BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

Vogogo Inc.
P.O. Box 34023
Westbrook PO
Calgary, Alberta
T3C 3W2

1.2 Executive Officer

Jordan Greenberg
Chief Financial Officer
(416) 419-7046

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On April 3, 2018, Vogogo Inc. (the "**Company**") completed the acquisition (the "**Transaction**") of all of the shares of Crypto 205 Inc. ("**Crypto 205**"). Prior to the completion of the Transaction, Crypto 205 was a privately held company engaged in the business of mining for cryptocurrencies for its own account, as a service for third party customers and within mining pools, together with corresponding support services. Crypto 205's mining assets are located in Quebec, Canada, and as at the date of the Transaction, comprised 4,125 mining rigs.

2.2 Acquisition Date

April 3, 2018.

2.3 Consideration

At closing of the Transaction the shareholders of Crypto 205 were issued 130,000,001 series 1 preferred shares of the Company (the "**Series 1 Preferred Shares**").

The terms of the Series 1 Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into common shares on a one for one basis, subject to customary adjustments on not less than 61 days prior notice to the Company; (iii) are eligible to participate in dividends if and when declared on the common shares; (iv) have priority rights on liquidation; and (v) are subject to a restriction that no holder of the preferred shares may convert into a number of common shares that would result in such holder beneficially owning greater than 9.9% of the common shares.

2.4 Effect on Financial Position

In connection with the Transaction, the Company was also assigned a shareholder loan in exchange for a cash payment of $5,000,000. Immediately prior to the completion of the Transaction, the Company has cash and cash equivalents of $12,883,732. No other cash was used to complete the Transaction.

As a result of the Transaction, the Company installed an additional 1,500 cryptocurrency miners, expanding its operations to 4,125 cryptocurrency miners. The Transaction served as a base for the Company to re-commence active business operations as a cryptocurrency miner.

2.5 Prior Valuations

No valuation opinion was obtained and no valuation was required under applicable securities laws in connection with the Transaction.

2.6 Parties to Transaction

No other party to the Transaction was an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*), associate or affiliate of the Company.

2.7 Date of Report

June 7, 2018

Item 3 Financial Statements and Other Information

Attached to this Report as Appendix "A" are:

a. the audited financial statements of Crypto 205 for the year ended December 31, 2017, together with the notes thereto and the auditor's report thereon; and
b. the unaudited interim financial statements of Crypto 205 for the three months ended March 31, 2018, together with the notes thereto.

Appendix "A"

See attached.

Condensed Interim Financial Statements

CRYPTO 205 INC.

For the three month period ended March 31, 2018 (unaudited)

CRYPTO 205 INC.
Condensed Interim Statements of Financial Position

	Note		As at March 31, 2018		As at December 31, 2017
ASSETS					
Current assets					
Cash		$	916,118	$	775,323
Prepaids			31,376		13,089
Subscription receivable			2,272		6,469
Sales tax receivable			1,054,527		987,699
Digital assets	4		340,290		711,648
Total current assets			**2,344,583**		**2,494,228**
Non-current assets					
Mining equipment, net	5		10,297,495		5,476,402
Other property and equipment, net	5		2,991,497		1,965,484
Total non-current assets			**13,288,992**		**7,441,886**
Total assets		**$**	**15,633,575**	**$**	**9,936,114**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	5,871,083	$	391,778
Deferred income tax liability - current			—		143,222
Shareholder loan	7		5,000,000		5,000,000
Total current liabilities			**10,871,083**		**5,535,000**
Long-term liabilities					
Deferred income tax liability			511,451		—
Total long-term liabilities			**511,451**		**—**
Total liabilities			**11,382,534**		**5,535,000**
Shareholders' equity					
Share capital	8		2,930,702		4,003,583
Accumulated other comprehensive income			—		6,342
Retained earnings			1,320,339		391,189
Total shareholders' equity			**4,251,041**		**4,401,114**
Total liabilities and shareholders' equity		**$**	**15,633,575**	**$**	**9,936,114**

Nature and continuance of operations (note 1)
Subsequent events (note 11)

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

CRYPTO 205 INC.
Condensed Interim Statements of Net Income

		Three Months Ended March 31,	
	Note	**2018**	**2017**
Income			
Income from mining of digital assets	4	**$ 3,778,679**	**$ —**
Depreciation of mining equipment & other property & equipment	5	(597,029)	—
Electricity cost		(443,761)	—
Loss on remeasurement of digital assets		(1,141,428)	—
Net mining income		**1,596,461**	—
Expenses			
General and administrative	6	(308,656)	—
Foreign exchange gain		9,574	—
Net income before income tax		**1,297,379**	—
Income taxes		(368,229)	—
Net income		**$ 929,150**	**$ —**
Basic and diluted income per common share		**$ 0.84**	**$ —**
Weighted average number of common shares outstanding - basic and diluted		**1,110,065**	**100**

