO and Director

/S/ Ashik Karim
Ashik Karim, Director

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

(Unaudited - Expressed in U.S. Dollars)

	Note	Six Months Ended August 31, 2020	Six Months Ended August 31, 2019	Three Months Ended August 31, 2020	Three Months Ended August 31, 2019
Revenue	5	$ **1,986**	$ 73,823	**233**	38,524
Cost of sales	5	**(8,362)**	(67,952)	**(6,785)**	(36,652)
Depreciation of property and equipment	5, 11	**(12,316)**	(14,043)	**(5,363)**	(7,011)
Gross Profit		**(18,692)**	(8,172)	(11,915)	(5,139)
Operating expenses					
Consulting fees	13	**194,883**	132,853	**63,874**	-
Depreciation of right-of-use asset	10	**77,806**	70,001	**41,218**	38,598
Interest accretion	10	**18,558**	7,378	**9,012**	3,983
Management fees, director fees, and salaries	13	**278,245**	189,124	**81,248**	-
Marketing		**142,927**	1,048,889	**17,742**	581,271
Office and administration		**100,423**	214,575	**48,784**	95,469
Professional fees		**88,248**	67,990	**54,605**	14,587
Research and development		**14,790**	1,577,614	**3,621**	986,098
Regulatory and transfer agent		**10,000**	20,230	**5,383**	14,359
Share-based compensation	13	**286,469**	924,835	**121,305**	434,860
Travel		**-**	62,316	**-**	15,817
Total operating expenses		**(1,212,349)**	(4,315,805)	**(446,792)**	(2,185,042)
		(1,231,041)	(4,323,977)	**(458,707)**	(2,190,181)
Foreign exchange gain (loss)		**3,445**	(7,959)	**(870)**	(13,452)
Interest income (expense)		**-**	3,453	**-**	6,596
Gain (loss) on revaluation of digital currencies	7	**(1,981)**	41,630	**(5,372)**	5,498
Gain (loss) on sale of digital currencies		**(30,793)**	-	**-**	-
Gain (loss) on sale of property and equipment		**-**	(226)	**-**	(265)
Loss before income taxes		**(1,260,370)**	(4,287,079)	**(464,949)**	(2,191,804)
Deferred tax recovery		**-**	-	**-**	-
Net loss for the period		**(1,260,370)**	(4,287,079)	**(464,949)**	(2,191,804)
Cumulative translation adjustment		**(200,323)**	(107,323)	**(41,178)**	(337,960)
Comprehensive loss for the period		$ **(1,460,693)**	$ (4,394,402)	**(506,127)**	(2,529,764)
Basic and diluted loss per common share		$ **(0.01)**	$ (0.03)	**(0.03)**	(0.02)
Weighted average number of common shares outstanding		**172,407,491**	125,187,559	**17,203,519**	125,187,559

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

LITELINK TECHNOLOGIES INC.
Interim Condensed Consolidated Statements of Cash Flows
For the six months ended August 31, 2020 and 2019
(Unaudited - Expressed in U.S. Dollars)

	Six Months Ended			
		August 31, 2020		**August 31, 2019**
Cash flows from operating activities				
Net loss for the period	**$**	**(1,260,370)**	$	(4,287,079)
Adjusted for:				
Depreciation of property and equipment		**12,316**		14,043
Foreign exchange gain		**-**		7,959
Share-based compensation		**286,469**		924,835
Interest accretion		**18,558**		7,378
Depreciation of right-of-use asset		**77,806**		70,001
Gain on revaluation of digital currencies		**1,981**		-
Gain (loss) on sale of property and equipment		**-**		226
Change in non-cash working capital items				
Accounts receivable		**(1,643)**		(11,703)
Digital currencies		**64,607**		(41,630)
Prepaid expenses and deposits		**32,426**		305,342
Accounts payable and accrued liabilities		**242,471**		1,410
Inventory		**(4,220)**		-
Accounts payable to related parties		**-**		-
Cash used in operating activities		**(529,599)**		(3,009,218)
Cash flows from investing activities				
Acquisition of property and equipment		**-**		(4,672)
Cash used in investing activities		**-**		(4,672)
Cash flows from financing activities				
Principal portion of lease repayments		**(75,361)**		(81,653)
Proceeds from note payable advance		**266,988**		-
Proceeds from long-term debt advance		**28,447**		-
Proceeds from exercise of warrants		**-**		149,995
Cash provided by financing activities		**220,074**		68,342
Net increase (decrease) in cash during the period		**(309,525)**		(2,945,548)
Foreign exchange impact on cash		**-**		(33,985)
Cash, beginning of period		**693,705**		4,752,712
Cash, end of period	**$**	**384,180**	$	1,773,179

Supplemental non-cash disclosure (Note 24)

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

(Expressed in U.S. Dollars)

