GREENHAWK RESOURCES INC.

(the "Resulting Issuer" following a fundamental change involving the transaction between Cryptologic Corp., Greenland Resources Inc., Copenhagen Minerals Inc., RSG Mining Corp. and certain other parties)

LISTING STATEMENT - FORM 2A

May 31, 2021

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Cautionary Note Regarding Forward-Looking Statements

The information provided in this listing statement ("**Listing Statement**"), including information incorporated by reference, may contain "forward-looking statements" about Greenhawk Resources Inc. (the "**Resulting Issuer**"). In addition, the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Resulting Issuer that address activities, events or developments that the Resulting Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the regulation of the mining industry in Greenland;

(b) the availability of financing opportunities; and

(c) other risks described in this Listing Statement (including those under the heading "*Risk Factors*") and described from time to time in documents filed by the Resulting Issuer with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to expectations and assumptions concerning: (i) the anticipated benefits of the Acquisition (as defined below); (ii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (iii) the success of the operations of the Resulting Issuer.

Although the Resulting Issuer believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the speculative nature of mineral exploration activities; limited operating history as a mineral resource issuer; risks relating to title to mineral properties; fluctuating commodity prices; risks relating to health epidemics and COVID-19; conflicts of interests; risks relating to the receipt of the required licenses and permits; risks relating to additional funding requirements; and other factors beyond the Corporation and Copenhagen's control, as more particularly described under the heading "*Risk Factors*" in this Listing Statement.

Consequently, all forward-looking statements made in this Listing Statement and other documents of the Resulting Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Resulting Issuer and/or persons acting on its behalf may issue. The Resulting Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Market and Industry Data

This Listing Statement includes market and industry data that have been obtained from third-party sources, including industry publications. The Resulting Issuer believes that the industry data are accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this information. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data are believed to be reliable, the Resulting Issuer has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Currency

Unless otherwise indicated, all references to “$” or “C$” in this Listing Statement refer to Canadian dollars.

1. GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Listing Statement including in the summary hereof. Terms and abbreviations used in the financial statements appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and *vice versa* and words importing any gender include all genders.

"**828 Acquisition**" has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**Acquisition**" means the indirect acquisition of the Storø Gold Project (as a result of the acquisition of RSG Mining by the Corporation pursuant to the Amended and Restated Share Purchase Agreement).

"**Affiliate**" means a Person or corporation that is affiliated with another Person or corporation as described below. A Person or corporation is an "**Affiliate**" of another Person or corporation if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person or corporation.

A corporation is "**controlled**" by a Person if:

(a) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.

A Person beneficially owns securities that are beneficially owned by:

(a) a corporation controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"**Agents**" has the meaning ascribed thereto in Section 4 – *Narrative Description of the Business – The Financing.*

"**Amended and Restated Share Purchase Agreement**" means the Amended and Restated Share Purchase Agreement entered into among the Corporation, Copenhagen, Greenland Resources, RSG Mining and the Other RSG Shareholders on May 21, 2021, amending and restating the Share Purchase Agreement.

"**Amended Bridge Loan**" has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

(d) in the case of a Person who is an individual:

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Bridge Loan**" has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Common Shares**" means the issued and outstanding common shares of the Corporation or the Resulting Issuer, as applicable.

"**Communications Payment**" has the meaning ascribed thereto under Section 2.4 – *Fundamental Change – The Acquisition*.

"**Consideration Shares**" has the meaning ascribed thereto under Section 2.4 – *Fundamental Change – The Acquisition*.

"**Consolidation**" has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**Conversion Share**" has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**Copenhagen**" means Copenhagen Minerals Inc.

"**Copenhagen Shares**" has the meaning ascribed thereto under the heading "Termination" in Section 2.4 *Fundamental Change – The Acquisition*.

"**Corporation**" means Cryptologic Corp.

"**Crypto 205**" means Crypto 205 Inc.

"**Crypto 205 Transaction**" has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof.

“**Director Appointment Right**” has the meaning ascribed thereto under the heading “Investor Rights Agreement” in Section 2.4 *Fundamental Change – The Acquisition*.

“**Escrow Agent**” means AST Trust Company (Canada).

“**Escrow Agreement**” means the escrow agreement entered into by the Issuer, the Escrow Agent and certain securityholders of the Issuer in compliance with the requirements of the CSE.

“**Escrowed Securities**” means the Common Shares that will be subject to the Escrow Agreement upon listing of the Common Shares on the CSE.

“**F.I.T. Ventures**” means F.I.T. Ventures L.P.

“**Facilities**” has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

“**GEUS**” means Geological Survey of Denmark and Greenland.

“**Greenland Resources**” means Greenland Resources Inc.

“**Hive**” means HIVE Blockchain Technologies Ltd.

“**Hive Shares**” has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

“**ICP-FA**” has the meaning ascribed thereto in Schedule “E” – *Mineral Projects*.

“**June 2018 Offering**” has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

“**Letter Agreement**” means the letter of intent entered into by the Corporation, Copenhagen, and Greenland dated December 10, 2020.

“**Listing Statement**” means this listing statement of the Corporation, including the schedules hereto.

“**Meeting**” means the Annual and Special Meeting of shareholders of the Corporation held on April 14, 2021.

“**MI 61-101**” means MI 61-101 – *Protection of Minority Security Holders in Special Transactions.*

“**NEO**” means a Named Executive Officer as such term is defined in Form 51-102F6 – Statement of Executive Compensation under National Instrument 51-102 – *Continuous Disclosure*.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects.*

“**OBCA**” means the *Business Corporations Act* (Ontario).

“**Options**” has the meaning ascribed thereto in Section 9 *Options to Purchase Securities.*

“**Other RSG Shareholders**” has the meaning ascribed thereto under Section 2.4 – *Fundamental Change – The Acquisition*.

“**PEA**” has the meaning ascribed thereto in Schedule “E” – *Mineral Projects*.

“**Person**” means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

“**Preferred Shares**” means the preferred shares of the Resulting Issuer.

“**Primera**” means Primera Bioscience Research Inc.

“**QAQC**” has the meaning ascribed thereto in Schedule “E” – *Mineral Projects*.

“**QP**” means Qualified Persons as defined in NI 43-101.

“**Related Person**” has the meaning attributed to it in the CSE Policies.

“**Release Agreement**” has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

“**Resulting Issuer**” means Greenhawk Resources Inc.

“**RSG Mining**” means RSG Mining Corp.

“**RPEEE**” has the meaning ascribed thereto in Schedule “E” – *Mineral Projects*.

“**Share Purchase Agreement”** means the Share Purchase Agreement entered into among the Corporation, Copenhagen and Greenland Resources on January 27, 2021.

“**SM**” has the meaning ascribed thereto in Schedule “E” – *Mineral Projects*.

“**SRK**” means SRK Consulting (Sweden) AB.

“**Standstill Agreement**” has the meaning ascribed thereto under the heading “Standstill Agreement” in Section 2.4 – *Fundamental Change – The Acquisition*.

“**Stock Option Plan**” means the stock option plan of the Resulting Issuer.

“**Storø Gold Project**” is the mineral exploration license located in Greenland as described in the Technical Report.

“**Technical Report**” means the technical report prepared by SRK entitled “A NI 43-101 Technical Report on the Storø Gold Project, Greenland” with a report signature date of March 12, 2021 and a mineral resource statement effective date of October 24, 2016.

“**TSXV**” means the TSX Venture Exchange.

“**Units**” has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

“**Vogogo**” means Vogogo Inc.

“**Warrant Share**” has the meaning ascribed thereto in Section 3.1 – *General Development of the Business – Three Year History*.

"**Wayland**" means Wayland Group.

"**Working Capital**" means the working capital of a corporation, as the context may direct, calculated as current assets less current liabilities per the IFRS statements.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Head and Registered Office

The registered and head office of Greenhawk Resources Inc. (the "**Resulting Issuer**") is located at Bay Adelaide Centre – East Tower, 22 Adelaide St. West, Suite 2020, Toronto, Ontario, Canada M5H 4E3.

The Resulting Issuer is a "reporting issuer" in British Columbia, Alberta and Ontario.

2.2 Jurisdiction of Incorporation

Vogogo was formed by way of amalgamation of Redfall Technologies Inc. and Southtech Capital Corporation under the *Business Corporations Act* (Alberta) on September 11, 2014. Vogogo filed articles of continuance to operate as an Ontario company on January 15, 2019 and changed its name to "Cryptologic Corp." on July 31, 2019.

In connection with the Acquisition, the Corporation acquired the shares of RSG Mining and amended its articles to change its name to "Greenhawk Resources Inc." See Section 2.4 – *Fundamental Change – The Acquisition.*

2.3 Inter-corporate Relationships

The Resulting Issuer has five wholly-owned subsidiaries: (i) RSG Mining, (ii) Vogogo Canada Inc., (iii) Crypto 205 Inc. ("**Crypto 205**"), (iv) 2700313 Ontario Inc., and (v) 2700311 Ontario Inc. as described in the table below. All of the subsidiaries (other than RSG Mining) are currently dormant.

Entity Name	Jurisdiction of Incorporation	Formation Date
RSG Mining Corp.	Incorporated under the *Business Corporations Act* (Ontario)	May 3, 2021
Vogogo Canada Inc.	Incorporated under the *Business Corporations Act* (Alberta)	July 26, 2010
Crypto 205 Inc.	Incorporated as 10036293 Canada Inc. under the *Business Corporations Act* (Canada) on March 21, 2017 and then changed its name (to its current name) on November 16, 2017	March 21, 2017
2700313 Ontario Inc.	Incorporated under the *Business Corporations Act* (Ontario)	June 6, 2019
2700311 Ontario Inc.	Incorporated under the *Business Corporations Act* (Ontario)	June 6, 2019

The Resulting Issuer acquired RSG Mining as a result of the Acquisition. Prior to the completion of the Acquisition, the Corporation had the four wholly-owned subsidiaries other than RSG Mining Corp. described in the table above.

2.4 Fundamental Change

The Acquisition

On December 10, 2020, the Corporation and Greenland Resources entered into a non-binding letter of intent, which also provided for exclusivity. The exclusivity period was extended twice while the parties negotiated the Share Purchase Agreement.

After having the opportunity to negotiate and review the definitive Share Purchase Agreement, the board of directors of the Corporation unanimously approved a resolution authorizing the Corporation to enter into the Share Purchase Agreement, the final version of which was executed late on January 27, 2021. On May 21, 2021, the parties to the Share Purchase Agreement, as well as RSG Mining and certain other parties (the "**Other RSG Shareholders**") entered into the Amended and Restated Share Purchase Agreement. The full text of each of the Share Purchase Agreement and the Amended and Restated Share Purchase Agreement is available under the Resulting Issuer's profile on SEDAR at www.sedar.com.

The Amended and Restated Share Purchase Agreement provided for the acquisition by the Corporation of the Storø Gold Project through the acquisition of all of the issued and outstanding shares of Copenhagen from Greenland Resources in exchange for the issuance of 37,600,000 Common Shares of the Corporation at a deemed issue price of C$0.24 per share (the "**Consideration Shares**").

Upon closing of the Acquisition, the Corporation made a cash payment (the "**Communications Payment**") to Greenland Resources in the amount of $250,000. In consideration for the Communications Payment, Greenland Resources shall provide the following services to the Resulting Issuer:

(a) Greenland Resources shall assume responsibility for all media, shareholder, government and regulatory relations for a reasonable period following closing of the Acquisition; and

(b) Greenland Resources shall provide such other public relations services and advice as may be required in Greenland in connection with the change of control of the Storø Gold Project.

The Amended and Restated Share Purchase Agreement also provided for an arrangement between the parties whereby, upon closing of the Acquisition:

(a) RSG Mining acquired of all of the issued and outstanding shares of Copenhagen from Greenland Resources in consideration of 5,850 common shares of RSG Mining, which represented approximately 58.5% of the issued and outstanding shares of RSG Mining, following which Copenhagen became a wholly-owned subsidiary of RSG Mining. Copenhagen was formerly a wholly-owned subsidiary of Greenland Resources; and

(b) the Corporation acquired all of the issued and outstanding shares of RSG Mining in consideration for the Consideration Shares. Upon the closing of the Acquisition, RSG Mining became a wholly-owned subsidiary of the Resulting Issuer.

The transaction proposed by Mr. McKenzie recognized that the Corporation required an executive to manage a new business, but it had funds to operate one. Greenland Resources had decided to focus its activities on a different business and to dispose of non-core assets. Mr. McKenzie has the experience to bring together a team of qualified persons who know how to develop a mine. He broached the concept of a business combination with the Corporation and Greenland Resources, where he and his team at RSG Mining would provide the management, the Corporation would provide cash and Greenland Resources would provide the Storø Gold Project. Together, the Resulting Issuer can effectively explore, exploit and develop the Storø Gold Project. Several avenues to effect this business combination were carefully examined, but ultimately rejected due to punitive tax consequences to the Other RSG Shareholders. The structure of the Acquisition allows all parties to share in the appreciation in value of the Storø Gold Project, and to pay tax on profits in the same way and at the same time. The Acquisition transformed the Resulting Issuer from a shell company to a mineral resource issuer with a strong balance sheet and an experienced management team. Since the purchase price of the Acquisition was satisfied by the issuance of the Consideration Shares, the Resulting Issuer has sufficient cash to advance the exploration and development of the Storø Gold Project, while also having available cash to pursue other mining prospects of interest.

The Corporation previously divested all of its cryptocurrency mining assets and operations and had been exploring acquisition opportunities in sectors outside of cryptocurrency mining before it entered into the Share Purchase Agreement and the Amended and Restated Share Purchase Agreement.

The shareholdings of the Resulting Issuer are as follows:

	Ownership
Greenland Resources	26.0%
Other RSG Shareholders	17.6%
Shareholders of the Corporation	56.4%
Resulting Issuer Common Shares	**100%**

Name Change

In connection with the Acquisition, the Resulting Issuer changed its name from “Cryptologic Corp.” to “Greenhawk Resources Inc.”

Ancillary Agreements

In connection with the Acquisition, the Corporation and Greenland Resources entered into an Investor Rights Agreement and a Standstill Agreement. The following is a description of the material terms and conditions of each of the Investor Rights Agreement and the Standstill

Agreement, respectively. The full text of each of the Investor Rights Agreement and the Standstill Agreement is available under the Resulting Issuer's profile on SEDAR at www.sedar.com.

Investor Rights Agreement

Greenland Resources entered into an agreement with the Corporation (the "**Investor Rights Agreement**") that provides Greenland Resources with the following rights for such period as Greenland Resources holds at least 10% of the issued and outstanding shares of the Resulting Issuer on a non-diluted basis:

(a) Greenland Resources shall have the right, but not the obligation to nominate for appointment up to one director (the "**Director Appointment Right**") on the board of directors of the Resulting Issuer and the Resulting Issuer shall use its commercially reasonable efforts to ensure such nominee is appointed to the board of directors as soon as practicable. The Resulting Issuer will provide Greenland Resources with not less than 30 days' notice in advance of any meeting of shareholders at which directors will be elected or other occasion for the appointment of directors to enable Greenland Resources to elect whether to exercise its Director Appointment Right, and if so exercised, Greenland Resources will be entitled to receive, through its director so appointed, all information provided to the directors of the Resulting Issuer; provided that this Director Appointment Right will not fetter or restrict the right of Greenland Resources to nominate, support and vote for additional directors to be elected to the board of directors of the Resulting Issuer;

(b) if any additional shares of the Resulting Issuer are to be issued from treasury, the Resulting Issuer shall first give notice to Greenland Resources of its intention to issue additional shares, including the number and class thereof to be so issued. Greenland Resources shall have the right to purchase the shares so offered *pro rata* based upon the number of shares beneficially owned by Greenland Resources on a non-diluted basis at the date notice is given of such offer. Greenland Resources shall have five business days from the date such notice is given to advise the Resulting Issuer that it intends to exercise its right to acquire such shares and shall take up and pay for all of the shares to be acquired within five business days of providing the Resulting Issuer its notice to acquire the shares. These provisions shall apply, *mutatis mutandis*, to the issuance of any debt or securities that are convertible into shares or which carry an option, warrant or other right or privilege to acquire shares. The provisions shall not apply to the issue of securities:

    (i) to directors, officers, employees and consultants of the Resulting Issuer or its affiliates pursuant to any stock option plan, stock purchase plan or other stock compensation or incentive plan or arrangement;

    (ii) in connection with the engagement of any individual as an employee of or consultant to the Resulting Issuer or an Affiliate; or

    (iii) upon exercise of any option, warrant or convertible security of the Resulting Issuer outstanding as of the closing date of the Acquisition or otherwise issued in compliance with the above provisions; and

(c) without the approval of a majority of the independent directors of the Resulting Issuer as defined in MI 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), the Resulting Issuer shall not (A) undertake any transaction that would be considered out of the ordinary course of business, (B) complete a related party transaction as defined in MI 61-101, or (C) incur any indebtedness other than trade indebtedness.

The Standstill Agreement

Greenland Resources entered into an agreement with the Corporation (the "**Standstill Agreement**") with respect to the "Area of Interest" (being an area extending 50 kilometres in all directions from the outer perimeter of Exploration Licence No. 2021-01) pursuant to which Greenland Resources, its affiliates, directors and its principal employees and shareholders agreed for a period commencing on the closing date of the Acquisition and terminating on the fifth anniversary of such closing date, not to acquire, mine, stake or otherwise compete with the Resulting Issuer or Copenhagen within the Area of Interest.

2.5 Non – Corporate Corporations and Corporations Incorporated Outside of Canada

This section is not applicable.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

The Resulting Issuer carries on the business of Copenhagen. Immediately prior to the Acquisition, the Corporation was a shell company that had divested all of its cryptocurrency mining assets and operations and had been exploring acquisition opportunities in sectors outside of cryptocurrency mining.

Year ended December 31, 2018

Listing on CSE

On January 19, 2018, the Corporation, (then named "Vogogo Inc.") voluntarily delisted its common shares from the TSXV and listed on the CSE under the symbol, "VGO". The Corporation's business focused on opportunities that utilize transformative blockchain technology, including cryptocurrency mining and related services such as online wallet management and cryptocurrency payments.

Crypto 205 Transaction

On March 13, 2018, the Corporation entered into a share purchase agreement providing for the acquisition of all of the issued and outstanding shares of Crypto 205 Inc. (the "**Crypto 205 Transaction**") in exchange for an aggregate of 130,000,001 series 1 preferred shares in the capital of Vogogo. Prior to the completion of the Crypto 205 Transaction, Crypto 205 was a privately held company engaged in the business of mining for cryptocurrencies. The Corporation announced on April 3, 2018 that the Crypto 205 Transaction was completed, and as such, Crypto 205 became a wholly-owned subsidiary of the Corporation. In connection with the Crypto 205 Transaction, the Corporation was also assigned a shareholder loan in exchange for a cash payment of $5,000,000. Immediately prior to the completion of the Crypto 205 Transaction, the

Corporation had cash and cash equivalents of $12,883,732. No other cash was used to complete the Crypto 205 Transaction.

On April 10, 2018, the Corporation successfully installed and commenced operation of the additional 1,500 cryptocurrency miners that were acquired as part of the Crypto 205 Transaction, expanding its operations to 4,125 cryptocurrency miners. The Crypto 205 Transaction served as a base for the Corporation to pursue its strategy of mining for cryptocurrencies for its own account and within mining pools, together with corresponding support services, including payment services.

June 2018 Debenture Unit Offering

On June 21, 2018, the Corporation announced that it had closed its previously-announced underwritten prospectus financing (the "**June 2018 Offering**") of debenture units (the "**Units**") for gross proceeds of $34.5 million. Including the exercise in full of the over-allotment option, a total of 34,500 Units at a price of $1,000 per Unit were issued by the Corporation. Each Unit was comprised of $1,000 principal amount of senior unsecured extendible non-redeemable convertible debentures and 1,000 warrants of the Corporation. Each Unit entitled the holder to a conversion rate of 2,000 Common Shares of the Corporation per $1,000 principal amount of convertible debentures at a value of $0.50 per Common Share and 1,000 warrants exercisable for 1,000 Common Shares at a price of $0.70 per Common Share. The Offering was co-led by Canaccord Genuity Corp. and Beacon Securities Limited. The net proceeds from the Offering were used to fund the cash portion of the purchase price for the 828 Acquisition (as defined below).

828 Acquisition

On June 29, 2018, the Corporation acquired all of the issued and outstanding shares of 9376-9974 Quebec Inc. (the "**828 Acquisition**"). 9376-9974 Quebec Inc. became a wholly-owned subsidiary of the Corporation that was engaged in the business of mining for cryptocurrencies for its own account and within mining pools, as well as providing co-location services for other cryptocurrency mining companies.

The 828 Acquisition provided the Corporation with a state-of-the-art cryptocurrency mining facility, including 14,000 Antminer S9 cryptocurrency mining machines and full HVAC and electrical infrastructure. In addition to the 14,000 Antminer S9 cryptocurrency mining machines and supporting infrastructure, the Corporation also acquired certain additional supporting infrastructure beyond what was required to operate the 14,000 mining machines, at no additional cost to the Corporation.

Concurrent with closing, the Corporation entered into a lease agreement for the facility. The total purchase price of $46 million was satisfied as to $36 million in cash plus a $10 million promissory note. The net proceeds of the June 2018 Offering, along with cash on hand, were used to finance the cash portion of the purchase price. The promissory note was a two-year secured promissory note in favor of the vendor of 9376-9974 Quebec Inc. The note bore interest at 8% per annum with interest payments due monthly on the 25th day of each month. Principal repayments of $5 million were due on the one-year anniversary date of the note and at the date of maturity. The note was secured by the physical assets of 9376-9974 Quebec Inc.

Debt Conversion

On November 5, 2018, the Corporation announced that it signed a settlement and release agreement ("**Release Agreement**") with the vendor of the 828 Acquisition, 828 L.P., which included the conversion of $7,500,000 of debt owed to 828 L.P. into Common Shares of the Corporation. Under the terms of the Release Agreement, and subject to applicable regulatory filings, the Corporation agreed to (i) issue to 828 L.P. 75,000,000 Common Shares with a value of $7.5 million, based on a price of $0.10 per Common Share, and (ii) make a cash payment to 828 L.P. of $2,500,000, in exchange for the cancellation of a promissory note in the amount of $10,000,000. The promissory note was originally issued to 828 L.P. as part of the consideration for the 828 Acquisition. In connection with the acquisition of 75,000,000 Common Shares, the Corporation entered into a registration rights agreement with 828 L.P. and F.I.T. Ventures, an affiliate of 828 L.P. (collectively, the "**Acquiror**"), providing the Acquiror with the right to require the Corporation to prepare and file a prospectus in order to qualify for distribution such number of Common Shares held by the Acquiror as may be agreed among the Acquiror, the Corporation and any investment dealer engaged in respect of such qualified distribution.

828 L.P. Acquisition of Additional Securities

On November 29, 2018, 828 L.P. and its affiliate, F.I.T. Ventures, acquired a total of 2,500 8% extendible unsecured convertible debentures in the principal amount of $2,500,000 and 2,500,000 common share purchase warrants for an aggregate consideration of $2,500,000, pursuant to a private agreement with the Corporation. Each convertible debenture had a maturity date of June 30, 2020 and was convertible into Common Shares (each a "**Conversion Share**") at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date, at a conversion price of $0.50 per Conversion Share (the "**Conversion Price**"), being a conversion rate of approximately 2,000 Conversion Shares per $1,000 principal amount of convertible debentures, subject to adjustment in certain events as described in the Debenture Indenture entered into on June 21, 2018 between the Corporation and AST Trust Company (Canada) as debenture trustee. Each common share purchase warrant entitled the holder thereof to acquire one Common Share (a "**Warrant Share**") at an exercise price of $0.70 per Warrant Share for a period of two years following June 21, 2018.