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

CRYPTO 205 INC.
Condensed Interim Statements of Comprehensive Income

	Three Months Ended March 31,	
	2018	**2017**
Net income	$ 929,150	**$** —
Comprehensive income (loss)		
Reversal of gain on remeasurement of digital assets	(6,342)	—
Total comprehensive income	**$ 922,808**	**$ —**

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

CRYPTO 205 INC.
Condensed Interim Statements of Changes in Shareholders' Equity

For the three month period ended March 31, 2018 and 2017:

	Share Capital						
	Common Shares Class A number	Common Shares Class B number	Common Shares Class A Amount	Common Shares Class B Amount	Accumulated other comprehensive income	Retained earnings	Total
Balance – March 21, 2017	**—**	**—**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Issuance of common shares	100	—	1	—	—	—	**1**
Balance – March 31, 2017	**100**	**—**	**$ 1**	**$ —**	**$ —**	**$ —**	**$ 1**
Balance – December 31, 2017	**601,924**	**508,141**	**$ 3,574,210**	**$ 429,373**	**$ 6,342**	**$ 391,189**	**$ 4,401,114**
Reduction in paid-up capital (note 8)	—	—	(1,072,881)	—	—	—	**(1,072,881)**
Other comprehensive loss	—	—	—	—	(6,342)	—	**(6,342)**
Net income for the period	—	—	—	—	—	929,150	**929,150**
Balance – March 31, 2018	**601,924**	**508,141**	**$ 2,501,329**	**$ 429,373**	**$ —**	**$ 1,320,339**	**$ 4,251,041**

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

CRYPTO 205 INC.
Condensed Interim Statements of Cash Flows

	Three Months Ended March 31,	
	2018	**2017**
Cash flows from operating activities		
Net income	$ 929,150	$ —
Income from mining of digital assets	(3,778,679)	—
Depreciation of mining equipment	459,344	—
Depreciation of other property and equipment	137,685	—
Deferred income tax expense	368,229	—
Loss on remeasurement of digital assets	1,141,428	—
Cash received from disposal of digital assets	790,108	—
Changes in non-cash operating elements of working capital		
Prepaids	(18,287)	—
Subscription receivable	4,197	—
Sales tax receivable	(66,828)	—
Accounts payable and accrued liabilities	898,415	—
Net cash used in operating activities	**864,762**	—
Cash flows from financing activities		
Advances of shareholder loan	439,729	—
Proceeds from issuance of common shares	—	1
Net cash provided by financing activities	**439,729**	**1**
Cash flows from investing activities		
Purchase of other property and equipment	(1,163,696)	—
Net cash provided by investing activities	**(1,163,696)**	—
Change in cash during the period	140,795	1
Cash – beginning of year	775,323	—
Cash – end of period	**$ 916,118**	**$ 1**

Supplemental disclosure with respect to cash flows:

Significant non-cash transactions for the period ended March 31, 2018 included:

- repayment of shareholder loan with digital assets valued at $1,512,609;
- purchase of other equipment with digital assets valued at $699,547;
- reduction in paid-up capital $1,072,881 (note 8); and
- unpaid purchases of mining equipment recorded in accounts payable at period end for $4,580,890

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

1. NATURE OF OPERATIONS

Crypto 205 Inc. [the "Company"] was incorporated on March 21, 2017 under the Canada Business Corporations Act. The Company's registered office is located at 6500 Felix-Leclerc Highway Unit 400, Pointe-Claire, Quebec, H9R 0A5. The Company is in the business of utilizing specialized equipment to solve complex computational problems to validate transactions on blockchains. The Company receives digital currencies in return for this service.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") under International Financial Reporting Standards ("IFRS"). These condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2017, which include information necessary or useful to understanding the Company's business and financial statement presentation.

These condensed interim financial statements were approved for issuance by the Directors on June 1, 2018.

Basis of measurement

These financial statements have been prepared on a historical cost basis. Other measurement bases used are described in the applicable notes.

These condensed interim financial statements are presented in Canadian dollars which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended December 31, 2017.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2018.

The Company has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's results of operations or financial position however, the standards did result in a change in the presentation and disclosure of the results of the Company's mining activities. A number of other new standards are also effective from January 1, 2018 but they also did not have a material impact on the Company's financial statements.

IFRS 9, Financial Instruments

The IASB issued IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (i.e., its business model) and the contractual cash flow characteristics of such financial assets. IFRS 9 also amends the impairment model by introducing a new expected credit losses model for calculating impairment on its financial assets and commitments to extend credit. The standard also introduces additional changes relating to financial liabilities. IFRS 9 also includes a new hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Extended disclosures about risk management activity for those applying hedge accounting will also be required under the new standard.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments and there has been no impact as a result of the adoption of the IFRS 9 impairment model. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist primarily of cash and receivables are classified at amortized cost.

IFRS 15, Revenues from Contracts with Customers

IFRS 15 was issued in May 2014 and replaces prior guidance, including IAS 18, Revenue. In April 2016, the IASB issued amendments to the standard that clarified specific guidance and provided additional transitional relief. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and can be applied on a retrospective basis or using a modified retrospective approach.