	Share capital						
	Shares issued	**Amount**	**Reserves**	**Accumulated other comprehensive loss**	**Non-controlling interest**	**Deficit**	**Total**
Opening balance as at March 1, 2019	**168,386,866**	**$ 17,053,524**	**$ 2,550,301**	**$ (9,349)**	**$ -**	**$ (10,777,596)**	**$ 8,816,880**
Adjustment on adoption of IFRS 16 (Note 2)	-	-	-	-	-	(3,186)	(3,186)
Restated opening balance as at March 1, 2019	168,386,866	17,053,524	2,550,301	(9,349)	-	(10,780,782)	8,813,694
Warrants exercised	4,020,625	149,995	-	-	-	-	149,995
Share-based compensation	-	-	924,835	-	-	-	924,835
Net loss for the period	-	-	-	-	-	(4,287,079)	(4,287,079)
Translation adjustment	-	-	-	(107,323)	-	-	(107,323)
IFRS 16 adjustment	-	-	-	-	-	-	-
Balance as at August 31, 2019	**172,407,491**	**$ 17,203,519**	**$ 3,475,136**	**$ (116,672)**	**$ -**	**$ (15,067,861)**	**$ 5,494,122**
Opening balance as at March 1, 2020	**172,407,491**	**$ 17,203,519**	**$ 2,998,869**	**$ (138,162)**	**$ 900,000**	**$ (20,248,291)**	**$ 715,935**
Adjustment on adoption of IFRS 16 (Note 2)	-	-	-	-	-		-
Restated opening balance as at March 1, 2020	172,407,491	17,203,519	2,998,869	(138,162)	900,000	(20,248,291)	715,935
Share-based compensation	-	-	286,469	-	-	-	286,469
Comprehensive loss for the period	-	-	-	-	-	(1,460,693)	(1,460,693)
Translation adjustment	-	-	-	200,323	-	-	200,323
Balance as at August 31, 2020	**172,407,491**	**$ 17,203,519**	**$ 3,285,338**	**$ 62,161**	**$ 900,000**	**$ (21,708,984)**	**$ (257,966)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

LiteLink Technologies Inc. (the "Company") was incorporated on June 11, 2010 under the Laws of British Columbia. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol LLT. The Company offers several services in the software development and consulting industries. The Company is dedicated to revolutionizing established industries by applications with artificial intelligence, smart contract technology, and digital remittances. The head office of the Company is located at 260 – 3480 Gilmore Way, Burnaby, B.C., V5G 4Y1.

The Company incurred a comprehensive loss for the six months ended August 31, 2020 of $1,420,795. As at August 31, 2020, the Company had an accumulated deficit of $21,669,086 and expects to incur further losses in the development of its business. The Company's ability to continue operations in the normal course of business is dependent upon establishing sufficient cash flows from its software development projects, or on the receipt of additional debt or equity financing. The nature and significance of these conditions along with the continuing losses and accumulated deficit indicates the existence of a material uncertainty, which casts significant doubt about the appropriateness of the Company's ability to continue as a going concern. These condensed consolidated financial statements ("Consolidated Financial Statements') do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the consolidated financial statements. Such adjustments could be material. See Note 23.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. The expected impacts on global commerce are expected to be far reaching. Material uncertainties may come into existence that could influence management's going concern assumption. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its subsidiaries, in future periods, such as:

- The impact on the Company's products and services and supply chains in the near term
- The availability of external funding sources during the next period
- The effect on labour availability due to the severity and the length of potential measures taken by governments to manage the spread of the disease

The effect of COVID-19 has had material and significant impact on the Company's operations. The Company's operations have been affected by complete shut down in operations, the inability to continue development on its technologies, a down turn in successful business development, the inability to meet operational and technology milestones, and the inability to be compliant in making its required continuous disclosure filings with securities regulatory authorities in a timely manner.

The Company continues to closely evaluate the impact of COVID-19 on its operations.

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared by management of the Company in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", following the same accounting principles and methods of computation as outlined in the Company's consolidated financial statements for the period ended February 29, 2020 and 2019. A description of accounting standards and interpretations that have been adopted by the Company can be found in the notes of the audited consolidated financial statements for the period ended February 29, 2020 and 2019. These consolidated financial statements include all necessary disclosures required for consolidated financial

2. BASIS OF PRESENTATION (continued)

Statement of compliance (continued)

statements but do not include all disclosures required for annual financial statements. Therefore, these consolidated financial statements should be read in conjunction with the most recent audited annual financial statements and the notes thereto for the period ended February 29, 2020 and 2019.

These consolidated financial statements were approved and authorized for issue by the directors of the Company on October 26, 2020.

Functional and Presentation Currency

These consolidated financial statements are presented in U.S. dollars unless otherwise noted. The financial statements of each company within the consolidated group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of LiteLink Technologies Inc. ("parent") and LLI is the Canadian dollar ("CAD"), whereas the functional currency of AXS and uBuck is the U.S. dollar.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned legal subsidiaries on a consolidated basis after the elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and can affect those returns through its power to direct the relevant activities of the entity. The Company's parent and subsidiaries are as below:

Entity	Place of incorporation	Ownership	Status
LiteLink Technologies Inc. ("LTI")	British Columbia, Canada	Parent	Active
AXS Innovations Inc. ("AXS")	British Columbia, Canada	100%	Active
Litelink Labs Inc. ("LLI")	British Columbia, Canada	100%	Active
uBuck Technologies SEZC ("uBuck")	Cayman Islands	100%	Active
uBuck One Inc.	Cayman Islands	100%	Dormant
uBuck India Private Limited	Bangalore Karnataka, India	100%	Dormant
uBuck Technologies (Canada) Inc.	British Columbia, Canada	100%	Dormant
uBuck Technologies (USA) Inc.	Delaware, USA	100%	Dormant
uBuck Technologies (UK) Ltd.	England and Wales	100%	Dormant

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the reporting date. Actual results could differ from these estimates.