Year ended December 31, 2019

Change of Auditors

On January 14, 2019, MNP LLP resigned as auditors of the Corporation. Dale Matheson Carr-Hilton Labonte LLP were appointed as the Corporation's new auditors. As required by National Instrument 51-102 and in connection with the proposed engagement as auditor of the Corporation, Dale Matheson Carr-Hilton Labonte LLP confirmed its review of the information contained in the Corporation's Notice of Change of Auditor and agreed with the information contained therein.

Continuance to Ontario

On January 15, 2019, the Corporation filed articles of continuance to continue from Alberta to Ontario.

Share Consolidation

On February 5, 2019, the board of directors of the Corporation authorized the implementation of a share consolidation of the Common Shares (the "**Consolidation**"). The Common Shares continued to be traded on the CSE under the symbol "VGO" on a post-Consolidation basis, under a new CUSIP number – 928583400.

The approximately 381.6 million Common Shares then outstanding were reduced to approximately 12.7 million Common Shares on the basis of one post-Consolidation Common Share for every 30 pre-Consolidation Common Shares. The Consolidation was approved by shareholders at the Corporation's annual and special meeting held on December 14, 2018.

F.I.T. Ventures L.P. Acquires Additional Common Shares of the Corporation

Following the Consolidation effective February 14, 2019, F.I.T. Ventures (an affiliate of 828 L.P.) announced its acquisition of 51,798,805 Common Shares of the Corporation. Prior to the acquisition, F.I.T. Ventures had ownership of (i) 85,358,000 Common Shares, representing approximately 22.36% of the 381,575,138 issued and outstanding Common Shares, (ii) 2,539 convertible debentures of the Corporation, and (iii) 2,500,000 warrants of the Corporation.

As a result of this acquisition, F.I.T. Ventures held an additional 7,578,000 Common Shares resulting in F.I.T. Ventures holding an aggregate of 144,734,805 Common Shares, representing approximately 37.19% of the 389,153,138 issued and outstanding Common Shares of the Corporation on a partially diluted basis.

Name Change and Rebrand

On July 31, 2019, the Corporation changed its name from "Vogogo Inc." to "Cryptologic Corp." Effective at the market opening on July 31, 2019, the Corporation commenced trading under its new name on the CSE, with its Common Shares trading under the new stock symbol "CRY" and its 8% extendible convertible debentures trading under the new stock symbol "CRY.DB". The comprehensive rebranding was intended to emphasize the Corporation's focus on cryptocurrency mining and related services and included a new logo, positioning, and website.

Strategic Pivot and Asset Sale

In August 2019, the Corporation announced that it intended to sell its cryptocurrency mining assets and complete a strategic pivot of the business. As a result, the Corporation contacted potential strategic purchasers globally to sell the highly specialized 828 assets and the Crypto 205 assets, and in October 2019 engaged a broker to source additional potential purchasers. Between August and September 2019, the Corporation sold approximately 8,500 miners at an average price of $352 per miner. Although the selling price of miners was falling, the board of directors made a strategic decision to suspend the sale of miners as it was expected that the decrease in the value of the miners over time would be offset by the profits earned from continuing cryptocurrency mining and having operational facilities would support the sales process.

Wayland Loan

On August 3, 2019, the Corporation entered into a non-binding letter of intent with Wayland, a vertically integrated cultivator and processor of cannabis, with production facilities in Langton, Ontario (the "**Facilities**") where it operated a cannabis cultivation, extraction, formulation and distribution business under federal licenses from the Government of Canada, relating to a proposed acquisition of Wayland's Canadian business, including the Facilities, and the assumption of liabilities related to Wayland's Canadian business.

In connection with the proposed transaction, the Corporation committed to provide Wayland with a $5,000,000 subordinated bridge loan (the "**Bridge Loan**"), which was not subject to completion of the transaction and was advanced by the Corporation prior to entering into a definitive agreement in connection with the proposed transaction. In connection with the Bridge Loan, Wayland granted the second-lien security over the assets to be purchased by the Corporation, which was subordinate to Wayland's existing secured convertible debentures in accordance with their terms. The Bridge Loan was advanced on August 9, 2019.

On September 17, 2019, the Corporation and Wayland entered into an amended and restated loan agreement under which the Corporation advanced an additional $1,000,000 to Wayland (the "**Amended Bridge Loan**"). The terms of the Amended Bridge Loan provided for additional loan tranches up to an overall aggregate cap of $25,000,000. The Amended Bridge Loan also provided for a non-completion fee in the amount of 5% of the deemed aggregate value of the proposed transaction, up to a maximum non-completion fee of $11,500,000. The Amended Bridge Loan extended the exclusivity period to December 16, 2019.

On December 2, 2019, Wayland was granted an order from the Ontario Superior Court of Justice under the Companies' Creditors Arrangement Act. The initial order provided for, among other things, a stay of proceedings in favour of the Wayland Group and certain of its affiliates, and the appointment of PricewaterhouseCoopers Inc. as monitor of the Wayland Group.

On December 31, 2019, after review of the market conditions in the Cannabis industry and the developments with Wayland, the Corporation concluded that it was unlikely that the Corporation would recover the balance of the loan and decided to provide for an allowance equal to the full amount of the loan.

Year ended December 31, 2020

Divestment from the Cryptocurrency Industry and Subsidiary Sale

On March 6, 2020, the Corporation filed an update regarding a proposed sale of all or substantially all of the Corporation's assets.

On March 30, 2020, the Corporation announced it signed an agreement to sell all the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc., which held the rights to a 30 megawatt dedicated cryptocurrency mining operation located in Lachute, Quebec, to Hive. 9376-9974 Quebec Inc.'s material assets included 30 megawatts of electrical and HVAC infrastructure and approximately 14,000 Bitmain Antminer S9 miners.

Pursuant to the Agreement, Hive issued 15,000,000 common shares ("**Hive Shares**") to the Corporation at a deemed price of C$0.20 per Hive Share and paid the Corporation C$1,000,000 in cash, subject to a working capital adjustment. The transaction was approved by the board of directors and the shareholders of the Corporation and the board of directors of Hive. The transaction closed on April 8, 2020.

AST Trust Company Debenture Amendments

On March 16, 2020 Corporation received shareholder approval by way of an extraordinary resolution to amend the terms of the debenture indenture dated June 21, 2018 between the Corporation and AST Trust Company (Canada). The Corporation provided written notice to its debenture holders that the Corporation would force the conversion of all outstanding debentures at a conversion price of $1.00, and that the Corporation would provide for the payment of accrued interest to the date of conversion by issuing Common Shares at a price equal to the accrued interest divided by the conversion price.

Shutdown of Crypto 205 Inc. and Staff Terminations

The Corporation announced on August 7, 2020, that, in an effort to conserve cash while considering acquisition opportunities, the Corporation (i) terminated the lease of its wholly-owned subsidiary, Crypto 205, at its cryptocurrency mining facility in Pointe-Claire, Quebec, effective July 31, 2020, and (ii) terminated the employment contracts of all of its employees, including Chief Executive Officer, John Kennedy FitzGerald, Chief Financial Officer, Joshua Lebovic and Chief Operating Officer, Paul Leggett, effective July 31, 2020. Mr. Fitzgerald and Mr. Lebovic continued to provide services to the Corporation, as Chief Executive Officer and Chief Financial Officer respectively, pursuant to part-time consulting arrangements.

Current Financial Year

The Resulting Issuer has completed the Acquisition and its objective is to continue as a mineral resource issuer with the Storø Gold Project as the cornerstone of its business. See Section 2.4 – *Fundamental Change – The Acquisition*.

Please see Schedule "E" – *Mineral Projects* for details on the Storø Gold Project.

3.2 Significant Acquisitions and Dispositions

For details regarding the significant acquisition and dispositions of the Resulting Issuer, see Section 3.1 - *Three Year History.*

3.3 Trends, Commitments, Events or Uncertainties

For the reasons described above and the risks further described in Section 17 below, there are significant risks associated with the business of the Resulting Issuer. Readers are strongly encouraged to carefully read all of the risk factors contained in *Section 17 – Risk Factors*.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(1) Narrative Description of the Business

The Resulting Issuer is a mineral resource issuer and its main operating activity is the exploration and development of the Storø Gold Project.

General

In the forthcoming 12-month period, the Resulting Issuer intends to conduct the recommended exploration programs set forth in the Technical Report (see Schedule "E" – *Mineral Projects*).

The Resulting Issuer has defined a drilling budget of US$2.5 million to undertake a 4,000 m drilling program, including costs associated with staffing, equipment, contractors and licencing. This budget only considers exploration and does not include other test-work or technical disciplines that may be required for a preliminary economic assessment.

Significant Events or Milestones

The sole milestone that must occur for the business objectives described above to be accomplished is the completion of the 4,000 m drilling program on the Storø Gold Project recommended in the Technical Report. The Resulting Issuer intends to carry out the drilling program beginning June 2021 and ending September 2021, assuming the listing date is on or before the end of May, 2021. The proposed budget for the drilling program is based on an approximately 4.5-month work program, but the exact timeline is subject to change.

The Resulting Issuer's objectives could be adversely affected by the risks described under the heading "Risk Factors", including, among others, the impacts of epidemics and pandemics and outbreaks of communicable diseases, such as COVID-19.

Total Funds Available

As at April 30, 2021 (the end of the last fully completed month prior to the date of this Listing Statement), the Resulting Issuer had working capital of $7.917 million.

The Resulting Issuer has historically relied on financings to satisfy its capital requirements and will have no other amounts or sources of funds available to it to finance its activities moving forward, unless it successfully pursues additional financings.

Purpose of Funds

The Resulting Issuer has $7.067 million in funds available to it to spend for the principal purposes of implementing the recommended work program on the Storø Gold Project, continuing to search for and evaluate properties of merit in the mining exploration sector and for general corporate purposes.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Resulting Issuer will be available if required. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives for the forthcoming 12-month period.

Forecast 12-Month Budget

The estimated funds expected to be available to the Resulting Issuer for the next 12 months of operations and the expected principal purposes for which such funds will be used are described below:

Net Funds Available:	(C$)
<u>Principal Purpose</u>	
Expenditures relating to completion of the recommended work program on the Storø Site:	
Core Drilling	420,000
Assay	150,000
Contract Labour - Geologist	112,000
Contract labour – General Support	48,000
Exploration Logistics	260,100
Helicopter	300,000
Report Writing (43-101 resource update)	30,000
Travel/lodging /meals	90,000
Contingency 10%	141,010
Subtotal:	**1,551,110**
Salaries and Board fees:	
CEO	180,000
Director Exploration	98,400
CFO	72,000
Board	30,000
Subtotal:	**380,400**
Head Office G&A	
Investor Relations	36,000
Insurance	14,400
Legal - Canada	42,000
Travel	24,000
Accounting Services	30,000
Audit	36,000
Tax Filings	7,000
Miscellaneous	18,000
Subtotal:	**207,400**
Total:	**2,138,910**
Remaining Working Capital:	**5,778,090**

4.1(2) Distribution and Sales of Principal Products or Services

Distribution and Sales of Principal Products or Services

The Resulting Issuer will not offer any products and services in the foreseeable future as it is focused on exploration activities.

4.1(3) Production and Sales

The Resulting Issuer will not offer any production and manufacturing activities in the foreseeable future as it is focused on exploration activities. In addition, the Resulting Issuer does not know when the Storø Gold Project will reach the development stage and if so, what the estimated costs would be to reach commercial production.

As at December 31, 2020, the Corporation had no employees. The operations of the Corporation were managed by its directors and officers. The Corporation had two consultants providing services to the Corporation as Chief Executive Officer and Chief Financial Officer.

The Resulting Issuer currently does not have any employees. The operations of the Resulting Issuer are managed by its directors and officers. The Resulting Issuer has two consultants providing services to the Resulting Issuer as President & Chief Executive Officer and Chief Financial Officer. The Resulting Issuer anticipates engaging consultants from time to time in the areas of mineral exploration, geology and business negotiations as required to assist in evaluating its interests and recommending and conducting work programs.

4.1(4) Competitive Conditions and Position

The mining industry is intensely competitive in all its phases. The Resulting Issuer will be required to compete for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Resulting Issuer. The competition in the mineral exploration and development business could have an adverse effect on the Resulting Issuer's ability to acquire suitable properties or prospects for mineral exploration in the future.

See *Section 17 – Risk Factors – Competition*.

4.1(5) Lending and Investment Policies and Restrictions

The Resulting Issuer has not adopted any specific policies or restrictions regarding investments or lending but will ensure any investment or debt activities incurred are in the best interests of the Resulting Issuer and its shareholders. The Resulting Issuer expects that in order to maintain and develop the Storø Gold Project, it will need to raise additional capital through a combination of debt and equity. If the Resulting Issuer is unable to raise the necessary capital to meet its obligations as they become due, the Resulting Issuer may have to curtail its operations or obtain financing on unfavourable terms.

4.1(6) Bankruptcy and Receivership

The Resulting Issuer has not been the subject of any bankruptcy or any receivership or similar proceedings against it or its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by it or its subsidiaries, within the three most recently completed financial years or the current financial year.

4.1(7) Material Restructuring

For details regarding the material restructuring activities of the Resulting Issuer, See *Section 3.1 - Three Year History.*

4.1(8) Fundamental Social and Environmental Policies

The Resulting Issuer has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its mineral exploration projects or human rights policies). However, the Resulting Issuer's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

4.2 Asset Backed Securities

The Resulting Issuer does not have any asset backed securities.

4.3 Companies with Mineral Projects

See Schedule "E"– *Mineral Projects* attached hereto for further information regarding the Storø Gold Project.

4.4 Companies with Oil and Gas Operations

The Resulting Issuer does not have any oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Consolidated Financial Information – Annual Information

5.1.1 Annual Information for the Corporation

The following table sets forth selected financial information for the Corporation for the years ended December 31, 2020, 2019 and 2018.

Such information is derived from the financial statements of the Corporation and should be read in conjunction with such financial statements. See Schedule "A" – *Annual and Interim Financial Statements of Cryptologic Corp.*

	As at and for the year ended December 31, 2020 (audited) ($)	As at and for the year ended December 31, 2019 (audited) ($)	As at and for the year ended December 31, 2018 (audited) ($)
Statement of operations			
Net income or loss	22,002,353	(11,722,599)	(74,252,959)
Net loss per share (basic and diluted)	0.72	(0.92)	(12.98)
Statement of financial position			
Total assets	8,106,844	15,581,954	17,973,697
Total liabilities	298,957	38,847,679	29,710,012
Total shareholders' deficiency	7,807,887	(23,265,725)	(11,736,315)

5.1.2 Annual Information for Copenhagen

The following tables set forth selected financial information for Copenhagen as at and for the years ended March 31, 2020 and 2019.

Such information is derived from the financial statements of Copenhagen and should be read in conjunction with such financial statements. See Schedule "B" – *Annual and Interim Financial Statements of Copenhagen Minerals Inc.*

	As at and for the year ended March 31, 2020 (unaudited) ($)	As at and for the year ended March 31, 2019 (unaudited) ($)
Statement of operations		
Total revenue	Nil	Nil
Net loss	(66,423)	(27,844)
Net loss per share (basic and diluted)	(0.22)	(0.09)
Statement of financial position		
Total assets	Nil	1,147
Total liabilities	1,105,267	1,038,844
Total Shareholder's Deficiency	(1,105,267)	(1,038,844)

5.2 <u>Consolidated Financial Information – Quarterly Information</u>

The following tables set forth selected financial information for the Corporation for each of the eight most recently completed quarters ending at the end of the most recently completed fiscal year. Such information is derived from the financial statements of the Corporation and should be read in conjunction with the corresponding financial statements. Schedule "A" – Annual and Interim Financial Statements of Cryptologic Corp.

Fiscal 2020 Cryptologic Corp.				
	Q1 **As at and for the three months ended March 31, 2020** **($)**	**Q2** **As at and for the three months ended June 30, 2020** **($)**	**Q3** **As at and for the three months ended September 30, 2020** **($)**	**Q4** **As at and for the three months ended December 31, 2020** **($)**
Statement of operations				
Net income (loss)	(2,190,854)	239,52,245	108,453	132,509
Income (loss) per share - basic and diluted	(0.17)	1.88	0.00	0.00
Statement of financial position				
Total assets	15,194,752	10,837,605	8,304,159	8,106,844
Total liabilities	40,628,333	1,732,942	263,621	298,957
Total Shareholder's Deficiency	(25,433,581)	10,837,605	8,040,538	7,807,887

Fiscal 2019 Cryptologic Corp.				
	Q1 **As at and for the three months ended March 31, 2019** **($)**	**Q2** **As at and for the three months ended June 30, 2019** **($)**	**Q3** **As at and for the three months ended September 30, 2019** **($)**	**Q4** **As at and for the three months ended December 31, 2019** **($)**
Statement of operations				
Net income (loss)	(3,124,357)	2,850,926	2,141,330	(13,590,497)
Income (loss) per share - basic and diluted	(0.25)	0.22	0.17	(0.85)
Statement of financial position				
Total assets	23,425,111	24,686,641	28,472,513	15,581,954
Total liabilities	38,235,186	36,947,189	38,541,134	38,847,679
Total Shareholder's Deficiency	(14,810,075)	(12,260,548)	(10,068,621)	(23,265,725)

Summary Pro Forma Financial Information for the Resulting Issuer

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Acquisition as at December 31, 2020 is attached to this Listing Statement as Schedule "D" – *Consolidated Pro Forma Financial Statements of the Resulting Issuer*.

5.3 Dividends

The Resulting Issuer does not have a dividend policy. The Resulting Issuer has not paid dividends on its Common Shares since incorporation. Subject to the requirements of the OBCA, there are no restrictions in the Resulting Issuer's articles or elsewhere that would prevent the Resulting Issuer from paying dividends. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

5.4 Foreign GAAP

This is not applicable to the Resulting Issuer.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation's MD&A for the three months and year ended December 31, 2020 is attached to this Listing Statement as Schedule "B" – *MD&A of Cryptologic Corp.*

7. MARKET FOR SECURITIES

7.1 Market for Securities

Prior to the closing of the Acquisition, the Corporation had been listed on the Canadian Securities Exchange under the symbol "CRY". The Resulting Issuer will trade on the CSE under the symbol "GRHK".

8. CONSOLIDATED CAPITALIZATION

8.1 Consolidated Capitalization

The following table summarizes the consolidated capitalization of the Corporation as at December 31, 2020 and the consolidated share capital of the Resulting Issuer following completion of the Acquisition:

Designation of Security	As at December 31, 2020	As at completion of the Acquisition
Common Shares	48,599,162	86,199,162[(1)]
Options	4,600,000	4,600,000

Note:
(1) This figure represents the total issued and outstanding Common Shares as at completion of the Acquisition on a non-diluted basis.

There have been no other material changes in the share and loan capital of the Corporation since the date of the financial statements for the financial year ended December 31, 2020.

9. OPTIONS TO PURCHASE SECURITIES

9.1 <u>Options to Purchase Securities</u>

<u>Stock Options</u>

The Resulting Issuer has not made any determination regarding stock option grants or incentives to be made to executive officers and directors in the 12 months after giving effect to the Acquisition.

<u>Prior Grants of Stock Options</u>

As of the date hereof, the following Options, which entitle the holders to acquire Common Shares, are held by (i) Mr. English as a continuing director, and (ii) former executive officers, directors and consultants of the Corporation:

Category of Optionee	Number of Optionees	Date of Grant	Number of Common Shares	Exercise Price	Expiry Date
Executive Officers	Nil	N/A	Nil	N/A	N/A
Directors who are not also Executive Officers	1	October 21, 2020	1,500,000	$0.27	October 25, 2025
All other employees	Nil	N/A	Nil	N/A	N/A
Consultants	3	October 21, 2020	3,100,000	$0.27	October 25, 2025
TOTAL	4	N/A	4,600,000	N/A	N/A

<u>Stock Option Plan</u>

The Resulting Issuer's Stock Option Plan permits the grant of stock options ("**Options**") to eligible employees, officers, directors and consultants of the Resulting Issuer or its subsidiaries as well as employees of a person or company which provides management services to the Resulting Issuer or its subsidiaries.

The principal features of the Stock Option Plan are summarized below.

Option Grants

The Stock Option Plan authorizes the board of the Resulting Issuer to grant Options. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of Options granted pursuant to the Stock Option Plan, from time to time are determined by the board of the Resulting Issuer at the time of the grant, subject to the defined parameters of the Stock Option Plan. The date of grant for the Options is the date the board of the Resulting Issuer approved the grant.

The directors may allocate up to a maximum of 10% of the issued and outstanding Common Shares for the issuance of Options. No single participant may be issued Options representing greater than 5% of the number of outstanding Common Shares in any 12-month period; and the number of Common Shares reserved for issuance in any 12-month period to any one consultant of the Resulting Issuer may not exceed 2% of the number of outstanding Common Shares.

The aggregate number of Options granted to persons employed in investor relations activities must not exceed 2% of the outstanding Common Shares in any 12-month period unless the CSE permits otherwise.

Exercise Price

The exercise price of any Option cannot be less than the greater of the closing market price of the Common Shares on the CSE for the trading day prior to the grant of the Option and the date of grant of the Option.

Exercise Period and Vesting

Options are exercisable for a period of time as determined by the board of the Resulting Issuer not to exceed the maximum term permitted by the CSE. Options may be earlier terminated in the event of death or termination of employment or appointment. The right to exercise an Option may be accelerated in the event of a "Change of Control" (as defined in the Stock Option Plan).

Vesting of Options is determined by the board of the Resulting Issuer, subject to any vesting restrictions imposed by the CSE. Options issued to consultants providing investor relations services must vest in stages over at least 12 months with no more than one quarter of the Options vesting in any three-month period.

Unless the board of the Resulting Issuer determines otherwise, Options held by or exercisable by a participant or a legal representative will, during the period prior to his or her termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

Termination or Death

Generally, the Options expire 90 days from the date on which a participant ceases to be a director, officer, consultant, employee or management company employee of the Resulting Issuer.

If an optionee dies while employed by the Resulting Issuer, any Option held by him or her will be exercisable by the optionees legal representatives for a period of 180 days or prior to the expiration of the Options (whichever is sooner).

If an optionee's employment is terminated by the Resulting Issuer by reason of disability, any options held by him or her will be exercisable by the optionee or his or her legal representative for a period of 180 days or prior to the expiration of the Options (whichever is sooner).

If an optionee is terminated for cause, the Options previously granted to the optionee will expire immediately.

<u>Deferred Share Unit Plan and Performance and Restricted Share Unit Plan</u>

The Resulting Issuer also has a deferred share unit plan and a performance and restricted share unit plan, which were approved by shareholders at the annual and special meeting of holders of common shares held on December 14, 2018. However, no grants have been made under either of these long-term incentive plans.

10. DESCRIPTION OF THE SECURITIES

10.1 <u>General</u>

The Resulting Issuer has an authorized capital of an unlimited number of Common Shares and preferred shares ("**Preferred Shares**") issuable in series all without nominal or par value. As at May 31, 2021 the outstanding capital of the Resulting Issuer consists of:

- 86,199,162 Common Shares; and
- 4,600,000 Resulting Issuer Options.

There are nil Preferred Shares outstanding.

<u>Summary of the principal attributes of the Common Shares</u>

Subject to the prior rights of the holders of Preferred Shares and any other shares ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of Common Shares are entitled to receive dividends and the Resulting Issuer will pay dividends thereon, as and when declared by the board of directors, and all dividends will be declared and paid in equal amounts per share on all Common Shares at the time outstanding.

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of shareholders and will have one vote for each Common Share held, except meetings at which only holder of another specified class or series of shares of the Resulting Issuer are entitled to vote separately as a class or series. There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions and there are no provisions that are capable of requiring a security holder to contribute additional capital.