The new guidance includes a five-step, principles-based recognition and measurement approach, as well as requirements for accounting for contract costs, and enhanced quantitative and qualitative disclosure requirements. IFRS 15 excludes from its scope revenue related to lease contracts, insurance contracts and financial instruments.

The Company derives its revenue from digital currency received for providing “mining” services to a digital currency blockchain. Mining is the Company’s principal business activity and is the process by which transactions are verified and added to the blockchain. A miner is only able to validate transactions once their computer equipment has solved a computationally difficult mathematical problem. Under the previous revenue recognition guidance under IAS 18, the Company had determined that the substance of its mining activities is a service under IFRS notwithstanding the lack of a formal contractual arrangement under which it provides such services, as the services are provided through the blockchain protocol.

Under IFRS 15 however, the recognition of revenue requires that the Company have a contract with a customer and, on the blockchain, there is no identifiable customer nor contract in place with any customer. As a result, the value of the digital currency received for providing mining services does not qualify for recognition as revenue under IFRS 15. Rather, the Company accounts for the value of digital currency received as “other income” and presents this as “income from mining of digital assets” in the statement of income. Historical presentation of revenue will be retrospectively amended to conform to the “other income” presentation adopted.

Income from mining of digital assets

Other income earned from providing digital currency mining services is recognized by the Company when the digital currency is received for the mining services rendered. In return for the mining services rendered, digital currency is deposited into the Company’s wallet and this income is recognized at the Canadian dollar value of the digital currencies mined as at the time of actual receipt. The fair value is reliably measured using the closing price on Coin Market Cap on the date of receipt. Any costs associated with the Company’s mining activities are incurred simultaneously with the earning of income. The Company has not deferred any expenditures with regards to fulfilling mining services.

Digital assets

Digital assets consist of digital currencies generated from the Company’s mining activities. The Company classifies and measures digital assets at fair value under IAS 38 since the assets are non-monetary without any physical substance. Based on this policy, the revaluation method is used. Increases in value are recorded in the statement of other comprehensive income while decreases are recorded in the statement of net income. To the extent that an increase in value reverses a previous decrease in value that has gone into net income, that increase is reported in net income so that the cumulative effect includes the net decrease in value of the cryptocurrency over time. Similarly, a decrease in value that reverses a previous increase is recorded in other comprehensive income so the cumulative effect is the net increase in value of the cryptocurrency over time. The cost and fair value of cryptocurrencies is determined for each unit of Bitcoin mined and held by the Company.

The Company obtains the equivalency rate of tradeable digital assets to USD from Coin Market Cap, a source that aggregates data from multiple exchanges and applies a methodology to determine the best quoted USD price on the date the digital assets were generated. Subsequently, the Company converts the USD equivalent digital assets into Canadian dollars using the Bank of Canada closing daily exchange rate. Subsequent to initial recognition, digital assets are remeasured at each reporting period to the Canadian dollar price. The equivalency rate obtained from Coin Market Cap represents a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis, and this information and all related databases are accessible to the Company.

4. DIGITAL ASSETS

Digital assets consist of Bitcoin coins. Below is a continuity of digital assets mined, acquired through purchase, settled and revalued during the year.

	Bitcoin	
	$	Units
Opening balance as at March 21, 2017	$ —	—
Mined additions	746,288	40.07
Losses in fair value through profit & loss	(40,983)	—
Gains in fair value through other comprehensive income	6,342	—
Closing balance as at December 31, 2017	**$ 711,647**	**40.07**
Mined additions	3,778,679	277.09
Disposals	(3,008,608)	(279.95)
Losses in fair value through profit & loss	(1,141,428)	—
Closing balance as at March 31, 2018	**$ 340,290**	**37.21**

5. PROPERTY AND EQUIPMENT

COST	Mining equipment	Other property & equipment	Total
Balance March 21, 2017	$ —	$ —	$ —
Additions	5,512,129	1,976,464	7,488,593
Balance December 31, 2017	**5,512,129**	**1,976,464**	**7,488,593**
Additions	5,280,437	1,163,698	6,444,135
Balance March 31, 2018	**10,792,566**	**3,140,162**	**13,932,728**
ACCUMULATED AMORTIZATION			
Balance March 21, 2017	$ —	$ —	$ —
Amortization charge	35,727	10,980	46,707
Balance December 31, 2017	**35,727**	**10,980**	**46,707**
Amortization charge	459,344	137,685	597,029
Balance March 31, 2018	**495,071**	**148,665**	**643,736**
Net carrying amount			
At December 31, 2017	5,476,402	1,965,484	7,441,886
At March 31, 2018	**10,297,495**	**2,991,497**	**13,288,992**

6. EXPENSES CLASSIFIED BY NATURE

Expenses are classified by function on the statement of income and comprehensive income and are comprised of general and administrative. Below is a breakdown of what is included within general and administrative expenses. The Company did not incur any employee benefits expenses during the year:

	Three Months Ended March 31,	
	2018	2017
Office expense	$ 21,767	$ —
Utilities	704	—
Insurance	8,427	—
Rent	62,500	—
Professional fees	190,612	—
Security	24,646	—
	$ 308,656	**$ —**

7. SHAREHOLDER LOAN

The Company has an outstanding non-interest-bearing credit facility with one of its shareholders. The facility consists of a revolving line of credit in the amount of $10,000,000, due and payable on November 9, 2018. The revolving credit facility can be used for general working capital purposes. As at March 31, 2018, the outstanding amount of the revolving credit facility is $5,000,000. Subsequent to the end of the period and in connection with the transaction discussed in the subsequent event note below, the shareholder loan was repaid in full.