Critical Judgments

The preparation of these consolidated financial statements requires management to make judgments:

i) Going concern: The going concern of the Company is previously discussed in Note 1.

ii) Functional currency: The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of the legal parent and subsidiaries as described above. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

iii) Intangibles – impairment: The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.

iv) Revenue recognition: The Company's revenue is comprised of services for software development performed for a third party. Revenues are recognized when performance of services have occurred in accordance with contractual obligations. The Company recognizes revenue in an amount that reflects the transaction price and satisfaction of performance obligations. The area of judgment includes identifying the performance obligation per the definition within IFRS 15 *Revenue from Contracts with Customers*,and determining whether control has passed to the customer.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates, and such differences could be material. Significant estimates made by management affecting the consolidated financial statements include:

i) Recovery of deferred tax assets: Judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

ii) Determination of asset fair values and allocation of purchase consideration: Significant asset acquisitions require judgments and estimates to be made at the date of acquisition in relation to determining the relative fair value of computing equipment and future acquisition rights and the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgments and estimates about future events, including but not limited to availability of hardware and expertise, future production opportunities, future digital currency prices and future operating cost.

iii) Depreciation: Depreciation of computing equipment is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hash rates, technological changes, availability of hardware, production costs and other factors. The estimates are reviewed at least annually and are updated if expectations change because of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related depreciation expense.

iv) Digital currency valuation: Digital currencies consist of cryptocurrencies (Note 8) and are included in current assets. Digital currencies are carried at their fair value determined by the closing price of coinmarketcap.com, costs

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

to sell the digital currencies are considered immaterial and no allowance is made for such costs. The digital currency market is a relatively new market and has been highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies will have a corresponding impact on the Company's earnings and financial position.

v) Valuation of share-based compensation: The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

Digital currencies (Note 8)

Digital currencies consist of cryptocurrencies and are included in current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the U.S. dollar.

The Company's determination to classify its holding of digital currencies as a current asset is based on management's assessment that its bitcoin held can be considered to be a commodity that may be readily sold because liquid markets are available.

Financial instruments

IFRS 9, Financial Instruments ("IFRS 9") sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Expressed in U.S. Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Company adopted IFRS 9 effective March 1, 2019. The following table presents the initial IAS 39 classification and the new IFRS 9 classification for all financial instruments held by the Company as at March 1, 2019.

	Original under IAS 39		New under IFRS 9	
Financial assets and liabilities	Classification	Carrying Amount $	Classification	Carrying Amount $
Cash	Loans and receivables	4,752,712	Amortized cost	4,752,712
Accounts receivable	Loans and receivables	178,716	Amortized cost	178,716
Investments	Available-for-sale	318,348	FVTPL	318,348
Accounts payable	Financial liabilities	231,005	Amortized cost	231,005

The adoption of this standard did not have any material impact on the Company's consolidated financial statements. The Company's policies and procedures surrounding the identification of credit risk and the recognition of credit losses comply with the requirements of this standard.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at FVTPL

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statements of net loss and comprehensive loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified its investments at fair value through profit or loss.

Financial assets at FVTOCI

Investments are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company has not classified any financial assets at FVOCI.

Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are initially recognized at fair value and are measured subsequent at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at amortized cost (continued)

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is recognized using the effect interest method, and is recognized in interest and other income on the consolidated statements of comprehensive loss. The Company has classified its cash, accounts receivable and accounts payable as financial assets at amortized cost.

Derecognition of financial assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Impairment of financial assets and contract assets

The Company recognizes loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets and contract assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. *Impairment of financial assets and contract assets (continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the consolidated statement of net and comprehensive loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual obligations are discharged or cancelled or expire.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or amortized cost. Subsequent to initial recognition financial liabilities are classified at amortized cost and measured using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss. Accounts payable are classified as financial liabilities at amortized cost. The Company has no financial liabilities designated at FVTPL.

Investments

Investments are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the change in fair value of its investments based on the criteria below and records such change in profit and loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. In the absence of the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques above may involve uncertainties and determinations based on the Company's judgment, and any value estimated from these techniques may not be realized.

For those investments in which the Company has significant influence the Company uses the equity method of accounting whereby an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment.

As at August 31, 2020, the Company did not have significant influence over any investees.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. As well, all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of item and are recognized net in profit or loss. Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

The Company rates for depreciation are as follows:

Computer equipment	2 years straight-line
Furniture and office equipment	2 years straight-line
Leasehold improvements	Straight-line over the lease-term
Software	1 year straight-line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

The Company owns intangible assets consisting of purchased intellectual property. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with an asset acquisition are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The Company does not hold any intangible assets with indefinite lives. 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.

Research costs are charged to operations when they are incurred. Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible assets during its development. Management determined that as at August 31, 2020, it was not yet able to demonstrate with sufficient certainty that it is probable any economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

The amortization method and period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives as follows:

Intellectual property	3 years straight-line

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and intangible assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Right-of-use asset and Lease Obligation

Effective March 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16"), which supersedes previous accounting standards for leases, including IAS 17, *Leases* ("IAS 17"), and IFRIC 4, *Determining whether an arrangement contains a lease* ("IFRIC 4"). IFRS 16 introduces a single lessee accounting model, unless the underlying asset is of low value, and requires a lessee to recognize right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

As a result of adopting IFRS 16, the Company has recognized a significant increase to both assets and liabilities on our consolidated statements of financial position, as well as a decrease to operating expenses (for the removal of base rent expense for leases), an increase to depreciation (due to the depreciation of right-of-use assets), and an increase to interest expense (due to accretion of the lease liabilities). Leasehold inducements (which were previously included in accounts payable and accrued liabilities) are no longer recognized as separate liabilities and are included in the calculation of right-of-use assets under IFRS 16.