<u>Summary of the principal attributes of the Preferred Shares</u>

<u>Issuance.</u> The board of directors of the Resulting Issuer may at any time and from time to time issue Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the board of directors.

The board of directors of the Resulting Issuer may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a distribution of capital of the Resulting Issuer; the extent, if any, of further participation in a distribution of capital; voting rights, if any; and dividend rights (including whether such dividends be cumulative or non-cumulative or partially cumulative), if any.

Ranking. No rights, privileges, restrictions or conditions attached to a series of Preferred Shares will confer upon shares of a series a priority in respect of dividends or return of capital over shares of any other series of Preferred Shares then outstanding. The Preferred Shares will be entitled to priority over the Common Shares of the Resulting Issuer and over any other shares of the Resulting Issuer ranking junior to the Preferred Shares with respect to priority in the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Resulting Issuer. If any cumulative dividends or amounts payable on a return of capital in respect of a series of Preferred Shares are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any.

Voting Rights. Except as otherwise required by law or in accordance with any voting rights that may from time to time be attached to any series of Preferred Shares, the holders of the Preferred Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Resulting Issuer.

10.2 Debt Securities

The Resulting Issuer has no debt securities outstanding.

10.3 [No Section 10.3]

10.4 Other Securities.

This section is not applicable.

10.5 Modification of Terms.

This section is not applicable.

10.6 Miscellaneous Securities Provisions

Please refer to Section 10.1 above under the heading "*Summary of the principal attributes of the Preferred Shares*".

10.7 Prior Sales of Common Shares

The following tables set forth the issuances of Common Shares within the last twelve (12) months before the date of this Listing Statement.

Date Issued	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration
June 30, 2020	35,879,991	C$1.00	C$35,879,991	Conversion of Debentures
October 21, 2020	4,600,000	C$0.27	C$1,242,000	Stock Option Grants
May 28, 2021	37,600,000	C$0.24	C$9,000,000	Acquisition (of the Storø Project)

10.8 Stock Exchange Price

The Common Shares are listed and posted for trading on CSE. The following table sets out the price ranges and volume traded of Common Shares on the CSE on a monthly basis for the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters:

Period(1)	High ($)	Low ($)	Volume
May 1 – May 31, 2021(2)	-	-	-
Month ended April 30, 2021(2)	-	-	-
Month ended March 31, 2021(2)	-	-	-
Month ended February 28, 2021(2)	-	-	-
Month ended January 31, 2021	0.60	0.30	810,289
Quarter ended December 31, 2020	0.70	0.20	2,387,408
Quarter ended September 30, 2020	0.35	0.17	1,305,415
Quarter ended June 30, 2020	0.40	0.15	976,188
Quarter ended March 31, 2020	1.07	0.11	1,455,827
Quarter ended December 31, 2020	1.75	0.40	397,505
Quarter ended September 30, 2019	3.00	1.15	1,135,140
Quarter ended June 30, 2019(1)	3.99	1.10	595,806

Notes:

(1) On February 5, 2019, the Board authorized the implementation of a share consolidation of the Common Shares. The approximately 381.6 million Common Shares then outstanding were reduced to approximately 12.7 million Common Shares on the basis of one post-consolidation Common Share for every 30 pre-consolidation Common Shares.

(2) The Common Shares were halted on January 28, 2021 in connection with the announcement of the Acquisition.

11. ESCROWED SECURITIES

11.1 Escrowed Securities

As required under the policies of the CSE, Related Persons of the Resulting Issuer not previously party to an escrow agreement have entered into an Escrow Agreement as if the Resulting Issuer was subject to the requirements of NP 46-201. The form of the Escrow Agreement is as provided in NP 46-201. Escrowed Securities will be released on scheduled periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon listing followed by six subsequent releases of 15% at each six month interval thereafter. The table below includes the details of the securities expected to be subject to escrow upon completion of the listing of the common shares of the Issuer on the CSE:

Designation of class held in escrow(1)	Number of securities held in escrow	Percentage of class
Common Shares	37,939,668	44.01%

Note:
(1) AST Trust Company (Canada) is the depository for these common shares.

The Resulting Issuer will be an "emerging issuer" for the purposes of NP 46-201 and accordingly, a principal's escrowed securities in an emerging issuer will be released as follows:

1. on the date the Issuer's securities are listed on the CSE, 1/10 of the escrow securities;
2. 6 months after the listing date 1/6 of the remaining escrow securities;
3. 12 months after the listing date 1/5 of the remaining escrow securities;
4. 18 months after the listing date 1/4 of the remaining escrow securities;
5. 24 months after the listing date 1/3 of the remaining escrow securities;
6. 30 months after the listing date 1/2 of the remaining escrow securities; and
7. 36 months after the listing date the remaining escrow securities.

12. PRINCIPAL SHAREHOLDERS

12.1(1) and 12.1(2) Principal Shareholders

To the knowledge of the directors and officers of the Resulting Issuer, the following Persons beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer:

PRINCIPAL SHAREHOLDERS

Name, Jurisdiction of Residence	Number of Shares	Class of Shares	Ownership	Percentage of Class
Greenland Resources Inc., Toronto, Ontario	22,000,000	Common Shares	Direct	26.0%(1)

Note:
(1) Calculated based upon 86,199,162 Common Shares being issued and outstanding on a non-diluted basis following completion of the Acquisition. On a fully-diluted basis, such Common Shares represent 24.2% of the Common Shares.

12.1(3) Voting Trusts

To the knowledge of the Resulting Issuer, no voting trust exists within the Resulting Issuer such that more than 10% of any class of voting securities of the Resulting Issuer are held, or are to be held, subject to any voting trust or other similar agreement.

12.1(4) Associates and Affiliates

To the knowledge of the Resulting Issuer none of the principal shareholders is an Associate or Affiliate of any other principal shareholder.

13. DIRECTORS AND OFFICERS

13.1 – 13.5 Directors and Officers

The articles of the Resulting Issuer provide that the number of directors should not be fewer than three directors. The term of office of each of the present directors expires at the Resulting Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the OBCA.

The directors of the Resulting Issuer are Greg McKenzie, Ruben Shiffman, Will Randall, Dwayne Melrose, and Thomas English, with further details of each below.

Each of Mr. Randall, Mr. Melrose and Mr. English can be defined as an "unrelated director" or a director who is independent of management and is free from any interests and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Resulting Issuer, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Resulting Issuer.

The following table lists the names, municipalities of residence of the directors and officers of the Resulting Issuer, their positions and offices to be held with the Resulting Issuer, their principal occupations during the past five (5) years and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each.

Name, Position Held and Municipality of Residence	Principal Occupation for Past Five Years	Period during which Director has served as a Director of Resulting Issuer and when Term will Expire	Number and Percentage of Common Shares Beneficially Owned or Controlled
Greg McKenzie, President, Chief Executive Officer and Director, Toronto, Ontario, Canada	Consultant, Maritime Iron Inc. (2016 to Present); President & CEO, Golden Tag Resources Ltd. (2020 to Present)	May 28, 2021	4,500,000 (5.22%)
Carmelo Marrelli, Chief Financial Officer and Corporate Secretary, Toronto, Ontario, Canada	President, Marrelli Support Services Inc.	N/A	Nil
Ruben Shiffman, Director, Toronto, Ontario, Canada	Executive Chairman, Greenland Resources Inc. (2014 to Present)	May 28, 2021	Nil

Name, Position Held and Municipality of Residence	Principal Occupation for Past Five Years	Period during which Director has served as a Director of Resulting Issuer and when Term will Expire	Number and Percentage of Common Shares Beneficially Owned or Controlled
William Randall(1), Director, Toronto, Ontario, Canada	CEO, Freeman Gold (since 2020); President & CEO of Arena Minerals Inc.; Professional Geologist	May 28, 2021	Nil
Dwyane Melrose(1), Director, Vancouver, British Columbia, Canada	Director of Progressive Planet Solutions Inc. (August 2018 to present); Professional geologist	May 28, 2021	Nil
Thomas English(1)(2), Director, Toronto, Ontario, Canada	Director of BC Craft Supply Co. Ltd. (April 2020 to present); director of Cryptologic Corp. (April 2016 to present); Corporate consultant	April 26, 2016	339,668 (0.4%)

Notes:
(1) Member of the audit committee.
(2) Chair of the audit committee.

The balance of the management team will be appointed by the board of directors of the Resulting Issuer.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Resulting Issuer by the respective directors and officers as at the date hereof. The directors, officers, insiders and promoters of the Resulting Issuer, and their respective associates and affiliates, as a group, hold an aggregate of 26,839,668 Common Shares, representing approximately 31.1% of the issued and outstanding Common Shares.

Board Committees

The Resulting Issuer currently has two standing committees, being the Audit Committee and Corporate Governance Committee.

The directors of the Resulting Issuer intend to establish such committees of the board as determined to be appropriate in addition to the audit committee and the Corporate Governance Committee. A brief description of the Corporate Governance Committee and the audit committee are set out below.

Corporate Governance Committee

The Corporate Governance Committee annually assesses the effectiveness of the board of directors as a whole, the other Committees and individual directors, with particular focus on the Chairman and the chairs of the various committees, all in accordance with the standards established by the board of directors. Such assessments consist of a confidential peer-review survey and performance evaluations. In addition, the Corporate Governance Committee has responsibility for assessing and making recommendations to the board of directors as to the size and composition of the board. The Corporate Governance Committee also assesses the Corporation's approach to corporate governance and monitors the relationship between management and the board of directors, as well as undertaking those initiatives as are necessary to maintain a high standard of corporate governance and to ensure ongoing compliance with the rules and policies of applicable regulatory authorities with respect to corporate governance.

The Corporate Governance Committee manages assessments of the board of directors as a whole, the committees, the Chairman and the other individual directors on an ongoing basis. The corporate objectives for which the CEO is responsible are established by the board of directors, which, with the oversight of the Chairman, assesses the CEO against such objectives.

Audit Committee

The audit committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. The audit committee reviews the financial reports and other financial information provided by the Resulting Issuer to regulatory authorities and its shareholders and reviews the Resulting Issuer's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

It is expected that the Resulting Issuer's audit committee will be comprised of the following three directors. Also indicated is whether they are "independent" and "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Name of Member	**Independent**[1]	**Financially Literate**[2]
William Randall	Yes	Yes
Dwyane Melrose	Yes	Yes
Thomas English	Yes	Yes

Notes:

(1) A member of the audit committee is independent if he or she has no direct or indirect 'material relationship' with the Resulting Issuer. A material relationship is a relationship that could, in the view of the Resulting Issuer's board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Resulting Issuer, such as the President or Secretary, is deemed to have a material relationship with the Resulting Issuer.

(2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Resulting Issuer's financial statements

13.6 – 13.9 <u>Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies</u>

Corporate Cease Trade Orders or Bankruptcies

No proposed director or officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or within 10 years before the date of this Listing Statement has been, a director or officer of any other company that, while the person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;

(b) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No proposed director or officer of the Resulting Issuer, or a shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the knowledge of management of the Corporation and Copenhagen, no proposed director, officer or promoter of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

13.10. Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. None of the proposed directors, officers or promoters of the Resulting Issuer are known to have any conflict of interest with the Resulting Issuer.

13.11. Management

Brief descriptions of the biographies for all of the officers and directors of the Resulting Issuer are set out below. All of the officers listed below are consultants of the Resulting Issuer and are expected to dedicate 5 - 50% of their time to Resulting Issuer.

Greg McKenzie | Director, Chairperson & Chief Executive Officer (Age 51)

Mr. McKenzie (JD, MBA) is a former senior investment banker with more than 20 years of experience in financing, M&A, financial advisory, valuation, and strategic advice to mid-cap companies. Mr. McKenzie has held positions with Morgan Stanley, CIBC World Markets and Haywood Securities, and has been involved in transactions valued in excess of $18 billion. In addition to his capital market experience Mr. McKenzie previously practiced corporate law with a leading Canadian securities and M&A law firm. Mr. McKenzie dedicates approximately 50% of his time to his role with the Resulting Issuer.

Carmelo Marrelli | CFO and Corporate Secretary (Age 49)

Mr. Marrelli is President at Marrelli Support Services Inc., a provider of accounting services. In addition, Mr. Marrelli is a controlling shareholder of DSA Corporate Services Inc., a firm providing corporate secretarial and regulatory filing services. Mr. Marrelli is a Chartered Professional Accountant (CPA, CA, CGA), and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He has a Bachelor of Commerce degree from the University of Toronto. Mr. Marrelli dedicates approximately 5-10% of his time to his role with the Resulting Issuer.

Ruben Shiffman | Director (Age 53)

Dr. Ruben Shiffman was the Co-Founder and Executive Chairman of Calvista Gold Corporation, a company listed on the Toronto Stock Exchange that was successfully sold to Eike Batista's AUX Group of Brazil (2010 to 2012). In Toronto, Dr. Shiffman was global Managing Director of emerging markets trading at Scotia Capital (2005 to 2009), VP & Director of emerging markets at TD Securities (2002 to 2005) and Director of derivatives trading at Scotiabank (1999 to 2002). As a Director of the Securities Bureau for the Mexican Ministry of Finance / CNBV (1996 to 1999), he was a member of the G10/CPSS at the Bank for International Settlements in Basel, Switzerland. Ruben holds a BBA/MBA from UDLA and a PhD in finance from the National Autonomous University of Mexico and has completed Doctoral studies in finance from the Rotman School of Management at the University of Toronto. In 1997 he received the National Finance Award "IMEF". He has been a director of various public mining companies in Canada and is currently a board member of the International Advisory of the Hartog School at Tel-Aviv University.

William Randall | Director (Age 42)

Mr. Randall is a professional geologist with over 20 years of experience in the mining and mineral exploration industry. He was one of the early movers in the lithium brine industry, where he acquired, discovered and developed the Sal de los Angeles lithium brine project in Argentina. During his time running Sal de los Angeles, approximately $70M was raised for the development of the project which he led through resource development, feasibility, mine permitting and initial construction before being sold in an all-cash deal for $265M. He has been involved in raising over $200M and the successful development of several mining projects, including joint ventures with majors and national governments. Mr. Randall was raised in Argentina, before moving to Canada where he completed a BSc (Geology) and MSc. (Economic Geology) at the University of Toronto.

Dwayne Melrose | Director (Age 63)

Mr. Melrose has over 30 years of international experience comprised of senior management, mine finance and permitting, mine development and exploration in Central Asia, China, Africa, and North and South America. He was former President and CEO of True Gold Mining where the company progressed from pre-PEA and Bankable Feasibility Study through to a completely financed and permitted project that went into construction in under 4 years. As former President and CEO of Gold Reach Resources he led the company to completion of a positive PEA on the company's copper project. He joined Minco Silver as VP of Exploration in China, pre-PEA through a Bankable Feasibility Study and was part of the team that was awarded the China Mining Explorer of the Year. He was the Exploration Manager at the Kumtor Gold Mine in Kyrgyzstan, where he was instrumental in the discovery of the high grade SB Zone that increased the reserves by +7 M oz.

Thomas English | Lead Director (Age 47)

Mr. English has extensive experience in the public capital markets and is currently President and Chief Executive Officer at AC Group. He is currently a director of Trenchat Capital Corp. and served as head of trading and co-head of institutional equity sales at Salman Partners from 2001 to 2016. Previous to that, Mr. English spent five years with CIBC World Markets Inc. Mr. English holds a BA in economics and political science from the University of Western Ontario.

14. CAPITALIZATION

The following section is based on the Corporation having 48,599,162 Common Shares issued and outstanding immediately prior to the Acquisition and on 37,600,000 Common Shares being issued to Greenland Resources shareholders on the closing date of the Acquisition, resulting in an aggregate 86,199,162 Common Shares being issued and outstanding following completion of the Acquisition.

14.1 Issued Capital

The following table shows the issued capital of the Resulting Issuer following completion of the Acquisition:

Public Float				
Total outstanding (A)	86,199,162	90,799,162	100%	100%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	37,939,668	39,439,668	44.01%	43.44%
Total Public Float (A-B)	**48,259,494**	**51,359,494**	**55.99%**	**56.56%**
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	37,939,668	39,439,668	44.01%	43.44%
Total Tradeable Float (A-C)	**48,259,494**	**51,359,494**	**55.99%**	**56.56%**

* Figures are reported to the best knowledge of management of the Corporation.

Public Securityholders (Registered)

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	Nil
100 – 499 securities	1	222
500 – 999 securities	-	Nil
1,000 – 1,999 securities	-	Nil
2,000 – 2,999 securities	-	Nil
3,000 – 3,999 securities	1	3,777
4,000 – 4,999 securities	-	Nil
5,000 or more securities	4	48,255,495
Total	**6**	**48,259,494**

* Figures are reported to the best knowledge of management of the Corporation, with information from the registered shareholder list provided by the Corporation's transfer agent.

Public Securityholders (Beneficial)

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	496	15,541
100 – 499 securities	405	90,231
500 – 999 securities	143	92,512
1,000 – 1,999 securities	143	187,526
2,000 – 2,999 securities	75	169,978
3,000 – 3,999 securities	37	122,988
4,000 – 4,999 securities	16	69,323
5,000 or more securities	286	47,511,395
Unable to determine	-	Nil
Total	**1,601**	**48,259,494**

* Figures are reported to the best knowledge of management of the Corporation, with information provided by Broadridge.

Non-Public Securityholders (Registered)

Class of Security: Common Shares

Size of Holding	Number of holders	Total number of securities
1 - 99 securities	-	Nil
100 – 499 securities	-	Nil
500 – 999 securities	-	Nil
1,000 – 1,999 securities	-	Nil
2,000 – 2,999 securities	-	Nil
3,000 – 3,999 securities	-	Nil
4,000 – 4,999 securities	-	Nil

Size of Holding	Number of holders	Total number of securities
5,000 or more securities	5	37,939,668
Total	**5**	**37,939,668**

* Figures are reported to the best knowledge of management of the Corporation.

14.2 Convertible/Exchange Securities

Other than as described below, there are no outstanding convertible securities of the Resulting Issuer as at the date of this Listing Statement:

- 4,600,000 options exercisable at a price of $0.27 per Common Share expiring on October 25, 2025.

14.3 Other Listed Securities

The Resulting Issuer does not have any other listed securities reserved for issuance that are not included in section 14.1.

15. EXECUTIVE COMPENSATION

15.1 Executive Compensation

The Named Executive Officers ("**NEO**") for the Resulting Issuer are Greg McKenzie (President and Chief Executive Officer) and Carmelo Marrelli (Chief Financial Officer).

Compensation Discussion and Analysis

The Resulting Issuer anticipates creating a Compensation Committee as determined necessary by the board of directors of the Resulting Issuer. In the meantime, compensation to be paid to the officers and directors of the Resulting Issuer will be determined by the board of directors of the Resulting Issuer. It is expected that compensation that will be paid by the Resulting Issuer to the executive officers in the 12-month period after the closing of the Acquisition will be based on, and consistent with, recommendations of the board of directors of the Resulting Issuer. In addition, the board of directors of the Resulting Issuer expects to recommend the compensation, if any, to be paid to directors for services rendered in that capacity. Directors will be entitled to participate in the stock option plan of the Resulting Issuer.

It is expected that, when determining compensation policies and individual compensation levels for the Resulting Issuer's executive officers, a variety of factors will be considered, including: the overall financial and operating performance of the Resulting Issuer, each executive officer's individual performance and contribution towards meeting corporate objectives, each executive officer's level of responsibility and length of service, and industry comparables. The Resulting Issuer's compensation philosophy for its executive officers is expected to follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, so as to attract and retain talented executives; and to align the interests of its executive officers with the long-term interests of the Resulting Issuer and its shareholders through stock related programs. Stock option grants will be used to align executive interests with those of shareholders and will be based on the executive's performance, level of responsibility, as well as the number and exercise price of options previously issued to the executive in relation to his or her overall aggregate total compensation package.

Compensation Excluding Compensation Securities

The following table sets forth, as of the date hereof, a summary of all compensation, excluding compensation securities, the Resulting Issuer anticipates it will pay to the executive officers and directors of the Resulting Issuer in the 12 month period after giving effect to the Acquisition:

Name and Position	Salary, Consulting Fee, Retainer or Commission ($)	Bonus ($)	Committee or Meeting Fee ($)	Value of Prerequisites ($)	Value of all Other Compensation ($)	Total Compensation ($)
Greg McKenzie, President, Chief Executive Officer and Director	180,000	To be determined	N/A	To be determined	To be determined	To be determined
Carmelo Marelli, Chief Financial Officer	72,000	To be determined	N/A	To be determined	To be determined	To be determined
Ruben Shiffman,	N/A	N/A	6,000	To be determined	To be determined	To be determined
Will Randall	N/A	N/A	6,000	To be determined	To be determined	To be determined
Dwayne Melrose	N/A	N/A	6,000	To be determined	To be determined	To be determined
Thomas English	N/A	N/A	6,000	To be determined	To be determined	To be determined

Any additional compensation to be paid to the executive officers and directors of the Resulting Issuer for the 12 month period after giving effect to the Acquisition will be determined by the Resulting Issuer board.

Stock Options and Other Compensation Securities

The Resulting Issuer has not made any determination regarding the stock option grants or incentives to be made to executive officers and directors in the 12 months after giving effect to the Acquisition.

Employment, Consulting and Management Agreements

Compensation of Mr. McKenzie, President and Chief Executive Officer

The Resulting issuer has entered into a management services agreement with Greg McKenzie (the "**McKenzie Agreement**"), to act as the President and Chief Executive Officer of the Resulting Issuer. Pursuant to the McKenzie Agreement, Mr. McKenzie will be paid an aggregate fee of $180,000 per year and be entitled to participate in the share compensation programs of the Resulting Issuer. The McKenzie Agreement contains other customary terms for individuals acting in similar positions for issuers operating in the same industry.

Compensation of Mr. Marelli, Chief Financial Officer

The Resulting Issuer has entered into a management services agreement with Carmelo Marelli (the "**Marelli Agreement**"), to act as the Chief Financial Officer of the Resulting Issuer. Pursuant to the Marelli Agreement, Mr. Marelli will receive an aggregate fee of $72,000 per year and be entitled to participate in the share compensation programs of the Resulting Issuer. The Marelli Agreement contains other customary terms for individuals acting in similar positions for issuers operating in the same industry.

Pension Plan Benefits

The Resulting Issuer does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Compensation of Directors

The Resulting Issuer is expected to pay compensation by way of stock options and director's fees to be determined and reviewed annually.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

16.1 Aggregate Indebtedness

See below Section 16.2.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

No officer, director, employee or former officer, director or employee of the Resulting Issuer or any of its subsidiaries is indebted to the Resulting Issuer or any of its subsidiaries, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer or any of its subsidiaries.

17. RISK FACTORS

17.1 General

The following are certain factors relating to the business of the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Resulting Issuer or currently deemed immaterial by the Resulting Issuer may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders of the Resulting Issuer could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

The acquisition of any of the securities of the Resulting Issuer is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Resulting Issuer shareholders should evaluate carefully the following risk factors associated with the Resulting Issuer's securities, along with the risk factors described elsewhere in this Listing Statement.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM THEIR OWN TAX ADVISOR.

17.2 Risks Related to the Business of the Resulting Issuer

Because of the unique difficulties and uncertainties inherent in mineral exploration ventures, the Resulting Issuer faces a high risk of business failure.

Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration program that the Resulting Issuer intends to undertake on its properties and any additional properties that the Resulting Issuer may acquire. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Resulting Issuer in the exploration of its properties may not result in the discovery of mineral deposits. Any expenditures that the Resulting Issuer may make in the exploration of any other mineral property that it may acquire may not result in the discovery of any commercially exploitable mineral deposits. Problems such as unusual or unexpected geological formations and other conditions are involved in all mineral exploration and often result in unsuccessful exploration efforts. If the results of the Resulting Issuer's exploration do not reveal viable commercial mineralization, the Resulting Issuer may decide to abandon its interest in the Storø Gold Project.