8. SHARE CAPITAL

During the quarter, through a resolution of the board of directors, the Company reduced the paid-up capital of the Class A common shares by $1,072,881 and increased the shareholder loan by this amount.

9. FAIR VALUE DISCLOSURE AND CAPITAL MANAGEMENT

Fair value hierarchy

Digital assets recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

The Company determined that the carrying values of its short-term financial assets and liabilities approximate their fair value because of the relatively short periods to maturity of these instruments and low risk of credit.

	As at March 31, 2018			
	Fair value & carrying value	Level 1	Level 2	Level 3
Digital assets	340,290	340,290	—	—
Total financial assets	**340,290**	**340,290**	**—**	**—**

	As at December 31, 2017			
	Fair value & carrying value	Level 1	Level 2	Level 3
Digital assets	711,648	711,648	—	—
Total financial assets	**711,648**	**711,648**	**—**	**—**

Capital management

The Company's objectives when managing its capital are:

1. To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;

2. To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;

3. To safeguard the Company's ability to obtain financing should the need arise; and

4. To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, currency risk and price risk.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash which is generated from financing activities and through the sale of digital assets. The value of digital assets is subject to changes in market value of the underlying digital currency which can fluctuate materially over time. All of the Company's liabilities are due in the next year.

Currency risk

As at March 31, 2018, the Company was not exposed to foreign currency risk as the Company's income, expenses, cash collections and disbursements were transacted in Canadian dollars, the Company's functional and reporting currency.

11. SUBSEQUENT EVENTS

On April 3, 2018, the Company sold all of its issued and outstanding shares to Vogogo Inc. ("Vogogo") which is engaged in the business of mining for cryptocurrencies for its own account, and within mining pools, together with corresponding support services. Pursuant to the Acquisition, Vogogo acquired all of the issued and outstanding shares of the Company from its former shareholders in exchange for an aggregate of 130,000,000 non-voting, convertible series 1 preferred shares in the capital of Vogogo (the "Preferred Shares"). In connection with the Acquisition, Vogogo was also assigned a shareholder loan in exchange for a cash payment of $5,000,000.

CRYPTO 205 INC.
FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION, MARCH 21 2017, TO DECEMBER 31, 2017

Independent auditor's report

Grant Thornton LLP
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To the Board of Directors of Crypto 205 Inc.

We have audited the accompanying financial statements of Crypto 205 Inc., which comprise the statement of financial position as at December 31, 2017, and the statement of income and comprehensive income, statement of changes in equity and statement of cash flows for the period from incorporation, March 21, 2017, to December 31, 2017, and a summary of significant accounting policies and other explanatory information

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crypto 205 Inc. as at December 31, 2017, and its financial performance and its cash flows for the period from incorporation, March 21, 2017, to December 31, 2017, in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Mississauga, Canada
March 28, 2018

Licensed Professional Accountants
Chartered Professional Accountants

CRYPTO 205 INC.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2017
ASSETS		
Current assets		
Cash		**775,323**
Prepaid expenses		**13,089**
Subscription receivable		**6,469**
Sales taxes receivable		**987,699**
Digital assets	6	**711,648**
Total current assets		**2,494,228**
Non-current assets		
Mining equipment, net	7	**5,476,402**
Other property and equipment, net	7	**1,965,484**
Total non-current assets		**7,441,886**
Total assets		**9,936,114**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		**391,778**
Deferred income tax liability	9	**143,222**
Shareholder loan	10	**5,000,000**
Total current liabilities		**5,535,000**
Total liabilities		**5,535,000**
EQUITY		
Share capital	11	**4,003,583**
Revaluation surplus		**6,342**
Retained earnings		**391,189**
Total equity		**4,401,114**
Total liabilities and equity		**9,936,114**

See accompanying notes

CRYPTO 205 INC.
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the period from incorporation, March 21, 2017, to December 31, 2017
(Expressed in Canadian Dollars except for number of shares)

	Note	2017
Sales		
Digital assets mined	6	**746,288**
Cost of sales		
Depreciation	7	**46,707**
Electricity cost		**58,070**
Total cost of sales		**104,777**
Gross profit		**641,511**
Expenses		
General and administrative	8	**30,761**
Net income before the following items		**610,750**
Fair value remeasurement loss on digital assets	6	**(40,983)**
Foreign exchange loss		**(35,356)**
		(76,339)
Net income before income tax		**534,411**
Income tax	9	**143,222**
Net income		**391,189**
Digital assets – unrealized gain in fair value	6	**6,342**
Comprehensive income		**397,531**
Basic and diluted net income per share		**2.87**
Weighted average number of shares – basic and diluted		**136,200**