The Company adopted IFRS 16 using the modified retrospective method and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The cumulative effect of initially applying the new standard is recognized as an adjustment to the opening deficit within the shareholders' equity balance as at March 1, 2019.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Company recognized a lease asset and liability in relation to a lease previously classified as an 'operating lease' under the principles of IAS 17. This liability was measured at the present value of the remaining lease payments, discounted using the related incremental borrowing rate as of March 1, 2019. The incremental borrowing rate applied to the lease liability on March 1, 2019 was 15.00%. The associated right-of-use asset was measured as if the standard had been applied since the commencement date, discounted using the incremental borrowing rate as of March 1, 2019. The cumulative effect of initially applying IFRS 16 was recognized as a $231,871 right-of-use asset (Note 11) and a corresponding lease liability of $271,289 (Note 13) with opening balance adjustments of $8,808 and $30,610 to accumulated deficit and accounts payable and accrued liabilities, respectively, as at March 1, 2019.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:

- Account for lease payments as an expense and not recognize the right-of-use asset if the underlying asset is of low dollar value or a short term lease; and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective March 1, 2019:

Leases

A contract is a lease (or may contain a lease) if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liability using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rate is based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use asset, lease liability, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares and preferred shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. For unit offerings, the proceeds from the issuance of units are allocated between common shares and share purchase warrants using the residual method, allocating fair value to the common shares first, and then to the share purchase warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, share based payments are measured at the fair value of goods or services rendered. Expired stock options are transferred from reserves to deficit.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related parties transactions that are in the normal course of business and have commercial substance are measured at exchange amount.

Revenue recognition

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") was issued to replace IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations such as IFRIC 13, *Customer Loyalty Programs*. IFRS 15 introduces a single contract-based five-step model that applies to contracts with customers and two approaches for the recognition of revenue: at a point in time or over time.

The Company adopted IFRS 15 effective March 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation.

3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue recognition (continued)

These revenue-generating activities of the Company have a single performance obligation and revenue is recognized at the point in time when control of the product transfers to the customer and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the contract. Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company's product or the services rendered by the Company.

Digital currency mining

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates. Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, from coinmarketcap.com. A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured. The coins are recorded on the consolidated statements of financial position as digital currencies at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss. During the six months ended August 31, 2020, the Company had no revenues from cryptocurrency mining (six months ended August 31, 2019 - nil).

Service contracts

Revenue under service contracts is recognized when completion of services is achieved. Revenues are recognized under these contracts when services are delivered.

Prepaid debit cards

The Company recognizes revenue from the sale of physical prepaid debit cards relating to the uBuck Pay service in which customers may purchase either a physical or virtual card. Revenue generated from the sale of cards is recognized when completion of sale occurs and ownership and control of cards are transferred to customers. During the six months ended August 31, 2020, the Company had no revenues from the sale of prepaid debit cards (six months ended August 31, 2019 - nil).

Research and development

The primary components of research and development expenses are employee compensation and benefits, professional services, contractor services, and product development.

Foreign exchange

Transactions in currencies other than the functional currency of the Company and its subsidiary are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. These exchange gains and losses arising on translation into functional currency are recognized through profit or loss.

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date, and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and

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3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Foreign exchange (continued)

recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Reclassifications

Certain reclassifications have been made to conform the prior period's consolidated financial statements and notes to the current year's presentation.

4. ACCOUNTS RECEIVABLE

	As at August 31, 2020	As at February 29, 2020
Accounts receivable	126,554	124,911
Allowance for doubtful accounts	(3,500)	(3,500)
	123,054	121,411

Accounts receivable – net of allowance as at August 31, 2020 consists of trade receivables amounting to $8,326 (February 29, 2020 –$8,326) and sales tax receivable $114,727 (February 29, 2020 – $116,585).

5. DIGITAL CURRENCIES

As at August 31, 2020 and February 29, 2020, the Company's digital currencies are described in the table below. Digital currencies are recorded at their fair value on the date they are acquired and are revalued to their current market value at each reporting date. The fair value is determined using the closing price of the coin at the end of the period quoted on coinmarketcap.com. During the six month period ending August 31, 2020, the Company has divested from all digital currency assets.

As at August 31, 2020:

	BTC Units	Bitcoin	LBRY Units	LBRY	Total
Carrying value at February 28, 2019	7.51	$ 64,607	154,886	$ 1,981	**$ 66,588**
Additions	-	-	-	-	-
Sales	(7.51)	(64,607)	(154,886)	(1,981)	**(66,588)**
Fair value at August 31, 2020	**-**	**$ -**	**-**	**$ -**	**$ -**

During the six months ended August 31, 2020, it was determined that challenges in market conditions cast significant doubt on the recoverability of the LBRY digital currency units. As such, the Company recorded a loss on revaluation of $1,979.

As at February 29, 2020:

	BTC Units	Bitcoin	LBRY Units	LBRY	Total
Fair value at February 28, 2019	7.51	$ 28,960	154,886	$ 3,792	$ 32,752
Additions	-	-	-	-	-
Sales	-	-	-	-	-
Gain (loss) on revaluation	-	35,647	-	(1,811)	33,836
Fair value at February 29, 2020	7.51	$ 64,607	154,886	$ 1,981	$ 66,588

Expressed in U.S. Dollars

6. INVENTORY

Inventory consists of physical prepaid debit cards that are available for sale to customers using uBuck's services. Customers have the option of using physical cards or virtual cards.

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the purchase of inventory. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

For the six months ended August 31, 2020, no inventory has been recognized in cost of sales.

7. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits consist of the following:

		As at August 31, 2020		As at February 29, 2020
Prepaid expenses	**$**	**18,734**	**$**	2,234
Deposits		**36,416**		36,416
Customer deposits		**10,059**		58,985
	$	**65,208**	**$**	97,634

Prepaid expenses consists of insurance coverage for directors and officers liability. During the period ended August 31, 2020, the Company recognized $1,500 of prepaid expenses in operating expenses.

Deposits consist of deposits paid relating to the lease of the Company's premises. From the year ended February 29, 2020 this amount remains unchanged.

Customer deposits consist of funds from uBuck clients for future deposits to their prepaid debit cards. Funds are initially held by the Company as deposits, then subsequently reduced as funds are transferred to client prepaid cards. During the period ended August 31, 2020, the Company recognized $150,066 transferred to client cards.