Because of the speculative nature of the exploration of mineral properties, there is no assurance that the Resulting Issuer's exploration activities will result in the discovery of commercially exploitable quantities of mineral deposits on its current properties or any other additional properties the Resulting Issuer may acquire.

The Resulting Issuer intends to continue exploration on the Storø Gold Project and the Resulting Issuer may or may not acquire additional interests in other mineral properties. The search for mineral deposits as a business is extremely risky. The Resulting Issuer can provide investors with no assurance that exploration on the Storø Gold Project, or any other property that the Resulting Issuer may acquire, will establish that any commercially exploitable quantities of mineral deposits exist. Additional potential problems may prevent the Resulting Issuer from discovering any additional mineral deposits. These potential problems include unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. If the Resulting Issuer is unable to establish the presence of commercially exploitable mineral deposits on its properties, its ability to fund future exploration activities will be impeded, the Resulting Issuer will not be able to operate profitably and investors may lose all of their investment in the Resulting Issuer.

The Resulting Issuer has no operating history as a mineral resource exploration company.

The Resulting Issuer does not have any record of operating as a mineral resource exploration company. As such, upon completion of the Acquisition, the Resulting Issuer will be subject to the risks and uncertainties associated with operating a new business, including the risk that the Resulting Issuer will not achieve its exploration targets or financial objectives as estimated by management or at all.

The potential profitability of mineral ventures depends in part upon factors beyond the control of the Resulting Issuer and even if the Resulting Issuer discovers and exploits mineral deposits, the Resulting Issuer may never become commercially viable and the Resulting Issuer may be forced to cease operations.

The commercial feasibility of an exploration program on a mineral property is dependent upon many factors beyond the Resulting Issuer's control, including the existence and size of mineral deposits in the properties the Resulting Issuer explores the proximity and capacity of processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental regulation. These factors cannot be accurately predicted and any one or a combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital. These factors may have material and negative effects on the Resulting Issuer's financial performance and its ability to continue operations.

Fluctuating commodity prices may adversely affect the price of the Common Shares and financial results.

The price of the Common Shares and the Resulting Issuer's financial results may be significantly adversely affected by a decline in the price of mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond the Resulting Issuer's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on the Issuer.

Exploration and exploitation activities are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on the Resulting Issuer.

Exploration and exploitation activities are subject to Greenland laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. Exploration and exploitation activities are also subject to Greenland laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment.

Environmental and other legal standards imposed by Greenland authorities may be changed and any such changes may prevent the Resulting Issuer from conducting planned activities or may increase its costs of doing so, which would have material adverse effects on its business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Resulting Issuer. Additionally, the Resulting Issuer may be subject to liability for pollution or other environmental damages that the Resulting Issuer may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Any laws, regulations or policies of any government body or regulatory agency may be changed, applied or interpreted in a manner that will alter and negatively affect the Resulting Issuer's ability to carry on its business.

Title to mineral properties is a complex process and the Resulting Issuer may suffer a material adverse effect in the event one or more of its property interests are determined to have title deficiencies.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. Although Copenhagen has obtained licences on existing Storø Gold Project interests, the Resulting Issuer cannot give an assurance that title to such property will not be challenged or impugned. Further, the Resulting Issuer cannot give an assurance that the existing description of mining titles will not be changed due to changes in policy, rulings, or law in the jurisdiction where the property is located. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify or properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. The Resulting Issuer may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict the Resulting Issuer's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by the Resulting Issuer invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although the Resulting Issuer believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired. A successful claim that the Resulting Issuer does not have title to one or more of its properties could cause the Resulting Issuer to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Because the Resulting Issuer's property interests may not contain mineral deposits and because it has never made a profit from its operations, the Resulting Issuer's securities are highly speculative and investors may lose all of their investment in the Resulting Issuer.

The Resulting Issuer's securities must be considered highly speculative, generally because of the nature of its business and its stage of operations. The Resulting Issuer will be solely focused on the exploration and development of the Storø Gold Project, which may not contain commercially exploitable mineral deposits. The Resulting Issuer does not have plans to acquire rights in any other specific mineral properties as of the date of this Listing Statement. Accordingly, there is little likelihood that the Resulting Issuer will generate any revenues or realize any profits in the short term. Any profitability in the future from the Resulting Issuer's business will be dependent upon locating and exploiting mineral deposits on the Storø Gold Project or mineral deposits on any additional properties that the Resulting Issuer may acquire. The likelihood that any mineral properties that the Resulting Issuer may acquire or have an interest in will contain commercially exploitable mineral deposits is highly uncertain. The Resulting Issuer may never discover commercially exploitable mineral deposits in respect of the Storø Gold Project or any other area. If the Resulting Issuer is not be able to operate profitably and ceases operations, the price of its securities may decline and investors may lose all of their investment in the Resulting Issuer.

As the Resulting Issuer faces intense competition in the mineral exploration and exploitation industry, the Resulting Issuer will have to compete with the Resulting Issuer's competitors for financing and for qualified managerial and technical employees.

The Resulting Issuer's competition includes large established mining companies with substantial capabilities and with greater financial and technical resources than the Resulting Issuer. As a result of this competition, the Resulting Issuer may have to compete for financing and be unable to acquire financing on terms it considers acceptable. The Resulting Issuer may also have to compete with the other mining companies for the recruitment and retention of qualified managerial and technical employees. If the Resulting Issuer is unable to successfully compete for financing or for qualified employees, the Resulting Issuer's exploration programs may be slowed down or suspended, which may cause the Resulting Issuer to cease operations as a company.

The Resulting Issuer's operations are subject to human error.

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage the Resulting Issuer's interests and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to the Resulting Issuer. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort the Resulting Issuer might undertake and legal claims for errors or mistakes by the Resulting Issuer personnel.

The Resulting Issuer may require future financing.

There is no assurance that the Resulting Issuer will ever operate profitably or generate positive cash flow. The Resulting Issuer may require additional financing to proceed with further exploration and development of the Storø Gold Project and to pay the fees and expenses necessary to operate as a public company, depending how it deploys its current working capital. The Resulting Issuer may require additional financing to sustain its business operations if it obtains additional mineral properties and proceeds with exploration and development of those properties. The Resulting Issuer currently does not have any arrangements for further financing and it may not be able to obtain financing if and when required. If the Resulting Issuer requires additional financing and does not obtain such financing, its business could fail and investors could lose their entire investment.

The Resulting Issuer faces risks related to health epidemics and pandemics including COVID-19 and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

The Resulting Issuer faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect the Resulting Issuer's business, financial condition and results of operations. There can be no assurance that the Resulting Issuer's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. COVID-19 has disrupted economic activities and the extent to which COVID-19 impacts the Resulting Issuer's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time. Such future developments include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Resulting Issuer's business including without limitation, employee health, workforce productivity in the Storø Gold Project, increased insurance premiums, limitations on travel, supply chain interruption, the availability of industry experts and personnel and other factors that will depend on future developments beyond the Resulting Issuer's control. Efforts to slow the spread of COVID-19 could severely impact the Resulting Issuer's operations. To date, a number of governments have declared states of emergency and have implemented restrictive measures such as border restrictions, travel bans, quarantine and self-isolation. If the Resulting Issuer's operations are disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Resulting Issuer's profitability, results of operations, financial condition and stock price. Further, COVID-19 risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Resulting Issuer's operations to operate as intended due to a shortage of skilled employees, shortages or disruptions in supply chains, inability of employees to access sufficient healthcare, significant social upheavals and government or regulatory actions. While governmental agencies and private sector participants will seek to mitigate the adverse effects of COVID-19, and the medical community develops and distributes vaccines and other treatment options, the efficacy and timing of such mitigation measures is uncertain.

The actual and threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the Resulting Issuer's stock price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others.

There can be no assurance that the Resulting Issuer will continue to hold all permits necessary to develop or continue its activities at the Storø Gold Project.

The Storø Gold Project is subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of the Storø Gold Project or any other mineral property that the Resulting Issuer may acquire, the Resulting Issuer must receive permits from appropriate governmental authorities. There can be no assurance that the Resulting Issuer will continue to hold all permits necessary to develop or continue its activities at the Storø Gold Project or any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the Issuer, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

The lack of, or insufficiency of, insurance coverage could adversely affect the Resulting Issuer's future cash flow and overall profitability.

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to the Issuer's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. The Resulting Issuer expects to maintain insurance within ranges of coverage that it believes to be consistent with industry practice for companies at a similar stage of development. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer. If the Resulting Issuer is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect the Resulting Issuer's future cash flow and overall profitability.

The anticipated benefits of the Acquisition may not be realized.

The Corporation has completed the Acquisition to redeploy its assets and become a mineral resource issuer, as described under Section 2.4 – *Fundamental Change* - *The Acquisition*. Achieving the benefits of the Acquisition depends on the Resulting Issuer's ability to advance the exploration and development of the Storø Gold Project and identify other mining prospects. This requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters. This may adversely affect the Resulting Issuer's ability to achieve the anticipated benefits of the Acquisition. Further, the Resulting Issuer may encounter unexpected costs in respect of the Storø Gold Project, which may partially offset the anticipated benefits of the Acquisition.

There may be unexpected costs or liabilities related to the Acquisition.

Although the Resulting Issuer conducted what it believed to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, Copenhagen and the Storø Gold Project. Following the closing of the Acquisition, the Resulting Issuer may discover that it has acquired substantial undisclosed liabilities. The existence of undisclosed liabilities could have a material adverse impact on the Resulting Issuer's business, financial condition, results of operations and cash flows. In addition, the Amended and Restated Share Purchase Agreement limits the amount for which the Resulting Issuer will be indemnified in respect of certain breaches of the Amended and Restated Share Purchase Agreement and Greenland Resources may not have sufficient resources available to satisfy any claims under the indemnification provisions of the Amended and Restated Share Purchase Agreement.

Greenland Resources' shareholding level will give it significant influence.

Greenland Resources holds approximately 26% of the issued and outstanding Common Shares. Greenland Resources' shareholding level gives it significant influence on decisions to be made by Shareholders, including the ability to influence the election of directors of the Resulting Issuer as well as the approval of future transactions requiring Shareholder approval. In addition, Greenland Resources has been granted certain board nominee and participation rights as described more particularly under Section 2.4 – *Fundamental Change – The Acquisition – Ancillary Agreements*. For further information regarding Greenland Resources' holdings of the Resulting Issuer, see Section 2.4 – *Fundamental Change – The Acquisition*.

The acquisition of mining properties is based on factors that are subject to change and beyond the control of the Resulting Issuer.

Acquisitions of mining properties or companies are based in large part on geological, environmental and economic assessments made by the acquiror, independent geologists and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of metals and minerals, future prices of metals and minerals, operating costs, environmental restrictions, capital expenditures, royalties, and other government levies that will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Resulting Issuer. In particular, the prices of, and markets for, metals and minerals may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Conflicts of interest may arise for directors and officers of the Resulting Issuer who serve as directors and officers of other companies.

Certain of the directors and officers of the Resulting Issuer are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as directors and officers of the Resulting Issuer and as directors and officers of such other companies.

18. PROMOTERS

18.1 – 18.2 Promoters

Other than the directors and officers of the Resulting Issuer, management is not aware of any person or company who could currently be or would have been within the two years immediately preceding the date of this Listing Statement characterized as performing Investor Relations Activities (as defined in the CSE policies) for the Resulting Issuer or a subsidiary of the Resulting Issuer.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

There are no legal proceedings to which the Resulting Issuer is a party, or of which any of its property is the subject matter, and no such proceedings are known to the management of the Resulting Issuer to be contemplated.

19.2 Regulatory Actions

The Resulting Issuer is not subject to: (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date of this Listing Statement; or (ii) any other penalties or sanctions imposed by a court or regulatory body against the Resulting Issuer that are necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. The Resulting Issuer has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

20.1 Interest of Management and Others in Material Transactions

Except in regards to the executive compensation of directors and officers as described under Section 15 – *Executive Compensation*, no director or executive officer, insider, or any associate or affiliate of such insider or director or executive officer, has had any material interest, direct or indirect, in any material transaction within three years before the date of this Listing Statement that has materially affected or will materially affect the Resulting Issuer or a subsidiary of the Resulting Issuer.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Resulting Issuer are Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, 1140 W Pender St #1500-1700, Vancouver, BC V6E 4G1.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer is AST Trust Company (Canada) at its offices in Toronto, Ontario.

22. MATERIAL CONTRACTS

There are no contracts, other than those herein disclosed and other than those entered into in the ordinary course of business, that are material to the Resulting Issuer and that are still in effect as of the date of this Listing Statement:

(a) the Amended and Restated Share Purchase Agreement (see Section 2.4 – *Fundamental Change – The Acquisition*);

(b) the Standstill Agreement (see Section 2.4 – *Fundamental Change – The Standstill Agreement*);

(c) the Investor Rights Agreement (see Section 2.4 – *Fundamental Change – The Investor Rights Agreement*); and

(d) the Escrow Agreement (see Section 11 – *Escrowed Securities*).

23. INTEREST OF EXPERTS

23.1 Names of Experts

Johan Bradley (MSc, CGeol, EurGeol) and Martin Pittuck (CEng, FGS, MIMMM) were responsible for preparing the Technical Report, and are independent QPs as defined in NI 43-101.

Dale Matheson Carr-Hilton Labonte LLP prepared the auditor's reports for the audited financial Statements of the Corporation which are attached as Schedule "A" hereto. Dale Matheson Carr-Hilton Labonte LLP is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

McGovern Hurley LLP prepared the auditor's report for the audited annual financial statements of Copenhagen, which are attached as Schedule "B" hereto. McGovern Hurley LLP is independent of Copenhagen in accordance with the applicable rules of professional conduct.

23.2 Interest of Experts

To the knowledge of the Resulting Issuer, none of the experts above or their respective Associates or Affiliates beneficially owns, directly or indirectly, any securities of the Resulting Issuer, has received or will receive any direct or indirect interests in the property of the Resulting Issuer or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

24. OTHER MATERIAL FACTS

24.1 Other Material Facts

The Resulting Issuer is not aware of any other material facts relating to the Resulting Issuer and its securities that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the

Resulting Issuer and its securities, other than those set forth herein.

25. FINANCIAL STATEMENTS

Schedule “A” contains copies of all consolidated financial statements of the Corporation, including the auditor’s reports, where applicable, prepared and filed under applicable securities legislation for the preceding three years.

Schedule “B” contains the MD&A of the Corporation for the three months and year ended December 31, 2020 and the three months and year ended December 31, 2019.

Schedule “C” contains copies of all financial statements of Copenhagen, including the auditor’s reports, where applicable, for the financial year ended March 31, 2020 and the interim period ended December 31, 2020.

Schedule “D” contains the pro forma financial statements of the Resulting Issuer as at December 31, 2020.

CERTIFICATE OF GREENHAWK RESOURCES INC.

Pursuant to a resolution duly passed by its board of directors, Greenhawk Resources Inc., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Greenhawk Resources Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 31st day of May, 2021.

(signed) *"Greg McKenzie"*	(signed) *"Carmelo Marelli"*
Greg McKenzie President, Chief Executive Officer and Director	Carmelo Marelli Chief Financial Officer and Corporate Secretary
(signed) "*Ruben Shiffman*"	(signed) "*Thomas English*"
Ruben Shiffman Director	Thomas English Director

CERTIFICATE OF RSG MINING CORP.

The foregoing contains full, true and plain disclosure of all material information relating to RSG Mining Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 31st day of May, 2021.

(signed) *"Greg McKenzie"*

Greg McKenzie
Chief Executive Officer and Sole Director

CERTIFICATE OF COPENHAGEN MINERALS INC.

The foregoing contains full, true and plain disclosure of all material information relating to Copenhagen Minerals Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 31st day of May, 2021.

(signed) *"Greg McKenzie"*

Greg McKenzie
Chief Executive Officer and Sole Director

SCHEDULE “A”
ANNUAL AND INTERIM FINANCIAL STATEMENTS OF CRYPTOLOGIC CORP.

(*See attached*)

CRYPTOLOGIC CORP.

Consolidated Financial Statements
For the year ended December 31, 2020
(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cryptologic Corp.

Opinion

We have audited the consolidated financial statements of Cryptologic Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

March 11, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

CRYPTOLOGIC CORP.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Note	As at December 31, 2020	As at December 31, 2019
ASSETS			
Current assets			
Cash		$ 7,677,172	$ 226,532
Prepaid expenses and deposits	5	54,582	126,545
Sales tax receivable		127,941	—
Assets classified as held for sale	8	—	14,895,004
Total current assets		**7,859,695**	**15,248,081**
Non-current assets			
Prepaid expenses and deposits	5	15,996	15,996
Right of use assets	9	191,862	263,810
Equipment	10	39,291	54,067
Total non-current assets		**247,149**	**333,873**
Total assets		**$ 8,106,844**	**$ 15,581,954**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	11	$ 162,772	$ 388,356
Current portion of lease liability	12	115,172	104,585
Liabilities classified as held for sale	8	—	6,239,595
Convertible debenture	13	—	31,976,469
Total current liabilities		**277,944**	**38,709,005**
Long-term liabilities			
Lease liability	12	21,013	138,674
Total long-term liabilities		**21,013**	**138,674**
Total liabilities		**298,957**	**38,847,679**
Shareholders' equity (deficiency)			
Share capital	14	88,438,709	79,675,709
Warrants	15	—	1,606,933
Contributed surplus	15	14,312,982	12,397,790
Deficit		(94,943,804)	(116,946,157)
Total shareholders' equity (deficiency)		**7,807,887**	**(23,265,725)**
Total liabilities and shareholders' equity (deficiency)		**$ 8,106,844**	**$ 15,581,954**

Nature of operations (note 1)
Subsequent event (note 25)

Approved on behalf of the Board:

/s/ Dale Johnson
Dale Johnson, Director and
Chairman of the Board

/s/ John Kennedy Fitzgerald .
John Kennedy Fitzgerald, Director and
Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

CRYPTOLOGIC CORP.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

	Note	For the years ended December 31, 2020	2019
Expenses			
General and administrative	19	$ 3,004,657	$ 2,339,506
Stock-based compensation	15	308,259	193,189
Acquisition related costs		319,790	749,752
		3,632,706	**3,282,447**
Other income (loss)			
Interest expense, net	12, 13, 23	(1,585,693)	(6,963,804)
Allowance for loss on loan	23	—	(6,547,486)
Unrealized fair value gain on derivative liability		—	49,120
Gain on extinguishment of convertible debenture	13	24,775,610	—
Gain on sale of marketable securities	7	4,306,458	—
Allowance for sales tax receivable	24	(158,915)	(202,802)
Finance charges		(140,930)	—
Foreign exchange loss		(247)	(14,872)
Net income (loss) from continuing operations		**23,563,577**	**(16,962,291)**
Income (loss) from discontinued operations	8	(1,561,224)	5,239,692
Net income (loss) and comprehensive income (loss) for the period		**$ 22,002,353**	**$ (11,722,599)**
Income (loss) per share from continuing operations - basic and diluted		$ 0.77	$ (1.33)
Income (loss) per share - basic and diluted		$ 0.72	$ (0.92)
Weighted average number of shares outstanding - basic and diluted		**30,757,199**	**12,719,171**

The accompanying notes form an integral part of these consolidated financial statements.

CRYPTOLOGIC CORP.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

	Share Capital					
	Common shares Number	Common shares Amount	Warrants	Contributed Surplus	Deficit	Total
Balance – December 31, 2018	**12,719,171**	**$ 78,742,324**	**$ 2,892,314**	**$ 11,852,605**	**$ (105,223,558)**	**$ (11,736,315)**
Expiry of warrants	—	933,385	(1,285,381)	351,996	—	**—**
Stock-based compensation	—	—	—	193,189	—	**193,189**
Net loss and comprehensive loss for the year	—	—	—	—	(11,722,599)	**(11,722,599)**
Balance – December 31, 2019	**12,719,171**	**$ 79,675,709**	**$ 1,606,933**	**$ 12,397,790**	**$ (116,946,157)**	**$ (23,265,725)**
Expiry of warrants	—	—	(1,606,933)	1,606,933	—	**—**
Issuance of common shares in connection with conversion of Convertible Debenture	35,879,991	8,763,000	—	—	—	**8,763,000**
Stock-based compensation	—	—	—	308,259	—	**308,259**
Net income and comprehensive income for the year	—	—	—	—	22,002,353	**22,002,353**
Balance – December 31, 2020	**48,599,162**	**$ 88,438,709**	**$ —**	**$ 14,312,982**	**$ (94,943,804)**	**$ 7,807,887**

The accompanying notes form an integral part of these consolidated financial statements.

CRYPTOLOGIC CORP.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(expressed in Canadian dollars)

	For the years ended December 31,	
	2020	**2019**
Cash flows from operating activities		
Net income (loss)	$ 22,002,353	$ (11,722,599)
Changes in non-cash operating items:		
Mining revenue	(3,102,562)	(26,420,383)
Colocation revenue settled with digital assets	—	(679,952)
Depreciation	57,172	3,833,127
Impairment	—	3,288,026
Allowance for loss on loan	—	6,547,486
Fair gain on re-measurement of digital assets	(79,916)	(34,821)
Gain on extinguishment of convertible debenture	(24,775,610)	—
Gain on sale of marketable securities	(4,306,458)	—
Unrealized fair value gain on derivative liability	—	(49,120)
Loss (gain) on disposal of equipment	1,706,948	(1,473,369)
Loss on sale of subsidiary	646,331	—
Gain on lease modification	(220,399)	—
Foreign exchange gain	246	244,725
Stock-based compensation	308,259	193,189
Interest expense, net	719,404	3,237,929
Interest accretion	1,010,141	4,465,986
	(6,034,091)	(18,569,776)
Changes in non-cash working capital		
Prepaids	376,006	92,063
Sales tax receivable	1,586,279	(1,881,205)
Digital assets	3,308,798	28,845,476
Accounts payable and accrued liabilities	(416,599)	(704,929)
Security deposit	(318,050)	318,050
Net cash (used in) provided by operating activities	**(1,497,657)**	**8,099,679**
Cash flows from financing activities		
Interest paid	—	(2,760,000)
Lease repayments	(670,659)	(2,127,741)
Net cash used in financing activities	**(670,659)**	**(4,887,741)**
Cash flows from investing activities		
Proceeds from sale of subsidiary	1,734,315	—
Proceeds from sale of equipment	—	2,750,372
Proceeds from sale of marketable securities	7,306,458	—
Interest earned on cash equivalents	6,014	—
Loans advanced	—	(6,250,000)
Return of proceeds from sale of equipment	(79,686)	—
Net cash provided by (used in) investing activities	**8,967,101**	**(3,499,628)**
Change in cash during the year	6,798,785	(287,690)
Cash – beginning of year	226,532	1,166,077
Cash included in assets held for sale	651,855	(651,855)
Cash – ending	**$ 7,677,172**	**$ 226,532**

Cash flows from discontinued operations (note 8)

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Cryptologic Corp. (formerly Vogogo Inc.) (the "Company" or "Cryptologic"), had cryptocurrency mining activities in Québec.

The head office and registered record office is located at 300-5 Hazelton Ave., Toronto, Ontario, M5R 2E1.

On April 8, 2020, the Company sold all of the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc., (“9376”), which was engaged in cryptocurrency mining operations located in Lachute, Quebec. See note 8.

On June 30, 2020, convertible debentures with a principal balance of $34,500,000 and accrued interest of $1,380,000 were converted into 35,879,991 shares of the Company.

On August 7, 2020, the Company (i) terminated the lease of its wholly-owned subsidiary, Crypto 205 Inc., at its cryptocurrency mining facility in Pointe-Claire, Quebec, effective July 31, 2020, and (ii) terminated the employment contracts of all of its employees.