See accompanying notes

CRYPTO 205 INC.
STATEMENT OF CHANGES IN EQUITY
For the period from incorporation, March 21, 2017, to December 31, 2017
(Expressed in Canadian Dollars except for number of shares)

	Common Shares Class A number	Common Shares Class B number	Common Shares Class A Amount	Common Shares Class B Amount	Revaluation Surplus	Retained Earnings	Total Equity
Balance – March 21, 2017	-	-	-	-	-	-	-
Issuance of shares	601,924	508,141	3,574,210	429,373	-	-	4,003,583
Net income	-	-	-	-	-	391,189	391,189
Other comprehensive income	-	-	-	-	6,342	-	6,342
Balance – December 31, 2017	**601,924**	**508,141**	**3,574,210**	**429,373**	**6,342**	**391,189**	**4,401,114**

See accompanying notes

CRYPTO 205 INC.
STATEMENT OF CASH FLOWS
For the period from incorporation, March 21, 2017, to December 31, 2017
(Expressed in Canadian Dollars)

	Note	2017
Operating activities		
Net income		**391,189**
Digital assets mined	6	**(746,288)**
Depreciation	7	**46,707**
Deferred income taxes	9	**143,222**
Fair value remeasurement loss on digital assets	6	**40,983**
Changes in non-cash operating elements of working capital		
Subscription receivable		**(6,469)**
Sales taxes receivable		**(987,699)**
Prepaid expenses		**(13,090)**
Accounts payable and accrued liabilities		**391,778**
Net cash outflows from operating activities		**(739,667)**
Financing activities		
Proceeds from issuance of shares		**3,103,583**
Proceeds from shareholder loan	10	**5,000,000**
Net cash inflows from financing activities		**8,103,583**
Investing activities		
Purchase of mining equipment	7	**(4,612,129)**
Purchase of other capital assets	7	**(1,976,464)**
Net cash outflows from investing activities		**(6,588,593)**
Increase in cash		**775,323**
Cash and cash equivalents – beginning of period		**-**
Cash and cash equivalents - end of period		**775,323**

See accompanying notes

1. NATURE OF BUSINESS

Crypto 205 Inc. [the "Company"] was incorporated on March 21, 2017 under the Canada Business Corporations Act. The Company's registered office is located at 6500 Felix-Leclerc Highway Unit 400, Pointe-Claire, Quebec, H9R 0A5. The Company is in the business of utilizing specialized equipment to solve complex computational problems to validate transactions on blockchains. The Company receives digital currencies in return for this service.

2. BASIS OF PRESENTATION

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

The financial statements of Crypto 205 Inc. from the date of incorporation, March 21, 2017, to December 31, 2017 were authorized for issue in accordance with a resolution of the directors on March 28, 2018.

(ii) Basis of measurement

These financial statements have been prepared on a historical cost basis. Other measurement bases used are described in the applicable notes.

(iii) Functional and presentation currency

The financial statements are presented in Canadian dollars which is the Company's functional currency.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The determination of the Company's functional currency requires judgments regarding the primary economic environment in which the Company operates. The functional currency of the Company was determined to be the Canadian dollar as this is the primary currency for cash outflows and financing activities

The following are the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effect on the amounts in the financial statements:

(i) Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights. At the year end, management concluded that none of the Company's non-financial assets were impaired.

(ii) Accounting for digital assets

At present, there are conflicting views on applying IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

(iii) Fair value of digital assets

Digital assets are measured at fair value using the quoted price on www.coinmarketcap.com ("Coin Market Cap"). Management considers this fair value to be a Level 1 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The digital assets are valued based on the closing price obtained from Coin Market Cap at the end of the reporting period or date corresponding to the digital asset mined or held by the Company.

(iv) Useful life of mining equipment and other property and equipment

Management is amortizing mining equipment over three years on a straight-line basis and other property and equipment over five years on a straight-line basis.

The mining equipment is used to generate digital assets (refer to discussion on revenue recognition in Note 4(i)). The rate at which the Company generates digital currencies and, therefore, consumes the economic benefits of its mining equipment is influenced by a number of factors including the following:

- the complexity of the mining process which is driven by the algorithms contained within the digital assets open source software; and
- the range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

The other property and equipment is used to operate and sustain the mining equipment.

Based on the Company's, and the industry's, short life cycle to date, management is limited by the market data available. Furthermore, the data available also includes data derived from the use of economic modelling to forecast future digital assets and the assumptions included in such forecasts, including digital currencies' (such as Bitcoin) price and network difficulty, are derived from management's assumptions which are inherently judgmental. Based on current data available management has determined that the straight-line method of amortization over three and five years best reflects the current expected useful life of mining equipment and other property and equipment. Management reviews this estimate at each reporting date and revises such estimates as and when data becomes available. The mining equipment has been assumed to have no residual value at the end of its useful life. Management reviews the appropriateness of its assumption of nil residual value at each reporting date.