8. INVESTMENTS

The Company's investments consist of the following:

Investment		Konnect Mobile Communications Inc.		Zoom Solutions, Inc.
Balance, February 28, 2019	$	68,346	$	250,002
Loss on revaluation		(66,791)		(250,002)
Cumulative translation adjustment		(1,555)		-
Balance, February 29, 2020 and August 31, 2020	**$**	**-**	**$**	**-**

The Company accounts for these investments as financial assets at fair value through profit and loss under IFRS 9.

a) Konnect Mobile Communications Inc.

On September 7, 2018, the Company acquired a 2.27% interest in Konnect Mobile Communications Inc. ("Konnect") for total consideration of $455,603 (CAD$600,000) in cash. Konnect is a private Canadian technology company which develops payment solution products.

Expressed in U.S. Dollars

8. INVESTMENTS (continued)

a) Konnect Mobile Communications Inc. (continued)

For the year ended February 29, 2020, it was determined that significant delays in the full-market launch of Konnect's flagship product along with lack of funding and outperformance by competitors has cast significant doubt over the recoverability of this investment. As such, it was determined that the fair value of this investment was $nil as at February 29, 2020, and as a result the Company recorded a loss on revaluation of $66,791.

b) Zoom Solutions, Inc.

On November 6, 2018, the Company acquired 83,334 Units in Zoom Solutions, Inc. ("Zoom"), whereby each unit is comprised of one Series A Cumulative Convertible Preferred Stock ("Shares"), and one Warrant. As consideration, the Company paid $250,002 in cash. Zoom is a private company based in Arkansas, U.S. specializing in payments, blockchain and cloud storage.

For the year ended February 29, 2020, it was determined that Zoom's stalled growth due to change in strategy on payment platform and lack of funding has cast significant doubt over the recoverability of this investment. As such, it was determined that the fair value of this investment was $nil as at February 29, 2020, and as a result the Company recorded a loss on revaluation of $250,002.

9. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

		Intellectual Property
Balance, February 28, 2019	$	3,297,974
Additions		37,926
Amortization		-
Cumulative translation adjustment		(66,213)
Impairment of intangible assets		(3,269,687)
Balance, February 29, 2020	$	-

Intellectual property ("IP") is an intangible asset acquired through the acquisition of LLI. The benefit to the Company of acquiring the IP was to obtain various software technologies.

For the year ended February 29, 2020 it was determined that challenges in market conditions cast significant doubt on the ability for the Company to continue funding operations and development to recover the value from its IP intangible asset. It was determined that the fair value of intangible assets was lower than its carrying value, and as a result the Company recorded an impairment loss of $3,269,687.

Expressed in U.S. Dollars

10. RIGHT-OF-USE ASSETS

		Six months ended August 31, 2020
Cost:		
Balance, March 1, 2019	$	-
Recognition upon adoption of IFRS 16 (note 3)		231,871
Additions		105,156
Balance, February 29, 2020		337,027
Additions		109,649
At August 31, 2020	$	**446,676**
Accumulated depreciation:		
Balance, March 1, 2019	$	-
Depreciation		(134,666)
Opening balance, March 1, 2020		(134,666)
Depreciation		(77,806)
At August 31, 2020	$	**(212,472)**
Net book value:		
At February 29, 2020	$	202,361
At August 31, 2020	$	**234,203**

During the year ended February 29, 2020 the Company recognized right-of-use assets and corresponding lease liabilities (Note 14) upon the adoption of IFRS 16 related to its premises under lease (Note 3). The right-of-use assets are depreciated on a straight-line basis over the terms of the underlying lease agreements.

During the six months ended August 31, 2020, the Company recognized a right-of-use asset addition of $109,646 relating to the lease of vehicles that occurred in June 2020. The Company leased two vehicles, each for a term of 48 months. The right-of-use assets are depreciated on a straight-line basis over this lease term.

Burnaby office

In July 2018 the Company entered into an agreement to sublease office premises. The sublease commenced in December 2018 with a term of 28 months and the final month of this lease is March of 2021. The building provides office space for the Company for general business purpose. During the year ended February 29, 2020 the Company recognized the right-of-use building and corresponding lease liability (Note 14) upon the adoption of IFRS 16. The right-of-use building is depreciated on a straight-line basis over the remaining lease term.

George Town, Cayman Islands office

In June 2019 the Company, through uBuck, entered into an agreement to lease office premises. The lease commenced in July 2019 with a term of 36 months, ending in June 2022. During the year ended February 29, 2020 the Company recognized the right-of-use building and corresponding lease liability (Note 14) upon the adoption of IFRS 16. The right-of-use building is depreciated on a straight-line basis over the lease term.

Vehicles

In June 2020, the Company entered into an agreement with a vehicle dealership to lease two utility trucks for various business operations in British Columbia. The lease commenced in June 2020 with a term of 48 months ending in June

Expressed in U.S. Dollars

10. RIGHT-OF-USE ASSETS (continued)

Vehicles (continued)

2024. The total monthly lease payments are $1,561 and there is an option to buy the trucks at $83,626 at the end of the lease.

The Company recognized the right-of-use vehicles and corresponding lease liabilities (Note 14) upon the commencement of this lease. Interest accretion is recognized on the lease liabilities and lease payments are applied against the lease liabilities. The right-of-use vehicles are depreciated on a straight-line basis over the terms of the underlying lease agreement. During the period ended August 31, 2020 the Company recognized the right-of-use vehicle additions of $109,649.