The recent outbreak of the coronavirus, also known as “COVID-19,” has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company’s business activities. The extent to which the coronavirus may impact the Company’s business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effects that these events will have are highly uncertain and as such, the Company cannot determine the corresponding financial impact at this time.

The common shares trade on the Canadian Stock Exchange (“CSE”) under the symbol “CRY”.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 11, 2021.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for some financial instruments that have been measured at fair value.

Effective February 14, 2019, the Company consolidated its common shares on the basis of one new common share for every thirty old common shares issues and outstanding at that time. All references to share, per share amounts, warrants and options in theses financial statements have been retroactively restated to reflect the consolidation.

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars (“CAD”), which is the Company’s functional and presentation currency.

Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All inter-company transactions are eliminated on consolidation.

As of December 31, 2020, the Company had four wholly owned subsidiaries: (i) Vogogo Canada Inc., (ii) Crypto 205 Inc. (“Crypto 205”), (iii) 2700313 Ontario Inc., and (iv) 2700311 Ontario Inc.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Company's consolidated 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 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 consolidated financial statements.

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily though sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured at net book value less impairment loss. Assets held for sale are measured at the lower of their carrying amounts or their fair value less costs to sell and are no longer depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company has not recognized the value of any deferred tax assets in its statements of financial position.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with its various filing positions. Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect its effective income tax rate and income tax provision.

The Company has earned Bitcoin from the commercial activity of Bitcoin mining. The Company has followed the published Canada Revenue Agency ("CRA") view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Bitcoin is valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin earned is sold or exchanged for cash or another asset. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Impairment of non-financial assets

Assets are deemed to be impaired when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell 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.

Foreign currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Fair value measurement of equity instruments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and warrants, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in note 14.

Accounting for digital assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

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 2 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 reporting period. The Company is relying on the data available at Coin Market Cap to be an accurate representation of the closing price for the different digital assets.

Leases

In determining lease terms, the Company used its judgment to determine that the extension options were not significant. Furthermore, the Company does not believe the interest rate implicit in its leases can be readily determined. It therefore used its judgment to determine the incremental borrowing rate and use it as the discount rate to establish its lease liability.

For every lease, management makes a judgment to determine the appropriate lease term. Management considers all relevant facts and circumstances that create an economic incentive for the Company to exercise a renewal option or not to exercise a termination option, including, for example, investments in extensive leasehold improvements. The periods covered by the renewal options are included in the lease term only if management is reasonably certain it will renew the lease.

Management considers reasonable certainty to be a high threshold. Changes in the economic environment can have an impact on management's lease term assessments, and any changes in the estimates that management makes for lease terms could have a significant impact on the Company's consolidated statement of financial position and consolidated statement of profit or loss.

Useful life of mining equipment

Management is depreciating mining equipment using a straight-line basis, with a useful life of:

Mining equipment	3 years
Supporting infrastructure	5 years

The mining equipment is used to generate digital assets. The rate at which the Company generates digital assets 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;
- The general availability of appropriate computer processing capacity on a global basis; and,
- Technological obsolescence resulting from rapid development in the mining machines, such that more recently developed hardware generally increases processing capacity, which usually renders new machines more economically efficient to operate, resulting in lower costs of operations. Further, the newer machines may be made available at a lower cost of purchase.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Based on the Company's and the industry's short life cycles to date, there is limited market data available. Furthermore, the data available also includes data derived from the use of economic modeling to forecast future digital assets and the assumptions included in such forecasts, including the digital asset's price and network difficulty, and derived from management's assumptions that are inherently judgmental. Based on current data available, management has determined that the straight-line method of amortization over three years best reflects the current expected useful life of mining equipment. Management will review this estimate at each reporting date and will revise 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 will review the appropriateness of its assumption of nil residual value at each reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized, regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated statements of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition. Any excess of the identifiable net assets over the fair value of the consideration transferred is immediately recognized in net earnings.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity interests issued by the Company, including the fair value of all the assets and liabilities resulting from a deferred payment arrangement. Acquisition related costs are expensed as incurred.

Revenue recognition

Bitcoin mining

Revenue is comprised of the fair value of consideration received for the provision of services in the ordinary course of business. The Company derives its revenue through the receipt of Bitcoin in exchange for providing successful "mining" services to the blockchains corresponding to various Bitcoin. Mining is the process by which transactions are verified and added to a blockchain.

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers. Bitcoin mining is the ordinary business activity of the Company and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 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 is recognized by the Company when payment, in the form of Bitcoin, is received for successful mining services rendered. Revenue earned from Bitcoin mining activities is recognized at the fair value of the Bitcoin received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. During the year ended December 31, 2020, the Company recognized $3,102,562 (2019 - $26,420,383) in revenue from discontinued Bitcoin mining operations.

Colocation services

The Company earned colocation revenue from one customer at one of its mining facilities in exchange for hosting the customer's cryptocurrency mining equipment. Colocation revenue is recognized in profit or loss based on the consumption of electricity on a monthly basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Digital assets

Digital assets are generated from the Company's mining activities, which meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the Bitcoin received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital asset at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

The Company obtains the equivalency rate of tradable digital assets to United States Dollars ("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. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable digital assets, and this information and all related databases are accessible to the Company.

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditure required to make the equipment ready for use. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized.

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

Mining servers	3 years	straight-line
Supporting infrastructure	5 years	straight-line
Office equipment	5 years	straight-line

The asset's residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Depreciation of mining equipment is recognized in cost of revenue on the consolidated statement of loss and comprehensive loss.

Refer to note 3 for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of depreciation the underlying useful life and the estimation of residual values in respect of mining equipment.

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) 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. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Loss per share

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Share issue costs

Costs incurred for the issue of common shares are deducted from share capital.

Share-based transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

Income taxes

The Company is in the business of mining for digital assets in a commercial manner. The income from the business is included in determining taxable income for the period. Revenue from digital assets mining is included in taxable income when the digital assets earned are sold or exchanged for cash or another asset. The digital assets held at period end are treated as a commodity and valued pursuant to section 10 of the Income Tax Act.

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

Current income tax

Current income tax is measured as 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax

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 income.

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 assets 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 assets and deferred tax liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right to offset.

Leases

The Company leases property. As is permitted under IFRS 16, the Company elected to expense its short-term leases (term of 12 months or less) and leases of low-value assets, such as computer equipment, on a straight-line basis over the lease term.

For its other contracts, the Company assesses whether its new or amended contracts contain a lease.

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses the following:

- Is the identified asset directly or indirectly specified in the contract, or does it represent substantially all of the capacity of an asset that is physically distinct?
- Does the right of use cover substantially all of the economic benefits from use of the identified asset for a period of time?
- Does the Company have the right to direct the use of the identified asset? In cases where the use is predetermined, does the Company operate the asset or did the Company design the asset in a way that predetermines how and for what purpose the asset will be used?

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases.

A right-of-use asset (a “lease asset”) and a lease liability are recognized in the statement of financial position at the lease commencement date.

Lease asset

A lease asset is initially recognized at cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. The useful life of a lease asset is measured on the same basis as the Company’s other property, plant and equipment.

The Company presents its leased property in Note 9.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at that date using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate, which is generally the case. The lease payments comprise the following: fixed payments; variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date; an estimate of the amounts to be payable under residual value guarantees; as well as amounts the Company is reasonably certain to pay as the exercise price of a purchase or extension option, or as a penalty to exercise a termination option.

(expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The lease liability is subsequently remeasured at amortized cost using the effective interest method.

When there is a change in lease payments resulting from a change in an index or a rate or a change in an estimated amount, the amount of such an adjustment is offset in the unamortized cost of the lease asset or reported in the consolidated statement of profit or loss when the lease asset is fully impaired.

The Company presents its lease liabilities (see note 12) and the interest on its lease liabilities (calculated at the effective interest rate) with its interest expenses in the consolidated statement of profit or loss.

5. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses comprise the following:

	As at December 31, 2020	As at December 31, 2019
Prepaid expenses	$ 54,582	$ 126,545
Vendor deposits	15,996	15,996
Prepaid expenses and deposits	**$ 70,578**	**$ 142,541**
Current	54,582	126,545
Long-term	15,996	15,996

Included in the long-term portion of prepaid expenses and deposits as at December 31, 2020, are security deposits for rent of $15,996 (2019 – $15,996) that have been classified as long-term.

6. DIGITAL ASSETS

Digital assets consist of Bitcoins. Below is a summary of changes in digital assets during the period.

	Amount	Units
Balance as at December 31, 2018	**$ 1,562,290**	**305.98**
Mined additions	26,420,383	2,952.65
Equipment sale settled in coin	247,071	20.36
Colocation fees settled in coin	747,062	68.68
Coins sold	(28,845,476)	(3,326.00)
Coins transferred to settle accounts payable	(39,794)	(8.14)
Fair value gain on re-measurement of coin	34,879	—
Reclassified to assets held for sale (note 8)	(126,415)	(13.53)
Balance as at December 31, 2019	**$ —**	**—**
Opening coins on hand	126,415	13.53
Mined additions	3,102,562	278.92
Coins sold	(3,308,893)	(292.44)
Fair value gain on re-measurement of coin	79,916	—
Balance as at December 31, 2020	**$ —**	**—**

(expressed in Canadian dollars)

6. DIGITAL ASSETS (continued)

On April 30, 2019, the Company acquired 6,598 Antminer S9 cryptocurrency mining machines as a result of the termination of the colocation agreement. As consideration for the early termination of the colocation agreement, in addition to the Company receiving the miners, the Company retained the security deposit received pursuant to the colocation agreement, and the Bitcoins mined by the colocation customer during the period the termination agreement was negotiated. The termination agreement represents settlement of all obligations under the colocation agreement. The Company assumed the customer's assets in exchange for termination of the agreement and settlement of accounts receivable, which was the net balance of $834,716 and the $815,548 of coins mined on behalf of the customer up to April 30, 2019.

During the year ended December 31, 2019, the Company sold certain crypto currency mining equipment and entered into short term colocation contracts with various third-party equipment purchasers. Certain of these customers settled their purchases and colocation fees in digital assets paid to the Company.

7. MARKETABLE SECURITIES

On April 8, 2020, the Company received 15,000,000 common shares of HIVE Blockchain Technologies Ltd. ("Hive") as partial consideration for the sale of its subsidiary 9376-9974 Quebec Inc. (note 8).

The following table reflects the movement in marketable securities as at December 31, 2020:

Balance January 1, 2020	$	—
Hive consideration shares received		3,000,000
Proceeds from disposition		(7,306,458)
Realized gain		4,306,458
Balance at December 31, 2020	**$**	**—**

(expressed in Canadian dollars)

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company evaluated the cryptocurrency mining business and decided to divest of its crypto assets. The decision led to the classification of the crypto-mining related assets and liabilities as held for sale.

The following is a summary of the financial performance and cash flow information for the years ended December 31, 2020 and 2019:

	For the years ended December 31,	
	2020	**2019**
Revenue		
Digital assets mined	$ 3,102,562	$ 26,420,383
Colocation revenue	1,717,114	844,350
Cost of revenue		
Site operating costs	(4,205,727)	(16,139,272)
Depreciation	—	(3,746,402)
Net mining income	**613,949**	**7,379,059**
Expenses		
Fair value gain on re-measurement of digital assets	(79,916)	(34,821)
Impairment	—	3,288,025
	(79,916)	**3,253,204**
Other income (loss)		
Gain (loss) on disposal of equipment	(1,706,948)	1,473,369
Loss on sale of subsidiary	(646,331)	—
Sales tax recovered	27,657	610,432
Gain on lease modification	220,399	—
Interest expense	(149,866)	(740,112)
Foreign exchange loss	—	(229,852)
Net income (loss) from discontinued operations	**(1,561,224)**	**5,239,692**

	For the years ended December 31,	
	2020	**2019**
Net cash provided by operating activities	$ 2,210,537	$ 11,479,245
Net cash used in financing activities	$ (2,766,493)	$ (14,702,129)
Net cash (used in) provided by investing activities	$ (79,686)	$ 2,750,372

(expressed in Canadian dollars)

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

The following is a summary of assets and liabilities classified as held for sale at December 31, 2020, and 2019:

	As at December 31, 2020	As at December 31, 2019
Cash	$ —	$ 651,855
Prepaid expenses and deposits	—	1,314,005
Sales tax receivable	—	2,108,571
Digital assets	—	126,415
Equipment	—	5,493,621
ROU Asset	—	5,200,537
Assets classified as held for sale	**$ —**	**$ 14,895,004**

	As at December 31,	As at December 31,
Accounts payable and accrued liabilities	$ —	$ (466,713)
Customer deposits	—	(318,050)
Lease liability	—	(5,454,832)
Liabilities classified as held for sale	**$ —**	**$ (6,239,595)**

On April 8, 2020, the Company sold all of the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc. to Hive. As consideration, Hive issued 15,000,000 of its common shares ("Hive Shares") at $0.20 per share for $3,000,000 of consideration and paid $1,956,231 in cash. Subsequent to the closing of the transaction, the Company settled $221,916 in working capital adjustment to Hive for net cash proceeds of $1,734,315.

The following table shows the loss on sale of the subsidiary:

Consideration received:	
Cash	1,734,315
Marketable securities	3,000,000
Total disposal consideration	**4,734,315**
Carrying amount of net assets sold	(5,380,646)
Loss on sale of subsidiary	**$ (646,331)**

(expressed in Canadian dollars)

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

The carrying amounts of assets and liabilities as at the date of the sale, April 8, 2020, were:

	As at April 8, 2020	As at December 31, 2019
Cash	$ —	$ 250,983
Prepaid expenses and deposits	1,009,962	1,029,404
Sales tax receivable	394,350	1,906,186
Digital assets	—	126,320
Equipment	4,000,000	4,000,000
ROU Asset	3,415,811	4,607,194
Total assets	**$ 8,820,123**	**$ 11,920,087**

	As at April 8,	As at December 31,
Accounts payable and accrued liabilities	$ (246,297)	$ (151,025)
Lease liability	(3,193,179)	(4,827,492)
Total liabilities	**$ (3,439,476)**	**$ (4,978,517)**
Net assets	**5,380,646**	**6,941,570**

9. RIGHT OF USE ASSETS

	Buildings	Total
Balance as at January 1, 2019	$ 7,050,416	$ 7,050,416
Depreciation	(1,586,069)	(1,586,069)
Reclassified to assets held for sale (note 8)	(5,200,537)	(5,200,537)
Balance as at December 31, 2019	**263,810**	**263,810**
Depreciation	(71,948)	(71,948)
Balance as at December 31, 2020	**$ 191,862**	**$ 191,862**

During the year ended December 31, 2020, $nil (December 31, 2019 - $1,514,121) of depreciation was charged as a cost of revenue to mining operations, which has been reclassified on the consolidated statements of income (loss) and comprehensive income (loss) to discontinued operations.

(expressed in Canadian dollars)

10. EQUIPMENT

COST	Mining equipment	Infrastructure	Office equipment	Total
Balance as at December 31, 2019	**$ —**	**$ —**	**$ 73,883**	**$ 73,883**
Balance as at December 31, 2020	**$ —**	**$ —**	**$ 73,883**	**$ 73,883**

ACCUMULATED AMORTIZATION				
Balance as at December 31, 2019	**$ —**	**$ —**	**$ 19,815**	**$ 19,815**
Amortization	—	—	14,777	14,777
Balance as at December 31, 2020	**$ —**	**$ —**	**$ 34,592**	**$ 34,592**

COST	Mining equipment	Infrastructure	Office equipment	Total
Balance as at December 31, 2018	**$ 23,970,090**	**$ 17,839,676**	**$ 73,883**	**$ 41,883,649**
Disposal	(14,547,762)	—	—	(14,547,762)
Reclassification to assets held for sale (note 8)	(9,422,328)	(17,839,676)	—	(27,262,004)
Balance as at December 31, 2019	**$ —**	**$ —**	**$ 73,883**	**$ 73,883**

ACCUMULATED AMORTIZATION				
Balance as at December 31, 2018	**$ 18,383,691**	**$ 10,888,074**	**$ 5,039**	**$ 29,276,804**
Amortization	1,327,632	904,649	14,777	2,247,058
Disposal	(13,023,688)	—	—	(13,023,688)
Impairment	1,993,291	1,294,734	—	3,288,025
Reclassification to assets held for sale (note 8)	(8,680,926)	(13,087,457)	—	(21,768,383)
Balance as at December 31, 2019	**$ —**	**$ —**	**$ 19,816**	**$ 19,816**
At December 31, 2019	**$ —**	**$ —**	**$ 54,067**	**$ 54,067**
At December 31, 2020	**$ —**	**$ —**	**$ 39,291**	**$ 39,291**

During the years ended December 31, 2020, $nil (2019 – $2,232,281) of depreciation was charged as a cost of revenue to mining operations that has been reclassified on the consolidated statements of income (loss) and comprehensive income (loss) to discontinued operations.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2020	As at December 31, 2019
Trade accounts payable	$ 102,772	$ 388,356
Accrued liabilities	60,000	—
Accounts payable and accrued liabilities	**$ 162,772**	**$ 388,356**

(expressed in Canadian dollars)

12. LEASE LIABILITY

The following table details the movement in the Company's lease liability for the year ended December 31, 2020:

		Lease liability
Balance as at January 1, 2019	$	7,050,416
Interest		775,416
Repayments		(2,127,741)
Reclassified to assets held for sale (note 8)		(5,454,832)
Balance as at December 31, 2019		**243,259**
Interest		23,552
Repayments		(130,626)
Balance as at December 31, 2020	**$**	**136,185**
Current portion		115,172
Long-term portion		21,013

The following table details the undiscounted cash flows and contractual maturities of the Company's lease liability, as at December 31, 2020:

		Within one year		Later than one year but not later than 5 years		More than 5 years
Lease liability	$	127,970	$	21,328	$	—

13. CONVERTIBLE DEBENTURE

On June 21, 2018, the Company issued 34,500 debenture units (the "Units") for proceeds of $34,500,000. Each Unit was comprised of $1,000 principal amount of senior unsecured extendible non-redeemable convertible debentures ("Convertible Debentures") and 33 warrants ("Warrants"). Each unit entitled the holder to a conversion rate of 66 common shares per $1,000 principal of Convertible Debentures at a value of $15 per share and Warrants exercisable for 33 shares at a price of $21 per share.

The Convertible Debentures bore interest at 8% per annum, payable semi-annually, were unsecured and matured in 24 months. The fair value of the Convertible Debentures was recorded at $25,543,181, discounted at 20%, and was net of transaction costs. The accretion expense for the year ended December 31, 2020, was $1,010,141 (December 31, 2019 – $4,465,986). Interest expense incurred for the year ended December 31, 2020 was $552,000 (December 31, 2019 – $2,760,000). Interest paid for the years ended December 31, 2020 was $nil (for the year ended December 31, 2019 – $2,760,000).

The residual value of the warrants and the equity conversion feature was estimated at $1,606,934 and $4,302,285.

On closing, the Company paid the agent: (i) a commission of $1,380,000 representing 4% of the gross proceeds; (ii) agent expenses and legal fees of $260,291 and (iii) 1,380 broker warrant units ("Broker Warrant Units"). Each Broker Warrant Unit was priced at $1,000 per unit and was exercisable into a Unit. The estimated fair value of the Broker Warrants on issuance was $1,133,923, which was based on the fair value of the underlying conversion rights as follows:

- The Warrants per Unit were determined to be valued at $351,996 using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years. This amount was treated as equity.

- The option to purchase the debentures was determined to be a derivative liability. The fair value at initial recognition was determined to be $781,927 based on the resulting option to convert into 66 common shares. The fair value was determined using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years.

(expressed in Canadian dollars)

13. CONVERTIBLE DEBENTURE (continued)

On June 21, 2019, the Broker Warrant Units expired resulting in the Company revaluing the derivative relating to the option to purchase the debentures to the estimated fair value of $nil from $49,120 and recorded a gain. The Company reversed the fair value of the Broker Warrant Units recorded in the warrant component of the convertible debentures of $351,996.

If there were an aggregate of 15 days on which the daily volume-weighted average trading price of the common shares on the CSE (or such other exchange on which the common shares may trade) equaled or exceeded $27.00, the Company could force conversion at $15.00, upon giving Convertible Debenture holders 30 days advance written notice (a "Forced Conversion"). If Convertible Debentures were subject to a forced conversion in the 12 month period following the closing date, holders of Convertible Debentures would receive an interest payment in cash on such Convertible Debentures equal to any accrued and unpaid interest up to the date of conversion and additional interest for the period from the date of conversion to the date that is 12 months following the closing date of June 21, 2018.

Should there have been an aggregate of 15 trading days on which the daily volume-weighted average trading price of the common shares on the CSE equaled or exceeded $33, the Company could issue a notice of acceleration (an "Acceleration Notice") and, thereafter, the Warrants would expire on a Business Day specified in the Acceleration Notice, which date was not be less than 20 days after the date of the Acceleration Notice.

The Company amortized the debt discount recorded in relation to the transaction using the effective interest method over the term of the related debt.

	Proceeds	Transaction costs	Net
Liability component	$ 28,018,203	$ (2,475,021)	$ 25,543,182
Equity component	6,481,797	(572,577)	5,909,220
Total	**$ 34,500,000**	**$ (3,047,598)**	**$ 31,452,402**

The recognition of the equity component resulted in a deferred tax liability of $1,595,489, which was offset by the recognition of a corresponding deferred tax asset relating to the Company's non-capital losses.

At a special meeting of holders of 8% extendible convertible unsecured debentures held in Toronto on March 13, 2020, the Company received approval of an extraordinary resolution to amend the terms of the debenture indenture between the Company and AST Trust Company (Canada) (the "Trustee") dated June 21, 2018. The Company and the Trustee entered into a supplemental indenture on March 13, 2020, effecting the amendments set out in the extraordinary resolution. In accordance with the debenture indenture, as amended by the supplemental indenture, the Corporation could force the conversion of the entire principal amount of the debentures and all accrued but unpaid interest at the conversion price ("Conversion Price") at any time, upon giving debenture holders 10 days' advance written notice. The modification of the conversion price and the ability for the Company to force conversion of the Convertible Debentures resulted in an extinguishment of the Convertible Debentures. On extinguishment, the fair value of the Convertible Debentures and accrued interest was determined to be $8,763,000 as determined by the market price of the Company's shares. On the extinguishment date, the Company determined that the Convertible Debentures met equity classification and recorded the fair value of $8,763,000 in contributed surplus. The carrying value of the Convertible Debentures and accrued interest on the date of extinguishment was $33,538,610 which resulted in a gain on extinguishment of the Convertible Debentures of $24,775,610 recorded in the consolidated statements of income (loss) and comprehensive income (loss).

On June 30, 2020, the Company forced conversion of the Convertible Debentures into 35,879,991 common shares of the Company and the value of $8,763,000 was reallocated from contributed surplus to share capital.

During the year ended December 31, 2020, a total of 1,150,000 warrants expired. On the expiry of 1,150,000 warrants, the value of $1,606,933 originally allocated to warrants was reallocated to contributed surplus.

(expressed in Canadian dollars)

13. CONVERTIBLE DEBENTURE (continued)

The following table reflects movements of each component of Convertible Debentures:

	Liability component of Convertible Debenture	Warrants component of Convertible Debenture	Equity component of Convertible Debenture
Balance - December 31, 2018	**$ 27,510,483**	**$ 1,958,929**	**$ 2,706,796**
Accretion of liability component of Convertible Debenture (effective interest rate of 25%)	4,465,986	—	—
Expiry of broker warrants	—	(351,996)	351,996
Balance - December 31, 2019	**31,976,469**	**1,606,933**	**3,058,792**
Accretion of liability component of Convertible Debenture (effective interest rate of 25%)	1,562,141	—	—
Converted to common shares	(33,538,610)	—	—
Expiry of warrants	—	(1,606,933)	1,606,933
Balance - December 31, 2020	**$ —**	**$ —**	**$ 4,665,725**

14. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common shares.