As set out in Note 3(i) management also assesses whether there are any indicators of impairment of mining equipment and other property and equipment at the end of each reporting period and if any such indication exists, the Company will estimate the recoverable amount of its mining equipment and other property and equipment.

(v) Deferred income taxes

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

4. SIGNIFICANT ACCOUNTING POLICIES

(i) Revenue recognition

Revenue is comprised of the fair value of consideration received or receivable for the provision of services in the ordinary course of business.

The Company derives its revenue from digital currency received for providing "mining" services to a digital currency blockchain. Mining is the Company's principal business activity and is the process by which transactions are verified and added to the blockchain. A miner is only able to validate transactions once their computer equipment has solved a computationally difficult mathematical problem.

The Company has determined that the substance of its mining activities is a service under IFRS notwithstanding the lack of a formal contractual arrangement under which it provides such services, as the services are provided through the blockchain protocol. Also, there is no collaboration arrangement within the blockchain, and the Company's rights and obligations are implied by the customary business practices prevalent within the industry.

Revenue earned from providing digital currency mining services is recognized by the Company when the significant risks and rewards of ownership have been transferred which is considered to be when the digital currency is received for the mining services rendered. In return for the mining services rendered, digital currency is deposited into the Company's wallet and this revenue is recognized at the Canadian dollar value of the digital currencies mined as at the time of actual receipt. The fair value is reliably measured using the closing price on Coin Market Cap on the date of receipt. Any costs associated with the Company's mining activities are incurred simultaneously with the earning of revenue. The Company has not deferred any expenditures with regards to fulfilling mining services.

During the period ended December 31, 2017, the Company has recorded revenue of $746,288.

(ii) Digital assets

Digital assets consist of digital currencies generated from the Company's mining activities. The Company classifies and measures digital assets at fair value under IAS 38 since the assets are non-monetary without any physical substance. Based on this policy, the revaluation method is used. Increases in value are recorded in the statement of other comprehensive income while decreases are recorded in the statement of net income. To the extent that an increase in value reverses a previous decrease in value that has gone into net income, that increase is reported in net income so that the cumulative effect includes the net decrease in value of the cryptocurrency over time. Similarly, a decrease in value that reverses a previous increase is recorded in other comprehensive income so the cumulative effect is the net increase in value of the cryptocurrency over time. The cost and fair value of cryptocurrencies is determined for each unit of Bitcoin mined and held by the Company.

The Company obtains the equivalency rate of tradeable digital assets to USD from Coin Market Cap, a source that aggregates data from multiple exchanges and applies a methodology to determine the best quoted USD price on the date the digital assets were generated. Subsequently, the Company converts the USD equivalent digital assets into Canadian dollars using the Bank of Canada closing daily exchange rate. Subsequent to initial recognition, digital assets are remeasured at each reporting period to the Canadian dollar price. The equivalency rate obtained from Coin Market Cap represents a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis, and this information and all related databases are accessible to the Company.

(iii) Cash

Cash in the statement of financial position is comprised of cash on hand.

(iv) Property and equipment

Property and equipment are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property and equipment and any expenditures required to make the property and equipment ready for use. Expenditures that extend the estimated life of an asset are capitalized.

Amortization is provided annually on property and equipment at rates designed to charge the cost of the assets over their estimated useful lives, as follows:

Mining equipment	3 years straight-line
Other property and equipment	5 years straight-line

The assets' residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Amortization of mining equipment is recognized in cost of revenue on the statement of income and comprehensive income. Amortization of other capital assets is recognized in general and administrative expenses.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statements of income and comprehensive income when the asset is derecognized.

Refer to Note 3(iv) for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of amortization, the underlying useful life and the estimation of residual values in respect of mining equipment.

Certain items of property and equipment may be acquired in exchange for digital assets. The cost of such items are measured at fair value and the consideration is settled by providing an equivalent amount of digital assets at the date of acquisition. Such transactions do not require the use of cash and are excluded from the statement of cash flows.

(v) Impairment of non-financial assets

The Company determines at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated for valuation multiples or other available fair value indicators. Impairment losses are recognized in the statement of income and comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date of whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If an indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income and comprehensive income.

(vi) Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39, Financial Instruments: Recognition and Measurement ["IAS 39"] are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated in an effective hedge, as appropriate. The Company determines classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and subscription receivable. All of the Company's financial assets are classified as loans and receivables.

Subsequent measurement – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statements of income and comprehensive income. The losses arising from impairment are recognized in the statements of income and comprehensive income in finance expense.

Derecognition

A financial asset is derecognized when:

The rights to receive cash flows from the asset have expired.

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass- through" arrangement.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This recognition includes directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities and shareholder loan.

Subsequent measurement – loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income and comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expense in the statement of income and comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the statements of income and comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(vii) Leases

Leases are classified as either finance or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Company are accounted for as finance leases. At the time a finance lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under finance leases is amortized on the same basis as described above. Operating lease payments are recognized as an operating expense in the statement of loss on a straight-line basis over the lease term.