11. PROPERTY AND EQUIPMENT

Property and equipment movements during the six months ended August 31, 2020 were as follows:

	Computer Equipment	Digital Currency Computing Equipment	Software	Furniture and Office Equipment	Leasehold Improvements	Total
Cost:						
At February 29, 2020	$ 52,892	$ 1,338,438	$ 352,609	$ 5,782	$ 11,667	$ 1,761,388
Additions during the period	-	-	-	-	-	-
Disposals during the period	-	-	-	-	-	-
At August 31, 2020	$ 52,892	$ 1,338,438	$ 352,609	$ 5,782	$ 11,667	$ 1,761,388
Depreciation:						
At February 29, 2020	$ (29,352)	$ (1,338,438)	$ (352,609)	$ (3,572)	-	$ (1,723,971)
Disposals during the period	-	-	-	-	-	-
Change during the period	(11,009)	-	-	(1,307)	-	(12,316)
At August 31, 2020	$ (40,361)	$ (1,338,438)	$ (352,609)	$ (4,879)	$ -	$ (1,736,287)
Net book value:						
At February 29, 2020	**$ 23,540**	**$ -**	**$ -**	**$ 2,210**	**$ 11,667**	**$ 37,417**
At August 31, 2020	**$ 12,531**	**$ -**	**$ -**	**$ 903**	**$ 11,667**	**$ 25,101**

From the period between December 1, 2017 to February 28, 2019, the fair value of Bitcoin decreased by 63% and LBRY Credits decreased by 95%. The Company determined that cryptocurrency mining was not profitable, and as a result, management has decided to permanently shut down the cryptocurrency mining operations. The Company also noted that the fair value of equipment used in cryptocurrency mining operations had declined significantly. Due to these factors identified, an impairment charge was recorded to reduce the cost of the mining equipment and software to $nil.

Expressed in U.S. Dollars

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at August 31, 2020 and February 29, 2020, the Company's accounts payable consisted of the following:

		As at August 31, 2020		As at February 29, 2020
Accounts payable	**$**	**338,749**	**$**	34,883
Accrued liabilities		**95,183**		149,060
Card load deposits		**70,101**		80,701
Interest payable		**3,081**		-
	$	**507,115**	**$**	264,644

Accounts payable consists of balances primarily regarding marketing, consulting services and other operational expenditures.

Accrued liabilities consists of an accrual for professional services in addition to a vacation accrual.

The card load deposits are initially treated as a liability when uBuck clients advance proceeds to be used as future deposits to their prepaid cards. Once the funds are transferred to cards, the card load deposit liability is reduced.

Interest payable consists of the accrual of interest related to the note payable disclosed in Note 13.

13. NOTE PAYABLE

On May 22, 2020, the Company entered into an asset-backed credit agreement with a financial institution (the "institution"). The institution advanced $191,663 to the Company on the date of agreement, along with an additional $75,325 on August 5, 2020. As at August 31, 2020 the total principal balance is $266,988. The interest balance as at August 31, 2020 is $3,081.

The loan had a term of three months from the date of advance with a maturity date of September 1, 2020. Interest was compounded at 3% per month and payable upon receipt of the first of any SR&ED claim refund or secondary capital raised by the Company. The loan is secured by the Company's accounts receivable and a first place General Security Agreement over all Company's assets. The Company is in default and is in the process of renegotiating the terms.

14. LEASE LIABILITIES

		Six months ended August 31, 2020
Balance, March 1, 2019	$	-
Recognition upon adoption of IFRS 16		271,289
Additions		105,156
Accretion of lease liabilities		40,259
Lease payments		(178,067)
Balance, February 29, 2020	$	238,637
Additions		108,883
Accretion of lease liabilities		18,558
Lease payments		(74,596)
Balance, August 31, 2020	**$**	**291,482**
Less: Current portion of lease liability		**134,004**
Long-term portion of lease liability	**$**	**157,478**

Expressed in U.S. Dollars

14. LEASE LIABILITIES (continue)

The following table shows the contractual undiscounted cashflow for lease obligations as at August 31, 2020:

		August 31, 2020		February 29, 2020
For the year ended February 28, 2021	**$**	**106,689**	$	194,389
For the year ended February 28, 2022		**75,522**		56,532
For the year ended February 28, 2023		**33,656**		14,667
For the year ended February 29, 2024		**18,990**		-
For the year ended February 28, 2025		**6,330**		-
Total undiscounted lease obligation	**$**	**241,187**	$	265,588

The remaining cashflows for the Company's lease of the premises addressed 260 – 3480 Gilmore Way, Burnaby, B.C. occur from the years ended February 28, 2021 to February 28, 2022.

The remaining cashflows for the Company's lease of the premises addressed Strathvale House, 90 North Church Street George Town, Cayman Islands occur from the years ended February 28, 2021 to February 28, 2023.

The remaining cashflows for the Company's lease of vehicles occurs from the years ended February 28, 2021 to February 28, 2025.

15. LONG-TERM DEBT

In April 2020 the Company received $28,447 ($40,000 CAD) in accordance with the Canada Emergency Business Account ("CEBA") loan which is a loan provided by the Canadian government to eligible businesses to assist in covering operating costs in response to temporary reductions of income due to the COVID-19 pandemic.

Repayment of $30,000 CAD of the $40,000 CAD loan balance on or before December 31, 2022 will result in a loan forgiveness of the remaining $10,000 CAD. Any loan balance remaining after December 31, 2022 will be converted to a 3-year loan with an interest rate of 5% per annum.

As at August 31, 2020 the Company has not made any repayments of the CEBA loan.

16. SEGMENT REPORTING

The Company has two main operations during the three months ended May 31, 2020 which are providing software subscription and software development work. For May 31, 2019: digital currency mining and subcontracted software development work. During these periods, the Company had no revenues from digital currency mining.

The Company, through LLI, a wholly-owned subsidiary, earns 100% of its revenues from one customer through the performance of blockchain and cloud software development services, along with mobile and web application development. Therefore, the Company's credit risk arises from the possible default of its sole customer.