During the year ended December 31, 2020:

- On June 30, 2020, the Company elected to force conversion of the Convertible Debentures into 35,879,991 common shares of the Company. On conversion the equity value of 8,763,000 was transferred from contributed surplus to share capital (see note 13). No fractional common shares were issued and any fractions of a Common Share were rounded down to the nearest whole number of common shares (see note 13).

During the year ended December 31, 2019:

- the Company consolidated its common shares on the basis of one new common share for every thirty old common shares issued and outstanding at that time (see note 2).
- a total of 561,000 warrants expired. As a result, the Company reversed the fair value of $933,385 to share capital.

15. CONTRIBUTED SURPLUS AND WARRANTS

	As at December 31, 2020		As at December 31, 2019	
	Contributed surplus	Warrants	Contributed surplus	Warrants
Beginning balance	**$ 12,397,790**	**$ 1,606,933**	**$ 11,852,605**	**$ 2,892,314**
Stock-based compensation	308,259	—	193,189	—
Expiry of warrants	1,606,933	(1,606,933)	351,996	(1,285,381)
Ending balance	**$ 14,312,982**	**$ —**	**$ 12,397,790**	**$ 1,606,933**

Stock options

The Company has a stock option plan ("the Plan") under which the Board of Directors may grant to directors, officers, employees and technical consultants to the Company non-transferable options to purchase common shares, exercisable for a period of up to 5 years from the date of grant.

(expressed in Canadian dollars)

15. CONTRIBUTED SURPLUS AND WARRANTS (continued)

On October 20, 2020, the Board of Directors authorized and approved the granting of 4,600,000 options under the Company's Plan to various consultants and directors. The options granted shall vest and become exercisable at 33.33% immediately and 33.33% every 6 months therefore over a one-year period. All options expire five years from the date of their grant.

On October 31, 2020, an aggregate of 216,667 stock options previously held by a certain officer of the Company expired.

A summary of the stock option transactions are as follows:

	As at December 31, 2020			As at December 31, 2019		
	Number of options		Weighted average exercise price $	Number of options		Weighted average exercise price $
Beginning balance	216,667	$	1.95	216,667	$	1.95
Granted	4,600,000		0.27	—		—
Expired	(216,667)		(1.95)	—		—
Ending balance	**4,600,000**	**$**	**0.27**	**216,667**	**$**	**1.95**

The following provides a summary of options outstanding and exercisable as at December 31, 2020:

Number of Options Outstanding		Exercise Price $	Expiry Date	Number of Options Exercisable		Exercise Price $
4,600,000	$	0.27	October 20, 2025	1,533,333	$	0.27
4,600,000	**$**	**0.27**		**1,533,333**	**$**	**0.27**

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following weighted average assumptions:

		For the year ended December 31, 2020
Expected volatility		100%
Expected life		3 years
Expected forfeiture rate		0%
Risk-free interest rate		0.25%
Dividend yield		0%
Weighted average share price	$	0.27
Weighted average fair value of options at grant date	$	0.17

The Company recorded stock-based compensation expense for the year ended December 31, 2020, for options of $308,259 (2019 – $193,189) with an offsetting increase to contributed surplus in respect of the stock options granted. No stock options were exercised during the years ended December 31, 2020 or 2019, and as a result $nil was transferred to share capital from contributed surplus. The weighted average remaining life of the options is 4.81 years.

(expressed in Canadian dollars)

15. CONTRIBUTED SURPLUS AND WARRANTS (continued)

Warrants

A summary of warrant transactions is as follows:

	As at December 31, 2020		As at December 31, 2019	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Beginning balance	1,150,000	$ 21.00	1,711,046	$ 16.20
Expired	(1,150,000)	(21.00)	(561,046)	(6.68)
Ending balance	—	**$ —**	**1,150,000**	**$ 21.00**

During the year ended December 31, 2020, a total of 1,150,000 warrants expired. On the expiry of 1,150,000 warrants, the value of $1,606,933 originally allocated to warrants was reallocated to contributed surplus.

During the year ended December 31, 2019, a total of 561,000 warrants and 46 Broker Warrant Units expired. On the expiry of 561,000 warrants, the value of $933,385 originally allocated to reserves was reallocated to share capital. On the expiry of 46 Broker Warrant Units, the value of $351,996 originally allocated to warrants was reallocated to contributed surplus.

16. FAIR VALUE DISCLOSURE AND CAPITAL MANAGEMENT

Fair value measurements 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 the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk.

17. 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, warrants, and stock options. 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 from the year ended December 31, 2019.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks including market risk, liquidity risk.

The nature and extent of the financial instruments outstanding at the reporting date, and the risk management policies employed by the Company, are discussed below.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As at December 31, 2020, the Company is not exposed to any interest rate risk.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which is the functional currency of the Company.

The table below indicates the foreign currencies to which the Company has exposure at December 31, 2020 in Canadian dollar terms:

	USD
Cash	$ 603

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the CAD exchange rate at the balance sheet date for balance sheet items denominated in USD:

Currency	10% Strengthening (weakening)
USD	$ 60

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Cash is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has cash of $7,677,172 and has positive working capital of $7,581,751 in order to manage its liquidity risk. All of the Company's liabilities are due within the next two years.

19. 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:

	Years Ended December 31,	
	2020	2019
General and administrative		
Office and administrative	$ 296,199	$ 315,821
Legal and professional fees	446,112	418,215
Consulting fees	276,280	22,124
Travel and entertainment	76,727	208,929
Depreciation	86,725	86,725
Salaries	1,822,614	1,287,692
	$ 3,004,657	**$ 2,339,506**

(expressed in Canadian dollars)

20. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board of Directors.

The compensation of such key management for the years ended December 31, 2020 and 2019 included the following:

	2020	2019
Salaries, severance and director remuneration	$ 1,691,233	$ 828,625
Stock-based compensation expense - directors and officers	308,259	193,189
	$ 1,999,492	**$ 1,021,814**

As at December 31, 2020, included in accounts payable and accrued liabilities was $858 (2019 – $30,194) of payments owed to key management personnel.

21. INCOME TAX

The reconciliation of the combined Canadian federal and provisional statutory income tax rate of 26.5% (2019 – 26.5%) to the effective tax rate is as follows:

	Year Ended December 31,	
	2020	**2019**
Loss before income taxes	**$ 23,563,577**	**$ (16,962,291)**
Statutory tax rate	26.5%	26.5%
Statutory income tax recovery	6,244,348	(4,495,007)
Non-deductible expenses and recoveries	(6,116,075)	224,787
Temporary differences	(804,635)	2,572,819
Change in unrecognized deferred tax assets	676,362	1,697,401
Income tax recovery	**$ —**	**$ —**

As at December 31, 2020, the Company has non-capital loss carry forwards of approximately $37,590,000 (2019 - $45,105,000). The non-capital loss carry forwards expire at various dates from 2031 to 2039.

22. COMMITMENTS

At December 31, 2020, the Company's future minimum lease payments under non-cancellable operating leases aggregate to $0.15 million and are payable as follows:

	Within one year	Later than one year but not later than 5 years	More than 5 years
Lease liability	$ 127,970	$ 21,328	$ —

(expressed in Canadian dollars)

23. ALLOWANCE FOR LOSS ON LOAN

On August 3, 2019, the Company entered into a non-binding letter of intent with Wayland Group ("Wayland"), a vertically integrated cultivator and processor of cannabis, with production facilities in Langton, Ontario (the "Facilities") where it operates a cannabis cultivation, extraction, formulation and distribution business under federal licenses from the Government of Canada, relating to a proposed acquisition of Wayland's Canadian business, including the Facilities, and the assumption of liabilities related to Wayland's Canadian business.

In connection with the proposed transaction, the Company committed to provide Wayland with a $5,000,000 subordinated bridge loan (the "Bridge Loan"), which is not subject to completion of the transaction and was advanced by the Company prior to entering into a definitive agreement in connection with the proposed transaction. In connection with the Bridge Loan, Wayland grants the second-lien security over the assets to be purchased by Cryptologic, which is subordinate to Wayland's existing secured convertible debentures in accordance with their terms. The Bridge Loan was advanced on August 9, 2019. The Bridge Loan expires on the earlier of: (a) the date that is one (1) year from the date of the Bridge Loan, and (b) closing of the Wayland acquisition. The principal amount of the Bridge Loan and all accrued and unpaid interest, will become due and payable at the end of the term, provided, for clarity, that if the acquisition closes prior to such time, the Bridge Loan will constitute an additional assumed liability by the Company. Interest on the Bridge Loan is charged at a rate of 13% per annum. However, if Wayland enters into an alternative transaction after the expiry of the Company's exclusivity period on November 7, 2019 and prior to the expiry of the term of the Bridge Loan, then the rate of interest increases to 25% per annum.

On September 17, 2019, the Company and Wayland entered into an amended and restated loan agreement under which the Company advanced an additional $1,000,000 to Wayland (the "Amended Bridge Loan"). The terms of the Amended Bridge Loan provide for additional loan tranches up to an overall aggregate cap of $25,000,000. The Amended Bridge Loan also provides for a non-completion fee in the amount of 5% of the deemed aggregate value of the proposed transaction, up to a maximum non-completion fee of $11,500,000. The Amended Bridge Loan extends the exclusivity period to December 16, 2019.

On December 2, 2019, Wayland was granted an order from the Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act* (the "CCAA"). The initial order provides for, among other things, a stay of proceedings in favor of the Wayland Group and certain of its affiliates, and the appointment of PricewaterhouseCoopers Inc. as monitor of the Wayland Group. On December 31, 2019, after review of the market conditions in the Cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance equal to the estimated recoverable amount of the loan.

During the year ended December 31, 2019, the Company recorded interest income of $297,486.

		As at December 31, 2019
Principal advanced	$	6,250,000
Interest earned		297,486
Allowance for loan to Wayland Group		(6,547,486)
Balance as at December 31, 2019 and 2020	**$**	**—**

24. ALLOWANCE ON SALES TAX RECEIVABLE

At December 31, 2020, the Company recorded an allowance of $158,915 (2019 - $202,802) for sales tax receivable.

25. SUBSEQUENT EVENT

Proposed transaction

On January 28, 2021, the Company announced that it had entered into a binding share purchase agreement with Greenland Resources Inc. (the "Seller") on January 27, 2021 to acquire 100% of the outstanding shares of the Seller's wholly-owned subsidiary, Copenhagen Minerals Inc. ("Copenhagen"), which owns a 100% interest in a mineral exploration license known as the Storø Gold Project, located in Greenland (the "Proposed Acquisition"). Consideration for the Proposed Acquisition is expected to be satisfied through the payment of C$250,000 cash and the issuance to the Seller of 37,600,000 common shares of the Company at a deemed issue price of $0.24 per share (the "Consideration Shares"), subject to all necessary regulatory and securityholder approvals. It is expected that Copenhagen shareholders will hold 43.6% of the shares of the Company following closing of the Proposed Acquisition, with shareholders of the Company holding the remaining 56.4%. Completion of the Proposed Acquisition is subject to customary conditions, including receipt of applicable securityholder approvals by the Company and Seller and all necessary regulatory approvals, including the approval of the Canadian Securities Exchange (the "CSE"). Closing of the Proposed Acquisition is expected to occur following satisfaction or waiver of all closing conditions, including receipt of applicable shareholder approval and approval of the CSE, which is expected during Q2 2021.

CRYPTOLOGIC CORP. (formerly Vogogo Inc.)

Consolidated Financial Statements
For the year ended December 31, 2019
(expressed in Canadian dollars)

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cryptologic Corp. (formerly Vogogo Inc.)

Opinion

We have audited the consolidated financial statements of Cryptologic Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 12, 2020

CRYPTOLOGIC CORP. (formerly Vogogo Inc.)
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash		$ 226,532	$ 1,166,077
Accounts receivable	6	—	834,716
Prepaid expenses and deposits	5	126,545	617,349
Sales tax receivable		—	255,161
Digital assets	6	—	1,562,290
Assets classified as held for sale	8	14,895,004	—
Total current assets		**15,248,081**	**4,435,593**
Non-current assets			
Prepaid expenses and deposits	5	15,996	931,259
Right of use assets	9	263,810	—
Equipment	10	54,067	12,606,845
Total non-current assets		**333,873**	**13,538,104**
Total assets		**$ 15,581,954**	**$ 17,973,697**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities	6, 11	$ 388,356	$ 2,150,409
Derivative liability	13	—	49,120
Current portion of lease obligation	12	104,585	—
Liabilities classified as held for sale	8	6,239,595	—
Convertible debenture	13	31,976,469	—
Total current liabilities		**38,709,005**	**2,199,529**
Long-term liabilities			
Lease obligation	12	138,674	—
Convertible debenture	13	—	27,510,483
Total long-term liabilities		**138,674**	**27,510,483**
Total liabilities		**38,847,679**	**29,710,012**
Shareholders' deficiency			
Share capital	14	79,675,709	78,742,324
Warrants	15	1,606,933	2,892,314
Contributed surplus	15	12,397,790	11,852,605
Deficit		(116,946,157)	(105,223,558)
Total shareholders' deficiency		**(23,265,725)**	**(11,736,315)**
Total liabilities and shareholders' deficiency		**$ 15,581,954**	**$ 17,973,697**

Nature of operations (note 1)
Subsequent events (note 26)

Approved on behalf of the Board:

/s/ Dale Johnson
Dale Johnson, Director and
Chairman of the Board

/s/ John Kennedy Fitzgerald .
John Kennedy Fitzgerald, Director and
Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

CRYPTOLOGIC CORP. (formerly Vogogo Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the year ended December 31, 2019
(expressed in Canadian dollars)

	Note	Year Ended December 31, 2019	2018
Expenses			
General and administrative	19	$ 2,339,506	$ 2,716,195
Stock-based compensation	15	193,189	3,087,170
Acquisition related costs		749,752	414,779
		3,282,447	**6,218,144**
Other income (loss)			
Interest income	7	297,486	65,386
Interest expense	12, 13	(7,261,290)	(4,275,329)
Allowance for loss on loan	7	(6,547,486)	—
Unrealized fair value gain on derivative liability	13	49,120	732,807
Allowance for sales tax receivable	24	(202,802)	(241,554)
Foreign exchange (loss) gain		(14,872)	904
Net loss and comprehensive loss before income tax from continuing operations		**(16,962,291)**	**(9,935,930)**
Income tax recovery from continuing operations	20	—	1,595,489
Discontinued operations	8	5,239,692	(65,912,518)
Net loss and comprehensive loss for the year		**$ (11,722,599)**	**$ (74,252,959)**
Loss per share from continuing operations - basic and diluted		$ (1.33)	$ (1.59)
Loss per share - basic and diluted		$ (0.92)	$ (14.13)
Weighted average number of shares outstanding - basic and diluted		**12,719,171**	**5,254,599**

The accompanying notes form an integral part of these consolidated financial statements.

CRYPTOLOGIC CORP. (formerly Vogogo Inc.)
Consolidated Statements of Changes in Shareholders' Deficiency
For the year ended December 31, 2019
(expressed in Canadian dollars)

	Share Capital							
	Common shares Number	Common shares Amount	Convertible preferred shares Number	Convertible preferred shares Amount	Warrants	Contributed Surplus	Deficit	Total
Balance – December 31, 2017	**4,416,505**	**$ 35,074,123**	**—**	**$ —**	**$ 2,449,333**	**$ 6,058,639**	**$ (30,970,599)**	**$ 12,611,496**
Issue of common shares in relation to exercised warrants	1,469,333	7,246,348	—	—	(1,515,948)	—	—	**5,730,400**
Issue of convertible preferred shares in connection with the Crypto 205 acquisition	—	—	4,333,333	28,921,853	—	—	—	**28,921,853**
Conversion of preferred shares to common	4,333,333	28,921,853	(4,333,333)	(28,921,853)				**—**
Equity component of convertible debenture (net of deferred tax)	—	—	—	—	1,606,933	2,706,796	—	**4,313,729**
Equity component of broker warrant units issued in relation to the convertible debenture	—	—	—	—	351,996	—	—	**351,996**
Issuance of common shares in relation to settlement of promissory note	2,500,000	7,500,000	—	—	—	—		**7,500,000**
Stock-based compensation	—	—	—	—	—	3,087,170	—	**3,087,170**
Net loss and comprehensive loss for the year	—	—	—	—	—	—	(74,252,959)	**(74,252,959)**
Balance – December 31, 2018	**12,719,171**	**$ 78,742,324**	**—**	**$ —**	**$ 2,892,314**	**$ 11,852,605**	**$ (105,223,558)**	**$ (11,736,315)**
Expiry of warrants	—	933,385	—	—	(1,285,381)	351,996		**—**
Stock-based compensation	—	—	—	—	—	193,189	—	**193,189**
Net loss and comprehensive loss for the year	—	—	—	—	—	—	(11,722,599)	**(11,722,599)**
Balance – December 31, 2019	**12,719,171**	**$ 79,675,709**	**—**	**$ —**	**$ 1,606,933**	**$ 12,397,790**	**$ (116,946,157)**	**$ (23,265,725)**

The accompanying notes form an integral part of these consolidated financial statements.

CRYPTOLOGIC CORP. (formerly Vogogo Inc.)
Consolidated Statements of Cash Flows
For the year ended December 31, 2019
(expressed in Canadian dollars)

	Year Ended December 31, 2019	2018
Cash flows from operating activities		
Net loss	$ (11,722,599)	$ (74,252,959)
Changes in non-cash operating items:		
Mining revenue	(26,420,383)	(15,758,349)
Colocation revenue settled with digital assets	(679,952)	—
Income taxes	—	(3,304,681)
Depreciation	3,833,127	6,861,239
Impairment	3,288,026	65,458,793
Allowance for loss on loan	6,547,486	—
Fair value (gain) loss on re-measurement of digital assets	(34,821)	2,748,829
Unrealized fair value gain on derivative liability	(49,120)	(732,807)
Gain on disposal of equipment	(1,473,369)	—
Foreign exchange gain	244,725	(347,263)
Stock-based compensation	193,189	3,087,170
Interest income	(297,486)	(65,386)
Interest expense	3,535,415	1,766,386
Interest accretion	4,465,986	2,508,943
	(18,569,776)	(12,030,085)
Changes in non-cash working capital		
Accounts receivable	—	(834,716)
Prepaids	92,063	(1,483,022)
Sales tax receivable	(1,881,205)	828,525
Digital assets	28,845,476	12,450,931
Accounts payable and accrued liabilities	(704,929)	(4,624,480)
Security deposit	318,050	—
Net cash provided by (used in) operating activities	**8,099,679**	**(5,692,847)**
Cash flows from financing activities		
Proceeds from exercise of warrants	—	5,730,400
Proceeds from issuance of convertible debenture	—	32,859,709
Settlement of promissory note	—	(2,500,000)
Interest paid	(2,760,000)	(1,766,386)
Repayment of lease obligations	(2,127,741)	—
Net cash (used in) provided by financing activities	**(4,887,741)**	**34,323,723**
Cash flows from investing activities		
Purchase of equipment	—	(242,358)
Proceeds from sale of equipment	2,750,372	—
Loans advanced	(6,250,000)	—
Acquisition of subsidiaries, net of cash acquired	—	(40,083,883)
Interest earned on short term investment	—	65,386
Net cash used in investing activities	**(3,499,628)**	**(40,260,855)**
Change in cash during the year	(287,690)	(11,629,979)
Cash – beginning of year	1,166,077	12,796,056
Cash included in assets held for sale	(651,855)	—
Cash – end of year	**$ 226,532**	**$ 1,166,077**

Cash flows from discontinued operations (note 8)
Supplemental disclosure with respect to cash flows (note 25)

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Cryptologic Corp. (formerly Vogogo Inc.) (the "Company" or "Cryptologic"), has cryptocurrency mining activities in Québec.

The head office and registered record office is located at 300-5 Hazelton Ave., Toronto, Ontario, M5R 2E1.

On July 31, 2019, the Company changed its name change from Vogogo Inc. to Cryptologic Corp.

On August 3, 2019, the Company announced its intention to exit cryptocurrency mining industry. Subsequent to December 31, 2019, the Company closed the sale of its wholly-owned subsidiary, 9376-9974 Quebec Inc. (“9376”), which is engaged in cryptocurrency mining operations located in Lachute, Quebec. See note 26.

The common shares trade on the Canadian Stock Exchange (“CSE”) under the symbol “CRY”.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At December 31, 2019, the Company had negative working capital of $23,460,924 and has an accumulated deficit of $116,946,157 since its inception. The convertible debenture with a principal balance of $34,500,000 matures on June 21, 2020. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future and to repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 12, 2020.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for some financial instruments that have been measured at fair value.

Effective February 14, 2019, the Company consolidated its common shares on the basis of one new common share for every thirty old common shares issues and outstanding at that time. All references to share, per share amounts, warrants and options in theses financial statements have been retroactively restated to reflect the consolidation.

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars (“CAD”), which is the Company’s functional and presentation currency.

Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All inter-company transactions are eliminated on consolidation.

As of December 31, 2019, the Company had five wholly owned subsidiaries: (i) Vogogo Canada Inc., (ii) Crypto 205 Inc. (“Crypto 205”), (iii) 9376-9974 Quebec Inc. (“828”), (iv) 2700311 Ontario Inc., and (v) 2700313 Ontario Inc.

(expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Adoption of IFRS 16, Leases and resulting changes to lease accounting policy

Effective January 1, 2019, the Company adopted IFRS 16. The standard supersedes IAS 17 Leases, International Financial Reporting Interpretations Committee ("IFRIC") 4, Determining Whether An Arrangement Contains a Lease, and related interpretations. IFRS 16 requires the recognition of a right-of-use asset ("ROU asset") and lease obligation on the statement of financial position for most leases, where the Company is acting as a lessee. For lessees applying IFRS 16, the dual classification model of leases as either operating or finance leases no longer exists, treating all leases as finance leases.

Initial adoption

The Company has elected to apply IFRS 16 using a modified retrospective approach which does not require the restatement of prior period financial information. Modified retrospective application recognizes the cumulative effect of IFRS 16 as an adjustment to the opening deficit at January 1, 2019 and applies the standard prospectively.

The following table shows the impact of the adoption of IFRS 16 on the Company's statement of financial position, as at January 1, 2019.

Classification	**Impact**		**Amount**
ROU asset	Increase	$	7,050,416
Current portion of lease obligation	Increase	$	(1,312,555)
Long-term portion of lease obligation	Increase	$	(5,737,861)

		January 1, 2019
Minimum operating lease commitment at December 31, 2018	**$**	**9,100,238**
Short-term leases not recognized under IFRS 16		—
Undiscounted lease payments		9,100,238
Effect of discounting using the incremental borrowing rate as at the date of initial application		(2,049,822)
Lease liabilities for leases classified as finance leases under IAS 17		7,050,416
Leases previously classified as finance leases under IAS 17		—
Total lease liability as at January 1, 2019	**$**	**7,050,416**

At January 1, 2019, the Company applied the following optional exemptions permitted under the standard:

- Leases whose terms end within 12 months of initial adoption have been recognized as short-term leases.
- Certain leases having similar characteristics are measured on transition as a portfolio by applying a single discount rate.
- Initial measurements of the ROU assets have excluded initial direct costs where applicable.
- On transition to IFRS 16, the Company elected to measure the right-of-use assets at the amount equal to the lease liabilities. As at January 1, 2019, the Company recognized $7,050,416 of right-of-use asset and lease liabilities, with a $nil impact on deficit.

On transition to IFRS 16 under the modified retrospective approach, lease payments are discounted using the Company's incremental borrowing rate as of January 1, 2019. The Company used an incremental borrowing rate of 12% to measure the present value of the future lease payments on January 1, 2019.