(viii) Foreign currency translation

The Company's financial statements are presented in Canadian dollars, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at the appropriate rates of exchange prevailing at the statement of financial position date while other assets and liabilities are converted at the rates of exchange applicable at the dates acquired or incurred. Revenue and expenses are translated into Canadian dollars at rates of exchange applicable during the periods in which they were earned or expensed. All gains and losses are included in the statements of income and comprehensive income for the year.

(ix) Taxes

The Company is in the business of mining for digital currencies in a commercial manner and, the income from the business is included in determining taxable income for the year. The digital currency held at period end is treated as inventory for tax purposes and valued pursuant to Section 10 of the Income Tax Act.

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statements of income and comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction, either in other comprehensive loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments that replaces IAS 39, Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The adoption of IFRS 9 will not have an effect on the classification and measurement of the Company’s financial assets and financial liabilities.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and replaces prior guidance, including IAS 18, Revenue. In April 2016, the IASB issued amendments to the standard that clarified specific guidance and provided additional transitional relief. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, which for us will be on November 1, 2018, and can be applied on a retrospective basis or using a modified retrospective approach. We plan to adopt IFRS 15 using the modified retrospective approach by recognizing the cumulative effect of initial application in opening retained earnings as of the effective date. Use of the modified retrospective approach will require us to provide additional disclosures in the year of adoption that would not be required if we apply the standard on a retrospective basis.

The new guidance includes a five-step, principles-based recognition and measurement approach, as well as requirements for accounting for contract costs, and enhanced quantitative and qualitative disclosure requirements. IFRS 15 excludes from its scope revenue related to lease contracts, insurance contracts and financial instruments.

The Company continues to evaluate the effect of this standard, including the on our financial statements, including the presentation of revenue and expense items, and the timing and measurement of revenue deriving from digital assets.

IFRS 16, Leases

IFRS 16 was issued in January 2016 and requires lessees to recognize assets and liabilities for most leases. For lessors, there is little changed to the existing accounting in IAS 17 Leases.

The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of assessing the impact of this standard on the Company's financial statements.

6. DIGITAL ASSETS

Digital assets consist of Bitcoin coins. Below is a continuity of digital assets mined, acquired through purchase, settled and revalued during the year.

	Bitcoins	**2017**
Opening balance as at March 21, 2017	-	-
Mined additions	40.07	746,288
Unrealized loss in fair value through profit & loss	-	(40,983)
Unrealized gain in fair value through other comprehensive income	-	6,342
Closing balance as at December 31, 2017	40.07	**711,648**

7. PROPERTY AND EQUIPMENT

Cost	**Mining Equipment**	**Other property & equipment**	**Total**
Balance – March 21, 2017	-	-	-
Additions	5,512,129	1,976,464	7,488,593
Balance – December 31, 2017	5,512,129	1,976,464	7,488,593
Accumulated amortization			
Balance – March 21, 2017	-	-	-
Amortization charge	35,727	10,980	46,707
Balance – December 31, 2017	35,727	10,980	46,707
Net book value			
Balance – December 31, 2017	**5,476,402**	**1,965,484**	**7,441,886**

A shareholder contribution in the amount of $900,000 was provided in the form of mining equipment in exchange for 150,000 Class A common shares. The contribution was measured at the fair value of the mining equipment received.

Mining equipment in the amount of $1,586,990 included in the above amounts has not been put into use as of December 31, 2017. Accordingly, no amortization has been recorded on these amounts.

8. EXPENSES CLASSIFIED BY NATURE

Expenses are classified by function on the statement of income and comprehensive income and are comprised of general and administrative. Below is a breakdown of what is included within general and administrative expenses. The Company did not incur any employee benefits expenses during the year.

	2017
General and administrative	
Office expenses	11,967
Utilities	173
Insurance	1,190
Professional fees	14,990
Computer expenses	2,441
Total general and administrative	**30,761**

9. INCOME TAXES

Details of income tax expense were as follows:

	2017
Current income tax expense	-
Deferred income tax expense	143,222
Income tax expense	**143,222**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.8% to the effective tax rate is as follows for the period from incorporation on March 21, 2017 to December 31, 2017:

	2017
Net income before income taxes	534,411
Canadian statutory tax rate	26.8%
Statutory income taxes	**143,222**

Details of deferred income tax asset (liability) were as follows:

	Mining equipment & Other property and equipment	Tax Losses	Total
At March 21, 2017	-	-	-
Credit / (charged) to net income	(368,057)	224,835	(143,222)
At December 31, 2017	(368,057)	224,835	**(143,222)**

10. SHAREHOLDER LOAN

The Company has an outstanding non-interest-bearing credit facility with one of its shareholders. The facility consists of a revolving line of credit in the amount of $10,000,000, due and payable on November 9, 2018. The revolving credit facility can be used for general working capital purposes. As at December 31, 2017, the outstanding amount of the revolving credit facility is $5,000,000.