For the three months ended August 31, 2020:

		Software Subscription		**Software Development**		**Total**
Revenue	$	1,986	$	-	$	1,986
Cost of sales		(8,362)		-		(8,362)
	$	(6,376)	$	-	$	(6,376)

Expressed in U.S. Dollars

16. SEGMENT REPORTING (continued)

For the six months ended August 31, 2019:

	Digital Currency Mining		Software Development		Total	
Revenue	$	-	$	73,823	$	73,823
Cost of sales		-		(67,952)		(67,952)
	$	-	$	5,871	$	5,871

17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include key management personnel and companies under the control of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board of directors and the Company's Chief Executive Officer.

During the periods ended August 31, 2020 and 2019, key management compensation consisted of the following:

	For the six months ended August 31, 2020		For the six months ended August 31, 2019	
Consulting fees	$	-	$	60,064
Management fees, director fees, salaries and wages		75,791		119,825
Share-based compensation		200,778		373,705
	$	276,569	$	553,594

Management fees, director fees, and salaries and wages consisted of the following for the periods ended August 31, 2020 and 2019:

Related party	Compensation	For the six months ended August 31, 2020		For the six months ended August 31, 2019	
Director and Former CEO	Salary and directors' fees	$	14,718	$	47,327
President and CEO of uBUCK	Salary		60,000		29,116
Former CFO	Salary		-		46,956
Former Chief Operating Officer	Consulting fees		-		45,120
Former Chief Innovation Officer and Former Director	Consulting and directors' fees		-		15,781
Former Director	Directors' fees		715		22,539
Former Director	Directors' fees		357		2,254
		$	75,791	$	209,093

Share-based compensation for the period ended August 31, 2020 consisted of the following:

Related party	Compensation	For the six months ended August 31, 2020	
Director and Former CEO	Share-based compensation	$	118,376
President and CEO of uBUCK	Share-based compensation		82,402
		$	200,778

Expressed in U.S. Dollars

17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

At August 31, 2020, accounts payable and accrued liabilities included $930 due to Native Ads Inc, a digital marketing company of which a director of the Company is a former director. During the six months ended August 31, 2020, this same amount was recognized as digital marketing expenses under marketing expense.

18. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Share capital

Share issuances for the six months ended August 31, 2020

During the six months ended August 31, 2020 there were no share issuances.

Share issuances for the year ended February 29, 2020

During the year ended February 29, 2020, pursuant to the exercise of warrants, the Company issued 4,020,625 common shares for total gross proceeds of $149,995 (CAD $201,031).

As at August 31, 2020, 37,125,000 of the common shares issued in connection with the Asset Acquisition of the BLOC Assets (Note 4) were held in escrow. No capital activity transaction as recorded for the period ended August 31, 2020.

Options

The Company has a Rolling Stock Option Plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment, consulting arrangement or holding office as a director or officer of the Company, are subject to vesting provisions as determined by the Board of Directors and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

A summary of the stock option transactions for the six months ended August 31, 2020 is as follows:

	Number of Options	Weighted Average Exercise Price (CAD)	
Balance outstanding, February 29, 2020	16,370,000	$	0.35
Issued	-	$	0.35
Forfeited	(2,300,000)	$	0.35
Balance outstanding, August 31, 2020	14,070,000	$	0.35
Number exercisable, August 31, 2020	6,565,000	$	0.35

Expressed in U.S. Dollars

18. SHARE CAPITAL (continued)

A summary of the stock option transactions for the year ended February 29, 2020 is as follows:

	Number of Options	Weighted Average Exercise Price (CAD)
Balance outstanding, February 28, 2019	23,820,000	$ 0.35
Issued	500,000	$ 0.35
Forfeited	(7,950,000)	$ 0.35
Balance outstanding, February 29, 2020	16,370,000	$ 0.35
Number exercisable, February 29, 2020	8,970,833	$ 0.35

During the year ended February 29, 2020, 7,950,000 options were forfeited due to terminations of consultants and employees and the consequent expiry of options after termination.

During the six months ended August 31, 2020, the Company recognized share-based compensation expense of $286,469 (2019: $924,835) representing the fair value of options granted and vested. The fair value of options granted is estimated on the grant date using the Black-Scholes option pricing model using the following weighted average variables:

	August 31, 2020	February 28, 2020
Risk-free interest rate	-	1.38%
Expected option life in years	-	5 years
Expected stock price volatility	-	237.92%
Expected dividend rate	-	0.00%
Fair value per option (CAD)	-	$ 0.20
Stock price at date of grant (CAD)	-	$ 0.20

The expected stock price volatility is determined based on available market data of similar entities in and is calculated on a weighted average basis dependent upon the number of options granted at each grant date.

As at August 31, 2020, the Company had options outstanding, enabling the holders to acquire the following number of common shares:

Number of Options	Exercise Price (CAD)	Weighted average life remaining (years)	Expiry Date
2,900,000	$0.35	2.76	June 6, 2023
8,000,000	$0.35	2.92	August 3, 2023
2,570,000	$0.35	3.19	November 9, 2023
100,000	$0.35	3.34	January 3, 2024
500,000	$0.35	3.75	June 1, 2024
14,070,000	$0.35	3.20	

Expressed in U.S. Dollars

18. SHARE CAPITAL (continued)

Warrants

A summary of the warrant transactions for the six months ended August 31, 2020 and the year ended February 29, 2020 is as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Balance outstanding, February 28, 2019	37,380,937	$ 0.05
Exercised	(4,020,625)	0.05
Expired	(33,360,312)	0.05
Balance outstanding, February 29, 2020 and August 31, 2020	-	-

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The Company's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities.