Ongoing recognition and measurement

On the date that the leased asset becomes available for use, the Company recognized a ROU asset and a corresponding lease obligation. Interest expense associated with the lease obligation is charged to profit or loss over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. BASIS OF PREPARATION (continued)

ROU assets and lease obligations are initially measured on a present value basis. Lease obligations are measured at the net present value of the lease payments which may include: fixed lease payments, variable lease payments that are based on an index or a rate, amounts expected to be payable under residual value guarantees and payments exercised at an extension or a termination option if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is comprised of the amount of the initial measurement of the lease obligation, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Company's consolidated 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 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 consolidated financial statements.

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily though sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured at net book value less impairment loss. Assets held for sale are measured at the lower of their carrying amounts or their fair value less costs to sell and are no longer depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company has not recognized the value of any deferred tax assets in its statements of financial position.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with its various filing positions. Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect its effective income tax rate and income tax provision.

The Company has earned Bitcoin from the commercial activity of Bitcoin mining. The Company has followed the published Canada Revenue Agency ("CRA") view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Bitcoin is valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin earned is sold or exchanged for cash or another asset. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Impairment of non-financial assets

Assets are deemed to be impaired when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell 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.

Foreign currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Fair value measurement of equity instruments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and warrants, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in note 15.

Accounting for digital assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

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 2 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 reporting period. The Company is relying on the data available at Coin Market Cap to be an accurate representation of the closing price for the different digital assets.

Useful life of mining equipment

Management is depreciating mining equipment using a straight-line basis, with a useful life of:

Mining equipment	3 years
Supporting infrastructure	5 years

The mining equipment is used to generate digital assets. The rate at which the Company generates digital assets 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;
- The general availability of appropriate computer processing capacity on a global basis; and,
- Technological obsolescence resulting from rapid development in the mining machines, such that more recently developed hardware generally increases processing capacity, which usually renders new machines more economically efficient to operate, resulting in lower costs of operations. Further, the newer machines may be made available at a lower cost of purchase.

Based on the Company's and the industry's short life cycles to date, there is limited market data available. Furthermore, the data available also includes data derived from the use of economic modeling to forecast future digital assets and the assumptions included in such forecasts, including the digital asset's price and network difficulty, and derived from management's assumptions that are inherently judgmental. Based on current data available, management has determined that the straight-line method of amortization over three years best reflects the current expected useful life of mining equipment. Management will review this estimate at each reporting date and will revise 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 will review the appropriateness of its assumption of nil residual value at each reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized, regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated statements of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition. Any excess of the identifiable net assets over the fair value of the consideration transferred is immediately recognized in net earnings.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity interests issued by the Company, including the fair value of all the assets and liabilities resulting from a deferred payment arrangement. Acquisition related costs are expensed as incurred.

Revenue recognition

Bitcoin mining

Revenue is comprised of the fair value of consideration received for the provision of services in the ordinary course of business. The Company derives its revenue through the receipt of Bitcoin in exchange for providing successful "mining" services to the blockchains corresponding to various Bitcoin. Mining is the process by which transactions are verified and added to a blockchain.

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers. Bitcoin mining is the ordinary business activity of the Company and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 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 is recognized by the Company when payment, in the form of Bitcoin, is received for successful mining services rendered. Revenue earned from Bitcoin mining activities is recognized at the fair value of the Bitcoin received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. During the year ended December 31, 2019, the Company recognized $26,420,383 (2018 - $15,758,349) in revenue from discontinued Bitcoin mining operations.

The amended standard was effective January 1, 2018 and did not have an impact on the consolidated financial statements.

Colocation services

The Company earns colocation revenue from one customer at one of its mining facilities in exchange for hosting the customer's cryptocurrency mining equipment. Colocation revenue is recognized in profit or loss based on the consumption of electricity on a monthly basis.

Digital assets

Digital assets are generated from the Company's mining activities, which meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the Bitcoin received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital asset at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company obtains the equivalency rate of tradable digital assets to United States Dollars ("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. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable digital assets, and this information and all related databases are accessible to the Company.

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditure required to make the equipment ready for use. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized.

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

Mining servers	3 years	straight-line
Supporting infrastructure	5 years	straight-line
Office equipment	5 years	straight-line

The asset's residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Depreciation of mining equipment is recognized in cost of revenue on the consolidated statement of loss and comprehensive loss.

Refer to note 3 for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of depreciation the underlying useful life and the estimation of residual values in respect of mining equipment.

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) 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. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Loss per share

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Share issue costs

Costs incurred for the issue of common shares are deducted from share capital.

Share-based transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

Income taxes

The Company is in the business of mining for digital assets in a commercial manner. The income from the business is included in determining taxable income for the period. Revenue from digital assets mining is included in taxable income when the digital assets earned are sold or exchanged for cash or another asset. The digital assets held at period end are treated as a commodity and valued pursuant to section 10 of the Income Tax Act.

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

Current income tax

Current income tax is measured as 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.

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.

Deferred income tax

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 income.

(expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 assets 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 assets and deferred tax liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right to offset.

5. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses comprise the following:

	As at December 31, 2019	As at December 31, 2018
Prepaid expenses	126,545	617,349
Vendor deposits	15,996	931,259
Prepaid expenses and deposits	**142,541**	**1,548,608**
Current	126,545	617,349
Long-term	15,996	931,259

Included in the long-term portion of prepaid expenses and deposits as at December 31, 2019, are security deposits for rent of $15,996 (December 31 – $145,343) and for electricity costs of $nil (December 31, 2018 – $785,916) that have been classified as long-term.

6. DIGITAL ASSETS

Digital assets consist of Bitcoins. Below is a summary of changes in digital assets during the period.

		Amount	Units
Balance as at December 31, 2017	$	—	—
Coins acquired on acquisition (note 21)		368,654	40.03
Mined additions		15,758,349	1,978.45
Coins received to settle accounts receivable		931,180	113.55
Coins sold		(12,450,931)	(1,792.47)
Coins transferred to settle accounts payable		(296,133)	(33.58)
Fair value loss on re-measurement of coin		(2,748,829)	—
Balance as at December 31, 2018	$	**1,562,290**	**305.98**
Mined additions		26,420,383	2,952.65
Equipment sale settled in coin		247,071	20.36
Colocation fees settled in coin		747,062	68.68
Coins sold		(28,845,476)	(3,326.00)
Coins transferred to settle accounts payable		(39,794)	(8.14)
Fair value gain on re-measurement of coin		34,879	—
Reclassified to assets held for sale (note 8)		(126,415)	(13.53)
Balance as at December 31, 2019	$	—	—

6. DIGITAL ASSETS (continued)

During the year ended December 31, 2018, the Company's colocation customer became delinquent in settling its obligations. As a result, the Company directed the miners of the colocation customer to wallets controlled by the Company as collateral for settlement of the balance receivable from the customer. As of December 31, 2018, the balance receivable from the customer was $834,716 and the balance payable to the customer was $579,783.

On April 30, 2019, the Company acquired 6,598 Antminer S9 cryptocurrency mining machines as a result of the termination of the colocation agreement. As consideration for the early termination of the colocation agreement, in addition to the Company receiving the miners, the Company retained the security deposit received pursuant to the colocation agreement, and the Bitcoins mined by the colocation customer during the period the termination agreement was negotiated. The termination agreement represents settlement of all obligations under the colocation agreement. The Company assumed the customer's assets in exchange for termination of the agreement and settlement of accounts receivable, which was the net balance of $834,716 and the $815,548 of coins mined on behalf of the customer up to April 30, 2019.

During the year ended December 31, 2019, the Company sold certain crypto currency mining equipment and entered into short term colocation contracts with various third-party equipment purchasers. Certain of these customers settled their purchases and colocation fees in digital assets paid to the Company.

7. LOAN RECEIVABLE

On August 3, 2019, the Company entered into a non-binding letter of intent with Wayland Group ("Wayland"), a vertically integrated cultivator and processor of cannabis, with production facilities in Langton, Ontario (the "Facilities") where it operates a cannabis cultivation, extraction, formulation and distribution business under federal licenses from the Government of Canada, relating to a proposed acquisition of Wayland's Canadian business, including the Facilities, and the assumption of liabilities related to Wayland's Canadian business.

In connection with the proposed transaction, the Company committed to provide Wayland with a $5,000,000 subordinated bridge loan (the "Bridge Loan"), which is not subject to completion of the transaction and was advanced by the Company prior to entering into a definitive agreement in connection with the proposed transaction. In connection with the Bridge Loan, Wayland grants the second-lien security over the assets to be purchased by Cryptologic, which is subordinate to Wayland's existing secured convertible debentures in accordance with their terms. The Bridge Loan was advanced on August 9, 2019. The Bridge Loan expires on the earlier of: (a) the date that is one (1) year from the date of the Bridge Loan, and (b) closing of the Wayland acquisition. The principal amount of the Bridge Loan and all accrued and unpaid interest, will become due and payable at the end of the term, provided, for clarity, that if the acquisition closes prior to such time, the Bridge Loan will constitute an additional assumed liability by the Company. Interest on the Bridge Loan is charged at a rate of 13% per annum. However, if Wayland enters into an alternative transaction after the expiry of the Company's exclusivity period on November 7, 2019 and prior to the expiry of the term of the Bridge Loan, then the rate of interest increases to 25% per annum.

On September 17, 2019, the Company and Wayland entered into an amended and restated loan agreement under which the Company advanced an additional $1,000,000 to Wayland (the "Amended Bridge Loan"). The terms of the Amended Bridge Loan provide for additional loan tranches up to an overall aggregate cap of $25,000,000. The Amended Bridge Loan also provides for a non-completion fee in the amount of 5% of the deemed aggregate value of the proposed transaction, up to a maximum non-completion fee of $11,500,000. The Amended Bridge Loan extends the exclusivity period to December 16, 2019.

On December 2, 2019, Wayland was granted an order from the Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). The initial order provides for, among other things, a stay of proceedings in favour of the Wayland Group and certain of its affiliates, and the appointment of PricewaterhouseCoopers Inc. as monitor of the Wayland Group. On December 31, 2019, after review of the market conditions in the Cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance equal to the estimated recoverable amount of the loan.

(expressed in Canadian dollars)

7. LOAN RECEIVABLE (continued)

During the year ended December 31, 2019, the Company recorded interest income of $297,486.

		As at December 31, 2019
Principal advanced	$	6,250,000
Interest earned		297,486
Allowance for loan to Wayland Group		(6,547,486)
Balance as at December 31, 2019	**$**	**—**

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Company evaluated the cryptocurrency mining business and decided to divest of its crypto assets. The decision led to the classification of the crypto-mining related assets and liabilities as held for sale.

The following is a summary of the financial performance and cash flow information for the years ended December 31, 2019, and 2018, of the assets and liabilities classified as held for sale at December 31, 2019:

	Year Ended December 31,			
		2019		2018
Revenue				
Digital assets mined	$	26,420,383	$	15,758,349
Colocation revenue		844,350		2,320,656
Cost of revenue				
Site operating costs		(16,139,272)		(10,171,502)
Depreciation		(3,746,402)		(6,856,200)
Net mining income		**7,379,059**		**1,051,303**
Expenses				
General and administrative		—		43,302
Fair value loss (gain) on re-measurement of digital assets		(34,821)		2,748,829
Impairment		3,288,025		65,458,793
		3,253,204		**68,250,924**
Other income (loss)				
Gain on sale of equipment		1,473,369		—
Sales tax recovered (allowance)		610,432		(625,641)
Interest expense		(740,112)		—
Foreign exchange (loss) gain		(229,852)		203,551
Net income (loss) from discontinued operations before tax		**5,239,692**		**(67,621,711)**
Income taxes		—		1,709,193
Net income (loss) from discontinued operations	**$**	**5,239,692**	**$**	**(65,912,518)**

	Year Ended December 31,			
		2019		2018
Net cash provided by (used in) operating activities	$	11,479,245	$	(2,465,265)
Net cash used in (provided by) financing activities	$	(14,702,129)	$	7,841,990
Net cash provided by (used in) investing activities	$	2,750,372	$	(4,252,358)

(expressed in Canadian dollars)

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

The following is a summary of assets and liabilities classified as held for sale at December 31, 2019:

		TOTAL
Cash	$	651,855
Prepaid expenses and deposits		1,314,005
Sales tax receivable		2,108,571
Digital assets		126,415
Equipment		5,493,621
ROU Asset		5,200,537
Assets classified as held for sale	**$**	**14,895,004**

		TOTAL
Accounts payable and accrued liabilities	$	(466,713)
Customer deposits		(318,050)
Lease obligation		(5,454,832)
Liabilities classified as held for sale	**$**	**(6,239,595)**

9. RIGHT OF USE ASSETS

		Buildings		Total
Balance as at January 1, 2019	$	7,050,416	$	7,050,416
Depreciation		(1,586,069)		(1,586,069)
Reclassified to assets held for sale (note 8)		(5,200,537)		(5,200,537)
Balance as at December 31, 2019	**$**	**263,810**	**$**	**263,810**

During the year ended December 31, 2019, $1,514,121 (2018 - $nil) of depreciation was charged as a cost of revenue to mining operations, which has been reclassified on the consolidated statements of loss and comprehensive loss to discontinued operations.

(expressed in Canadian dollars)

10. EQUIPMENT

COST	**Mining equipment**	**Infrastructure**	**Office equipment**	**Total**
Balance as at December 31, 2018	**$ 23,970,090**	**$ 17,839,676**	**$ 73,883**	**$ 41,883,649**
Disposal	(14,547,762)	—	—	(14,547,762)
Reclassification to assets held for sale (note 8)	(9,422,328)	(17,839,676)	—	(27,262,004)
Balance as at December 31, 2019	**$ —**	**$ —**	**$ 73,883**	**$ 73,883**

ACCUMULATED AMORTIZATION				
Balance as at December 31, 2018	**$ 18,383,691**	**$ 10,888,074**	**$ 5,039**	**$ 29,276,804**
Amortization	1,327,632	904,649	14,777	2,247,058
Disposal	(13,023,688)	—	—	(13,023,688)
Impairment	1,993,291	1,294,734	—	3,288,025
Reclassification to assets held for sale (note 8)	(8,680,926)	(13,087,457)	—	(21,768,383)
Balance as at December 31, 2019	**$ —**	**$ —**	**$ 19,816**	**$ 19,816**

COST	**Mining equipment**	**Infrastructure**	**Office equipment**	**Total**
Balance as at December 31, 2017	**$ —**	**$ —**	**$ —**	**$ —**
Additions from acquisition (note 21)	23,904,459	17,649,856	—	41,554,315
Additions	65,631	189,820	73,883	329,334
Balance as at December 31, 2018	**$ 23,970,090**	**$ 17,839,676**	**$ 73,883**	**$ 41,883,649**

ACCUMULATED AMORTIZATION				
Balance as at December 31, 2017	**$ —**	**$ —**	**$ —**	**$ —**
Amortization	4,902,903	1,953,297	5,039	6,861,239
Impairment (note 21)	13,480,788	8,934,777	—	22,415,565
Balance as at December 31, 2018	**$ 18,383,691**	**$ 10,888,074**	**$ 5,039**	**$ 29,276,804**

Net carrying amount				
At December 31, 2018	**$ 5,586,399**	**$ 6,951,602**	**$ 68,844**	**$ 12,606,845**
At December 31, 2019	**$ —**	**$ —**	**$ 54,067**	**$ 54,067**

During the year ended December 31, 2019, $2,232,281 (2018 - $6,856,200) of depreciation was charged as a cost of revenue to mining operations that has been reclassified on the consolidated statements of loss and comprehensive loss to discontinued operations.

The Company recognized impairment losses related to the mining equipment of $1,993,291 (December 31, 2018 – $13,480,788) and mining infrastructure of $1,294,734 (December 31, 2018 – $8,934,777). As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company impaired the mining equipment and mining infrastructure to its recoverable amount.

(expressed in Canadian dollars)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2019	As at December 31, 2018
Trade accounts payable	388,356	1,204,966
Accrued liabilities	—	365,660
Bitcoin owed to colocation customer (note 6)	—	579,783
Accounts payable and accrued liabilities	**388,356**	**2,150,409**

12. LEASE OBLIGATION

The following table details the movement in the Company's lease obligations for the year ended December 31, 2019:

		Lease obligations
Balance as at January 1, 2019	$	7,050,416
Interest		775,416
Repayments		(2,127,741)
Reclassified to assets held for sale (note 8)		(5,454,832)
Balance as at December 31, 2019	**$**	**243,259**
Current portion		104,585
Long-term portion		138,674

The following table details the undiscounted cash flows and contractual maturities of the Company's lease obligations, as at December 31, 2019:

		Within one year		Later than one year but not later than 5 years		More than 5 years
Lease obligations	$	127,970	$	149,298	$	—

13. CONVERTIBLE DEBENTURE

On June 21, 2018, the Company issued 34,500 debenture units (the "Units") for proceeds of $34,500,000. Each Unit is comprised of $1,000 principal amount of senior unsecured extendible non-redeemable convertible debentures ("Convertible Debentures") and 33 warrants ("Warrants"). Each unit entitles the holder to a conversion rate of 66 common shares per $1,000 principal of Convertible Debentures at a value of $15 per share and Warrants exercisable for 33 shares at a price of $21 per share.

The Convertible Debentures bear interest at 8% per annum, payable semi-annually, are unsecured and mature in 24 months. The fair value of the Convertible Debentures was recorded at $25,543,181, discounted at 20%, and is net of transaction costs. The accretion expense for the year ended December 31, 2019 was $4,465,986 (December 31, 2018 - $1,967,302). Interest expense incurred for the year ended December 31, 2019 was $2,760,000 (December 31, 2018 – $1,487,333). Interest paid for the year ended December 31, 2019 was $2,760,000 (for the year ended December 31, 2018 – $1,487,333).

The residual value of the warrants and the equity conversion feature was estimated at $1,606,934 and $4,302,285.

On closing, the Company paid the agent: (i) a commission of $1,380,000 representing 4% of the gross proceeds; (ii) agent expenses and legal fees of $260,291 and (iii) 1,380 broker warrant units ("Broker Warrant Units"). Each Broker Warrant Unit is priced at $1,000 per unit and is exercisable into a Unit. The estimated fair value of the Broker Warrants on issuance was $1,133,923, which was based on the fair value of the underlying conversion rights as follows:

- The Warrants per Unit were determined to be valued at $351,996 using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years. This amount was treated as equity.

(expressed in Canadian dollars)

13. CONVERTIBLE DEBENTURE (continued)

- The option to purchase the debentures was determined to be a derivative liability. The fair value at initial recognition was determined to be $781,927 based on the resulting option to convert into 66 common shares. The fair value was determined using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years.

On June 21, 2019, the Broker Warrant Units expired resulting in the Company revaluing the derivative relating to the option to purchase the debentures to the estimated fair value of $nil from $49,120 and recorded a gain. The Company reversed the fair value of the Broker Warrant Units recorded in the warrant component of the convertible debentures of $351,996.

If there are an aggregate of 15 days on which the daily volume-weighted average trading price of the common shares on the CSE (or such other CSE on which the common shares may trade) equals or exceeds $27.00, the Company may force conversion at $15.00, upon giving Convertible Debenture holders 30 days advance written notice (a "Forced Conversion"). If Convertible Debentures are subject to a forced conversion in the 12 month period following the closing date, holders of Convertible Debentures will receive an interest payment in cash on such Convertible Debentures equal to any accrued and unpaid interest up to the date of conversion and additional interest for the period from the date of conversion to the date that is 12 months following the closing date of June 21, 2018.

Should there be an aggregate of 15 trading days on which the daily volume-weighted average trading price of the common shares on the CSE equals or exceeds $33, the Company may issue a notice of acceleration (an "Acceleration Notice") and, thereafter, the Warrants will expire on a Business Day specified in the Acceleration Notice, which date shall not be less than 20 days after the date of the Acceleration Notice.

The Company amortizes the debt discount recorded in relation to the transaction using the effective interest method over the term of the related debt.

	Proceeds	Transaction costs	Net
Liability component	$ 28,018,203	$ (2,475,021)	$ 25,543,182
Equity component	6,481,797	(572,577)	5,909,220
Total	**$ 34,500,000**	**$ (3,047,598)**	**$ 31,452,402**

The recognition of the equity component resulted in a deferred tax liability of $1,595,489, which was offset by the recognition of a corresponding deferred tax asset relating to the Company's non-capital losses.

The following table reflects movements pf each component of Convertible Debentures:

	Liability component of Convertible Debenture	Warrants component of Convertible Debenture	Equity component of Convertible Debenture
Balance at initial recognition (net of transaction costs and deferred tax)	**$ 25,543,181**	**$ 1,958,929**	**$ 2,706,796**
Accretion of liability component of Convertible Debenture (effective interest rate of 25%)	1,967,302	—	—
Balance - December 31, 2018	**27,510,483**	**1,958,929**	**2,706,796**
Accretion of liability component of Convertible Debenture (effective interest rate of 25%)	4,465,986	—	—
Expiry of broker warrants	—	(351,996)	351,996
Balance - December 31, 2019	**$ 31,976,469**	**$ 1,606,933**	**$ 3,058,792**

(expressed in Canadian dollars)

14. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common shares.

During the year ended December 31, 2019:

- the Company consolidated its common shares on the basis of one new common share for every thirty old common shares issued and outstanding at that time (see note 2).
- a total of 561,000 warrants expired. As a result, the Company reversed the fair value of $933,385 to share capital.

During the year ended December 31, 2018:

- the Company issued 1,469,333 common shares for $5,730,400 on exercise of warrants. The fair value of the warrants totaling $1,515,948 was reallocated from reserves to share capital.
- the Company issued 4,333,333 non-voting, convertible series 1 preferred shares to the shareholders of Crypto 205 for a consideration of $28,921,853. The terms of the Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into common shares of the Company on a one for one basis, subject to customary adjustments; (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 outstanding common shares of the Company. A total of 858,809 Preferred Shares with a recorded value of $5,731,924 were converted to Common Shares at the discretion of certain preferred shareholders.
- On November 5, 2018, the Company entered into a settlement and release agreement (the "Settlement Agreement") for the promissory note. Under the terms of the Settlement Agreement, the Company issued 2,500,000 common shares with a fair value of $7,500,000 in exchange for the cancellation of the promissory note (note 21).
- On December 31, 2018, the Company converted a total of 3,474,525 Preferred Shares with a recorded value of $23,189,929, representing all of the outstanding preferred shares, to common shares.

15. CONTRIBUTED SURPLUS AND WARRANTS

	As at December 31, 2019		As at December 31, 2018	
	Contributed surplus	Warrants	Contributed surplus	Warrants
Beginning balance	**$ 11,852,605**	**$ 2,892,314**	**$ 6,058,639**	**$ 2,449,333**
Stock-based compensation	193,189	—	3,087,170	—
Expiry of warrants	351,996	(1,285,381)	—	—
Exercised warrants	—	—	—	(1,515,948)
Warrants and equity portion of convertible debenture	—	—	4,302,285	1,606,933
Equity component of broker warrant units issued in relation to the convertible debenture	—	—	—	351,996
Deferred tax on equity component of convertible debenture	—	—	(1,595,489)	—
Ending balance	**$ 12,397,790**	**$ 1,606,933**	**$ 11,852,605**	**$ 2,892,314**

Stock options

The Company has a stock option plan ("the Plan") under which the Board of Directors may grant to directors, officers, employees and technical consultants to the Company non-transferable options to purchase common shares, exercisable for a period of up to 5 years from the date of grant.

During the year ended December 31, 2019, the Company did not grant any stock options.

(expressed in Canadian dollars)

15. CONTRIBUTED SURPLUS AND WARRANTS (continued)

During the year ended December 31, 2018, the Board of Directors granted 636,532 stock options under the Company's Plan to various consultants, key management, and employees. The options granted to key management and employees shall vest and become exercisable at 33.33% over a three-year period. A certain consultant received immediate vesting of their grant while another consultant' options will vest 25% quarterly over one year. All options expire five years from the date of their grant.