11. SHARE CAPITAL

The articles of incorporation of the Company provides for the issuance of an unlimited number of shares without par value, of each of the following classes: (1) Class A Common Shares, (2) Class B Common Shares, (3) Class C Common Shares, (4) Class D Preferred Shares, (5) Class E Preferred Shares, and (6) Class F Preferred Shares. The summary below outlines the rights associated with each of these classes of shares.

Voting Rights

Holders of Class A and Class C shares are entitled to attend and vote at all meetings of shareholders of the Company. At such meetings, the holders of Class A shares are entitled to 1 vote per share held, whereas holders of Class C shares are entitled to 100 votes per share. Holders of Class B shares, and preferred Class D, Class E and F shares do not have the right to attend or vote at meeting of shareholders of the Company.

Dividends

Subject to the preferences that may apply to holders of the preferred Class F, Class E and Class D shares outstanding at the time, the holders of Class A and Class B shares are entitled jointly, in any dividends that the board of directors may determine to issue from time to time. Holders of Class C shares are not entitled to dividends. Subject to the preferred dividends on Class F and Class E shares, the holders of Class D shares are entitled to receive a monthly non-cumulative dividend equal to 1% of the redemption value of the Class D shares issued and outstanding. After having provided for the preferred dividends on Class F shares, the holders of Class E shares are entitled to receive a monthly, non-cumulative dividend equal to 0.75% of the redemption value the Class E shares. The holders of Class F shares are entitled to receive a monthly and cumulative dividend equal to 1/12 of the prime rate of the Company's bank in effect on the first day of each month during which such dividend is declared, calculated on the redemption value of said Class F shares, before a dividend is declared or paid on any other class of shares of the Company.

Return of Capital & Additional Participation

Subject to the preferential right of return of capital of the holders of Class F, Class E and Class D shares, in the event of the liquidation or dissolution of the Company, the holders of Class A shares shall be entitled to receive a return of capital on equal rank with the holders of Class B and Class C shares. Holders of Class F shares are entitled to receive such a return prior to the holders of any other class of shares, followed by the holders of Class E shares and Class D shares. In such an event of liquidation or dissolution the holders of Class A shares are entitled, jointly with the holders of Class B shares, to share in the balance of the properties and assets of the Company, while the holders of Class C, Class D, Class E and Class F shares are not entitled to any additional participation in the properties or assets of the Company.

Right of Redemption

The Company shall have no right of redemption of the Class A or Class B shares issued and outstanding, while Class C shares are redeemable at the option of their holders. The Class D, Class E and Class F shares are redeemable either, at their option or that of the Company.

Right to Purchase

The Company may purchase or otherwise acquire, by mutual agreement, all or part of the Class A, Class B, Class C, Class D, Class E and Class F shares issued and outstanding, at such time, in such manner and for such consideration as the board of directors and the holders of the classes of shares mutually determine.

12. FAIR VALUE DISCLOSURES

Fair value hierarchy

Digital assets recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly from observable market data; and

Level 3: Inputs that are not based on observable market data.

The Company determined that the carrying values of its short-term financial assets (cash, subscription receivable) and liabilities (accounts payable and accrued liabilities, shareholder loan) approximate their fair value because of the relatively short periods to maturity of these instruments and low risk of credit.

	Fair value & carrying value	**Level 1**	**Level 2**	**Level 3**
Digital assets	711,648	711,648	-	-
Total financial assets	**711,648**	**711,648**	**-**	**-**

13. CAPITAL MANAGEMENT

The Company defines capital as shareholders' equity and loans. The Company's objectives when managing its capital are:

1. To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;

2. To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;

3. To safeguard the Company's ability to obtain financing should the need arise; and

4. To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

Financial risk management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, currency risk and price risk.

Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. All of the Company's liabilities are due in the next year.

Currency risk

As at December 31, 2017, a portion of the Company's financial assets are held in USD. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following USD amounts are presented in CAD to demonstrate the effect of changes in foreign exchange rates:

	2017
Cash	334,308
Effect of +/-10% in exchange rates	33,431

The significant exchange rates that have been applied include the following:

Currency	Average rate	Year-end spot rate
1 USD	1.2921	1.2545

A reasonably possible strengthening (weakening) of the USD against the CAD at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown above.

15. COMMITMENTS

The Company has commitments of $370,000 for future rental lease payments due within 1 year and managed service agreements and commitments of $1,000,000 for future rental lease payments due within 2 to 5 years.

16. RELATED PARTY TRANSACTIONS

Other than the shareholder loan, there were no other transactions with related parties and no remuneration was paid to key management personnel.

17. SEGMENT INFORMATION

The Company operates in one industry and geographic segment; the digital currency mining industry with all current mining activities conducted in Canada.

18. SUBSEQUENT EVENTS

It was announced on March 13, 2018 that the Company had entered into a share purchase agreement with Vogogo Inc. where Vogogo Inc. will acquire all of the issued and outstanding shares of the Company from its current shareholders in exchange for an aggregate of 130,000,000 non-voting, convertible series 1 preferred shares of Vogogo Inc.