Financial instruments (continued)

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Cash is measured at fair value using Level 1 inputs. The carrying values of the accounts receivable, accounts payable and approximate their fair values due to their short terms to maturity. Investments are measured at fair value using Level 2 inputs.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk management

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company's credit risk arises from it deriving revenues from a sole customer, from which management does not believe the Company has a material exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As of August 31, 2020, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

a. *Interest rate risk*

   Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

b. *Price risk*

   Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in prices. The Company's investments are exposed to price risk.

c. *Foreign exchange risk*

   Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's presentation currency is the U.S. dollar and historically, major purchases have been transacted in U.S. dollars, while all of the financings to date have been completed in Canadian dollars. As the Company's revenues and general and administrative costs are primarily denominated in Canadian dollars, the Company will be exposed to effects of fluctuations in foreign exchange. The fluctuation of the Canadian dollar against the U.S. dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity.

The Company's net monetary position denominated in Canadian Dollars as of August 31, 2020 is ($261,736). The impact of a 10% variance in the USD/CAD exchange rate would be approximately ($26,174).

20. DIGITAL CURRENCY RISK MANAGEMENT

Digital currencies are determined by prices quoted on coinmarketcap.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is affected by the current and future market price of digital currencies; in addition, the Company may not be able to liquidate its inventory of digital currencies at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital currency sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. The Company's digital currencies currently consist of Bitcoin and LBRY.

21. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged for the period ended August 31,2020.

22. NON-CONTROLLING INTEREST

On September 20, 2019, the Company entered into a subscription agreement with a private investment entity ("the Entity") in which the Entity acquired 1,800,000 of Series A Preferred Shares of uBuck at $0.50 per share for total proceeds of $900,000. The Entity had the opportunity to make an aggregate investment for up to a maximum of 8,000,000 shares at $0.50 per share until September 30, 2020. The Entity did not make any additional investment during the period ended August 31, 2020.

Dividend entitlement

The Entity will be entitled to receive dividends at the rate of the greater of $0.03 per annum for each outstanding share, or the dividend payable per annum as would be payable for each share if they had been converted to Common Shares of uBuck. Dividends are non-cumulative and are declared and paid at the discretion of directors of the Company. The Entity will not retain any rights in the event that dividends on Series A Preferred shares are not declared or paid in any prior year.

Liquidation event

In the event of any liquidation, dissolution or winding up of uBuck, holders of Series A Preferred shares shall be entitled to receive an amount equal to $0.50 per Series A Common Share adjusted for any dividends, combinations, reclassifications or splits. Upon completion of the distribution required to the holders of Series A preferred shares, the remaining assets of the Company shall be distributed among the holders of Common Shares.

Conversion

Each Series A Preferred Share shall be convertible, at the option of the holder and at any time after issuance, to a fully paid and non-accessible Common Share of uBuck at a conversion price of $0.50 per Series A Preferred Share. Each Series A Preferred Share shall automatically be converted into Common Shares at the applicable conversion price

Expressed in U.S. Dollars

22. NON-CONTROLLING INTEREST (continued)

immediately in the event of the earlier of the consummation of a Qualified Public Offering, or the date specified by written consent from the holders voting together.

The issued and outstanding Series A Preferred Shares are presented as non-controlling interest on the consolidated statements of financial position.

Voting rights

Each holder of Series A Preferred Shares will be entitled to the number of votes equal to the number of Common Shares of uBuck into which the Series A Preferred Shares may be converted. Each holder of Series A Preferred Shares will hold full voting rights equal to that of holders of Common Shares of uBuck.

23. COMMITMENTS

The Company entered into a lease a 6,177 square foot rentable facility in Burnaby, BC on July 18, 2018 for the period commencing on September 1, 2018, for a period of 31 months expiring on March 30, 2021. The basic rent is CAD$18 net per square foot plus property and operating expenses.

The Company via its subsidiary, uBuck entered into an agreement for use of office space for the period from July 1, 2019 to December 31, 2019 at $40,000 per year, and January 1, 2020 to June 30, 2022 at $44,000 per year.

The Company entered into an agreement to lease two vehicles from the period of June 2020 to June 2024 at $18,990 per year.

All of the above leases are under the scope of IFRS 16 (Note 10 and 14).

24. SUPPLEMENTAL NON-CASH DISCLOSURE

The Company incurred the following non-cash expenditures

		For the period ended August 31, 2020		For the period ended August 31, 2019
Share-based compensation	$	286,469	$	924,835
Right-of-use asset capitalization		(109,649)		-
Lease obligation (current and long-term portion)		108,883		-
	$	285,703	$	924,835

25. SUBSEQUENT EVENTS

Promissory note

On September 30, 2020 the Company entered into a promissory note agreement ("the Agreement") with a third party (the "lender") in which the lender extended a principal amount of $100,000 CAD ("the principal") to the Company. The principal is payable within five calendar days of a written demand from the lender. The Company may also repay the principal at any time before the written demand from the lender without penalty.

No interest will be accrued on the principal amount of the note. The principal is secured by way of a general charge against all present and after-acquired assets of the Company. As at October 26, the Company has not received a written demand from

25. SUBSEQUENT EVENTS (continued)

Promissory note (continued)

the lender, nor has there been any repayment of the principal.

Note payable advance

On October 5, 2020, pursuant to the Company's asset-backed credit agreement with a financial institution (the "institution") disclosed in Note 13, the Company received an additional advance from the institution of $75,435.

Application for share consolidation

On October 8, 2020 the Company passed a motion for approval from shareholders for a consolidation of all of the Company's issued and outstanding common shares on the basis of one post-consolidation common share for up to a maximum of every four pre-consolidation common shares.

On October 8, 2020 the Company's shareholders approved the Company's application to the Canadian Securities Exchange to effect the consolidation of common shares.