On November 22, 2018, the Company cancelled an aggregate of 616,198 stock options (the "Cancelled Options") previously held by certain officers, directors, employees and consultants of the Company. The Cancelled Options represented all of the previously outstanding option grants issued under the Company's stock option plan at that time. The Cancelled Options were voluntarily surrendered by the holders thereof for no consideration. On December 14, 2018, the Board of Directors authorized and approved the granting of 216,667 options to the CEO of the Company.

A summary of the stock option transactions are as follows:

	As at December 31, 2019		As at December 31, 2018	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Beginning balance	216,667	$ 1.95	196,333	$ 6.90
Granted	—	—	636,532	8.70
Cancelled	—	—	(616,198)	(10.50)
Ending balance	**216,667**	**$ 1.95**	**216,667**	**$ 1.95**

The following provides a summary of options outstanding and exercisable as at December 31, 2019:

Number of Options Outstanding	Exercise Price $	Expiry Date	Number of Options Exercisable	Exercise Price $
216,667	$ 1.95	December 13, 2023	72,222	$ 1.95
216,667	**$ 1.95**		**72,222**	**$ 1.95**

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended December 31, 2018
Expected volatility	130%
Expected life	3.5 years
Expected forfeiture rate	0%
Risk-free interest rate	2.03%
Dividend yield	0%
Weighted average share price	$ 1.95
Weighted average fair value of options at grant date	$ 1.50

The Company recorded stock-based compensation expense for options of $193,189 (2018 – $3,087,170) with an offsetting increase to contributed surplus in respect of the stock options granted during the year ended December 31, 2019. No stock options were exercised during the year ended December 31, 2019 or 2018, and as a result $nil was transferred to share capital from contributed surplus. The weighted average remaining life of the options is 3.95 years.

(expressed in Canadian dollars)

15. CONTRIBUTED SURPLUS AND WARRANTS (continued)

Warrants

A summary of warrant transactions is as follows:

	As at December 31, 2019			As at December 31, 2018		
	Number of warrants		Weighted average exercise price $	Number of warrants		Weighted average exercise price $
Beginning balance	1,711,046	$	16.20	2,030,333	$	3.90
Expired	(561,046)		(6.68)	—		—
Issued	—		—	1,150,046		22.20
Exercised	—		—	(1,469,333)		3.90
Ending balance	**1,150,000**	**$**	**21.00**	**1,711,046**	**$**	**16.20**

The following provides a summary of warrants outstanding as at December 31, 2019:

Expiry date	Number of warrants outstanding		Exercise price
June 21, 2020	1,150,000	$	21.00
	1,150,000		

During the year ended December 31, 2019, a total of 561,000 warrants and 46 Broker Warrant Units expired. On the expiry of 561,000 warrants, the value of $933,385 originally allocated to reserves was reallocated to share capital. On the expiry of 46 Broker Warrant Units, the value of $351,996 originally allocated to warrants was reallocated to contributed surplus.

During the year ended December 31, 2018, 46 Broker Warrants Units were issued in connection with the prospectus financing with an allocated fair value of $351,996 (note 13). Further, 1,150,000 warrants convertible to 1,150,000 common shares were issued in connection with the convertible debenture prospectus financing with an allocated fair value of $1,606,933. The warrants have an exercise price of $21.00 per common share. The warrants may be exercised during a period of two years from the date of issuance.

During the year ended December 31, 2018, the Company received $5,730,400 for the exercise of 1,469,333 warrants with a value of $1,515,948 which was originally allocated to reserves and was reallocated to share capital.

The fair value of warrants was estimated on the date of the issuance, as determined by using the Black-Scholes option pricing model with the following weighted average assumptions:

		For the year ended December 31, 2018
Expected volatility		130%
Expected life		2 years
Expected forfeiture rate		0%
Risk-free interest rate		1.82%
Dividend yield		0%
Weighted average share price	$	22.20
Weighted average fair value of warrants at grant date	$	6.60

15. CONTRIBUTED SURPLUS AND WARRANTS (continued)

Convertible Debenture

During the year ended December 31, 2018, the Company entered into a Convertible Debenture for $34.5 million (note 13). The residual value of the warrants and equity conversion feature was estimated at $5,909,219, net of issue costs using relative fair value allocation. Deferred tax liability of $1,595,489 on the warrant and equity component of the Convertible Debenture was recorded to contributed surplus.

16. FAIR VALUE DISCLOSURE AND CAPITAL MANAGEMENT

Fair value measurements 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 the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk.

The carrying value of the Company's convertible debentures approximates fair value as the liability component was discounted using an estimated market rate.

The Company's cash is measured at fair value using level 1 inputs.

The Company's derivative liabilities are measured at fair value using level 3 inputs. The assumptions are disclosed in note 13.

Digital assets and risk management

Digital asset 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 directly related to the current and future market price of digital assets; in addition, the Company may not be able liquidate its inventory of digital assets at favorable prices. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

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

17. 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, warrants, and stock options. 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 from the period ended December 31, 2019.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks including market risk, liquidity risk, and other risks related to its current concentration in a single asset, Bitcoin. Investing in Bitcoin is highly speculative and volatile. The investment objective of the Company has been to track the market price of Bitcoin, less the Company's liabilities and expenses, by investing the assets of the Company in Bitcoin. As Bitcoin prices rise, the Company should achieve those gains. However, there can be no assurance that the Company matches the gains in prices of Bitcoin and other cryptocurrencies. The company does not employ leverage as part of its investment strategy.

To the extent private keys for Bitcoin addresses are lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Company may be unable to access the Bitcoin held in the associated address and the private key will not be capable of being restored by the Bitcoin network. The processes by which Bitcoin transactions are settled are dependent on the Bitcoin peer-to-peer network, and as such, the Company is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of Bitcoin.

The nature and extent of the financial instruments outstanding at the reporting date, and the risk management policies employed by the Company, are discussed below.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As all of the Company's financial debts are based on fixed interest rates, the impact of a change in interest rates will not impact the Company's income or cash flows.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which is the functional currency of the Company.

The table below indicates the foreign currencies to which the Company has exposure at December 31, 2019 in Canadian dollar terms:

	USD
Cash	$ 1,631

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the CAD exchange rate at the balance sheet date for balance sheet items denominated in USD:

Currency	**10% Strengthening (weakening)**
USD	$ 163

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The net asset value of the Company relates directly to the value of Bitcoin held by the Company, and fluctuations in the price of Bitcoin could materially and adversely affect an investment in the shares of the Company. The price of Bitcoin has a limited history. During such history, Bitcoin prices have been volatile and subject to influence by many factors including the levels of liquidity. If Bitcoin markets continue to experience significant price fluctuations, the Company may experience corresponding losses or gains. Several factors may affect the price of Bitcoin, including but not limited to, global Bitcoin supply and demand, and competition from other forms of digital currency or payment services.

At December 31, 2019, had the market price of the Company's holdings of Bitcoin increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease respectively would be $12,642.

(expressed in Canadian dollars)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

There is currently no central or major depository for the custody of Bitcoin. There is a risk that some or all of the Company's Bitcoin could be lost or stolen. The Company does not have insurance protection on its Bitcoin, which exposes the Company and its shareholders to the risk of loss of the Bitcoin. Further, Bitcoin transactions are irrevocable and stolen or incorrectly transferred Bitcoin may be irretrievable. As a result, any incorrectly executed Bitcoin transactions could adversely affect an investment in the Company.

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 that 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, with the exception of the lease obligation liability, are due within the next two years. The convertible debenture with a principal balance of $34,500,000 matures on June 21, 2020.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Currently, the Company has its investment highly concentrated in a single asset, Bitcoin. The Company tracks the market price of Bitcoin and manages liabilities and expenses to mitigate concentration risk.

Security risk

Bitcoins are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the Bitcoins are held. The Bitcoin network requires a public key relating to a digital wallet to be published when used in a spending transaction and, if keys are lost or destroyed, this could prevent trading of the corresponding Bitcoins.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the Bitcoin exchange market since the launch of the Bitcoin network. Any security breach caused by hacking could cause loss of Bitcoin investments.

Bitcoin network risk

The open-source structure of the Bitcoin network protocol means that the core developers of the Bitcoin network and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin network protocol. A failure to properly monitor and upgrade the Bitcoin network protocol could damage the Bitcoin network.

19. 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:

	Year Ended December 31, 2019	Year Ended December 31, 2018
General and administrative		
Office and administrative	$ 315,821	$ 260,344
Legal and Professional fees	418,215	900,753
Consulting fees	22,124	378,499
Travel and entertainment	208,929	229,262
Depreciation	86,725	5,039
Salaries	1,287,692	942,298
	$ 2,339,506	**$ 2,716,195**

(expressed in Canadian dollars)

20. INCOME TAXES

Details of income tax recovery was as follows:

	Year Ended December 31, 2019	2018
Current income tax expense	$ —	$ —
Deferred income tax recovery	—	(3,304,681)
Income tax recovery	**$ —**	**$ (3,304,681)**

The reconciliation of the combined Canadian federal and provisional statutory income tax rate of 26.5% (2018 – 26.5%) to the effective tax rate is as follows:

	Year Ended December 31, 2019	2018
Loss before income taxes	$ **(16,962,291)**	$ **(77,557,640)**
Statutory tax rate	26.5%	26.5%
Statutory income tax recovery	(4,495,007)	(20,552,775)
Non-deductible expenses	224,787	1,777,617
Temporary differences	2,572,819	(641,178)
Change in unrecognized deferred tax assets	1,697,401	16,111,655
Income tax recovery	**$ —**	**$ (3,304,681)**

The following table summarizes the movement of deferred tax liabilities:

	Deferred Tax Liabilities
At January 1, 2018	$ —
Convertible debenture	1,595,489
Mining, infrastructure and office equipment	1,709,193
Impairment	(1,709,193)
Tax losses	(1,595,489)
At December 31, 2018 and 2019	$ —

* During the year ended December 31, 2018, the Company recognized a deferred tax liability of $1,595,489 in connection with issuance of convertible debentures. On December 31, 2018, the Company recognized a tax loss of an equivalent amount and offset against the deferred tax liability.

** During the year ended December 31, 2018, the Company recognized deferred tax liabilities of $1,709,193 on the acquisition of Crypto 205 and 9376-9974 Quebec Inc. On December 31, 2018, the Company recognized impairment of $65,458,793 relating to these entities which resulted in an income tax recovery of $1,709,193 and a reversal of the deferred tax liabilities.

As at December 31, 2019, the Company has non-capital loss carry forwards of approximately $45,105,000 (2018 - $34,310,000). The non-capital loss carry forwards expire at various dates from 2031 to 2039.

(expressed in Canadian dollars)

21. BUSINESS COMBINATIONS

Crypto 205

The acquisition of 100% of the shares of Crypto 205 has been accounted for as a business combination and the results of operations are included in the consolidated statement of loss from the date of acquisition, April 3, 2018.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition:

Fair value of consideration	**$**	**28,921,853**
Cash		916,117
Prepaids		52,209
Sales tax receivable		1,054,527
Digital assets		368,654
Subscription receivable		2,272
Equipment		12,147,796
Accounts payable and accrued liabilities		(5,901,918)
Shareholder loan		(5,000,000)
Deferred income tax liability		(27,042)
Total acquisition date fair value of assets acquired, and liabilities assumed		**3,612,615**
Goodwill		**25,309,238**
Impairment allocation		
Goodwill		25,309,238
Equipment		8,024,170
	$	**33,333,408**

The Company issued 4,333,333 non-voting, convertible series 1 preferred shares to the shareholders of Crypto 205 for consideration of $28,921,853 to finance the Crypto 205 Acquisition. The fair value of the consideration was determined using a put option valuation discount on the preferred shares.

In measuring the fair value of the purchase price, the Company applied a discount for lack of marketability to reflect the restriction period on the preferred shares. Given that the preferred shares were convertible into common shares on a one-for-one basis, the quantum of the discount for lack of marketability was based on the theoretical price for a put option on the Company's shares using the Black-Scholes model with the following assumptions: Market price - $0.36; Annualized volatility – 130%; Risk-free interest rate – 1.12%; Dividend yield – 0%; and Expected life – 1 year.

In measuring the fair value of the mining equipment at the date of acquisition, the Company used the replacement method. The replacement value of the mining equipment was estimated based on recent open market transaction data involving the acquisition of Bitmain Antminer S9 mining machines observed prior to the acquisition date. Observed values from the transaction data were then adjusted for accumulated depreciation/functional obsolescence. The mining equipment was estimated to have an average useful life of three years. An allowance for accumulated depreciation was deducted based on the estimated age of the mining equipment at the date of acquisition.

Acquisition-related costs directly related to the Crypto 205 acquisition were $99,820 and were expensed in net loss during the year ended December 31, 2018.

As at December 31, 2018, the Company conducted a valuation of the mining assets, infrastructure and goodwill and determined that an impairment was required. It was determined that in order to carry the assets at their fair value, an impairment of $33,333,408 was recorded.

As of December 31, 2018, the allocation of the purchase consideration is based on preliminary estimates related to the fair value of the assets acquired and liabilities assumed and has not been finalized.

(expressed in Canadian dollars)

21. BUSINESS COMBINATIONS (continued)

9376-9974 Quebec Inc.

The acquisition of 100% of the shares of 9376-9974 Quebec Inc. (the "828 Acquisition") has been accounted for as a business combination and the results of operations are included in the consolidated statement of loss from the date of acquisition, which was June 29, 2018.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition:

Fair value of consideration	**$**	**45,458,359**
Equipment		29,406,519
Deferred tax liability		(1,682,151)
Total acquisition date fair value of assets acquired, and liabilities assumed		**27,724,368**
Goodwill		**17,733,991**
Cash consideration		36,000,000
Fair value of promissory note		9,458,359
Total Consideration		**45,458,359**
Impairment allocation		
Goodwill		17,733,991
Equipment		14,391,394
	$	**32,125,385**

The 828 Acquisition provided the company with a state-of-the-art cryptocurrency mining facility, including 14,000 Antminer S9 cryptocurrency mining machines and full HVAC and electrical infrastructure. In addition to the 14,000 Antminer S9 cryptocurrency mining machines, and supporting infrastructure, the Company was also able to negotiate with 828 L.P. (the "Vendor") for the inclusion of certain additional supporting infrastructure beyond what is required to operate the 14,000 mining machines, at no additional cost to the Company. The Company acquired additional HVAC and electrical equipment, which now supports cryptocurrency mining for an additional 4,000 mining machines at the facility.

In measuring the fair value of the mining equipment at the date of acquisition, the Company employed the depreciated replacement cost methodology. The replacement value of the mining equipment was estimated based on recent open market transaction data involving the acquisition of Bitmain Antminer S9 mining machines observed prior to the acquisition date. Observed values from the transaction data were then adjusted for accumulated depreciation/functional obsolescence. The mining equipment was estimated to have an average useful life of three years (if acquired in new condition); an allowance for accumulated depreciation was deducted based on the estimated age of the mining equipment at the date of acquisition.

Acquisition-related costs directly related to the 828 Acquisition were $296,952 and were expensed in net loss during the year ended December 31, 2018.

The Company acquired net assets with a fair value of $27,724,368, resulting in goodwill of $17,733,991. The business combination resulted in a deferred tax liability in the amount of $1,682,151 directly related to the fair value adjustment of the mining infrastructure acquired.

On November 5, 2018, the Company announced that it had entered into a settlement and release for the promissory note. Under the terms of the agreement, the Company issued 4,333,333 common shares with a fair value of $7,500,000 and made a cash payment of $2,500,000 in exchange for the cancellation of the promissory note.

As at December 31, 2018, the Company conducted a valuation of the mining assets, infrastructure and goodwill and determined that an impairment was required. It was determined that in order to carry the assets at their fair value, an impairment of $32,125,385 was recorded.

(expressed in Canadian dollars)

21. BUSINESS COMBINATIONS (continued)

As of December 31, 2018, the allocation of the purchase consideration was based on preliminary estimates related to the fair value of the assets acquired and had not been finalized.

22. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board of Directors.

The compensation of such key management for the year ended December 31, 2019 and 2018 included the following:

	2019	2018
Salaries and director remuneration	$ 828,625	$ 700,089
Stock-based compensation expense - directors and officers	193,189	2,471,087
	$ 1,021,814	**$ 3,171,176**

As at December 31, 2019, included in accounts payable and accrued liabilities was $30,194 (2018 – $107,256) of payments owed to key management personnel. As at December 31, 2019, $nil (2018 – $39,794) of the amount included in accounts payable and accrued liabilities relate to salaries payable, which were settled through the transfer of Bitcoin.

23. COMMITMENTS

At December 31, 2019, the Company's future minimum lease payments under non-cancellable operating leases aggregate to $0.28 million and are payable as follows:

	Within one year	Later than one year but not later than 5 years	More than 5 years
Lease obligations	$ 127,970	$ 149,298	$ —

24. ALLOWANCE ON SALES TAX RECEIVABLE

At December 31, 2019, the Company recorded an allowance of $202,802 (2018 - $241,554) for sales tax receivable.

25. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the year ended December 31, 2019 include:

- sale of equipment settled in Bitcoins of $247,071; and
- settlement of accounts payable in Bitcoins of $39,794.

Significant non-cash transactions for the year ended December 31, 2018 include:

- recognition of the fair value of broker warrants of $351,996;
- recognition of the fair value of warrants and equity component of convertible debenture of $1,958,929 and $4,302,285 respectively; and
- purchase of infrastructure equipment with digital assets value at $86,976.

26. SUBSEQUENT EVENTS

COVID-19

The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect that these events will have on the price of Bitcoin, the ability for the Company to raise capital and the supply of upgraded equipment are highly uncertain and as such, the Company cannot determine the corresponding financial impacts at this time.

SALE OF 9376-9974 QUEBEC INC. TO HIVE

On April 8, 2020, the Company sold the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc. to HIVE Blockchain Technologies Ltd. ("Hive").

As consideration, Hive issued 15,000,000 of its common shares ("Hive Shares") and paid $1,956,231 in cash. In addition, Hive has agreed to invest $3,000,000 in 9376-9974 Quebec Inc.

VOGOGO INC.

Consolidated Financial Statements
For the year ended December 31, 2018
(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vogogo Inc.

Opinion

We have audited the consolidated financial statements of Vogogo Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

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

Other Matter

The financial statements of the Company for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on February 28, 2018.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 30, 2018

VOGOGO INC.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Note	As at December 31, 2018	2017
ASSETS			
Current assets			
Cash		$ 1,166,077	$ 12,796,056
Accounts receivable	6	834,716	—
Prepaid expenses and deposits	5	617,349	13,377
Sales tax receivable		255,161	26,886
Digital assets	6	1,562,290	—
Total current assets		**4,435,593**	**12,836,319**
Non-current assets			
Prepaid expenses and deposits	5	931,259	—
Equipment	7	12,606,845	—
Total non-current assets		**13,538,104**	—
Total assets		**$ 17,973,697**	**$ 12,836,319**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6, 8	$ 2,150,409	$ 224,823
Derivative liability	11	49,120	—
Total current liabilities		**2,199,529**	**224,823**
Long-term liabilities			
Convertible debenture	11	27,510,483	—
Total long-term liabilities		**27,510,483**	—
Total liabilities		**29,710,012**	**224,823**
Shareholders' equity			
Share capital	12	78,742,324	35,074,123
Warrants	13	2,892,314	2,449,333
Contributed surplus	13	11,852,605	6,058,639
Deficit		(105,223,558)	(30,970,599)
Total shareholders' equity		**(11,736,315)**	**12,611,496**
Total liabilities and shareholders' equity		**$ 17,973,697**	**$ 12,836,319**

Subsequent event (note 22)

The accompanying notes form an integral part of these consolidated financial statements.

VOGOGO INC.
Consolidated Statements of Loss and Comprehensive Loss
For the year ended December 31, 2018
(expressed in Canadian dollars)

	Note	Year Ended December 31, 2018	2017
Revenue			
Digital assets mined	6	$ 15,758,349	$ —
Colocation revenue	6	2,320,656	—
Total revenue		**18,079,005**	**—**
Cost of revenue			
Site operating costs	17	(10,171,502)	—
Depreciation	7, 17	(6,856,200)	—
		1,051,303	**—**
Expenses			
General and administrative	17	2,759,497	992,207
Stock-based compensation	13	3,087,170	761,384
Impairment	7, 18	65,458,793	—
Acquisition related costs		414,779	—
Fair value loss on re-measurement of digital assets	6	2,748,829	—
		74,469,068	**1,753,591**
Other income			
Unrealized fair value gain on derivative liability	11	732,807	—
Interest income		65,386	89,870
Interest expense		(4,275,329)	(4,037)
Allowance on sales tax receivable	21	(867,194)	—
Foreign exchange loss		204,455	(9,731)
Net loss and comprehensive loss before income tax		**(77,557,640)**	**(1,677,489)**
Income tax recovery	10	3,304,681	—
Net loss and comprehensive loss		**$ (74,252,959)**	**$ (1,677,489)**
Loss per share - basic and diluted	1	$ (12.98)	$ (0.61)
Weighted average number of shares outstanding - basic and diluted		**5,977,444**	**2,750,751**

The accompanying notes form an integral part of these consolidated financial statements.

VOGOGO INC.
Consolidated Statements of Changes in Shareholders' Equity
For the year ended December 31, 2018
(expressed in Canadian dollars)

	Share Capital							
	Common shares Number	Common shares Amount	Convertible preferred shares Number	Convertible preferred shares Amount	Warrants	Contributed Surplus	Deficit	Total
Balance – December 31, 2016	**72,495,137**	**$ 31,222,125**	**—**	**$ —**	**$ 403,826**	**$ 5,279,312**	**$ (29,293,110)**	**$ 7,612,153**
Stock-based compensation	—	—	—	—	—	761,384	—	**761,384**
Expiry of warrants	—	—	—	—	(17,943)	17,943	—	**—**
Issuance of units through private placement, net of issue costs	60,000,000	3,851,998	—	—	2,063,450	—	—	**5,915,448**
Net loss and comprehensive loss for the year	—	—	—	—	—	—	(1,677,489)	**(1,677,489)**
Balance – December 31, 2017	**132,495,137**	**$ 35,074,123**	**—**	**$ —**	**$ 2,449,333**	**$ 6,058,639**	**$ (30,970,599)**	**$ 12,611,496**
Issue of common shares in relation to exercised warrants	44,080,000	7,246,348	—	—	(1,515,948)	—	—	**5,730,400**
Issue of convertible preferred shares in connection with the Crypto 205 acquisition	—	—	130,000,000	28,921,853	—	—	—	**28,921,853**
Conversion of preferred shares to common	130,000,000	28,921,853	(130,000,000)	(28,921,853)				**—**
Equity component of convertible debenture (net of deferred tax)	—	—	—	—	1,606,933	2,706,796	—	**4,313,729**
Equity component of broker warrant units issued in relation to the convertible debenture	—	—	—	—	351,996	—	—	**351,996**
Issuance of common shares in relation to settlement of promissory note	75,000,000	7,500,000	—	—	—	—		**7,500,000**
Stock-based compensation	—	—	—	—	—	3,087,170	—	**3,087,170**
Net loss and comprehensive loss for the year	—	—	—	—	—	—	(74,252,959)	**(74,252,959)**
Balance – December 31, 2018	**381,575,137**	**$ 78,742,324**	**—**	**$ —**	**$ 2,892,314**	**$ 11,852,605**	**$ (105,223,558)**	**$ (11,736,315)**

The accompanying notes form an integral part of these consolidated financial statements.

VOGOGO INC.
Consolidated Statements of Cash Flows
For the year ended December 31, 2018
(expressed in Canadian dollars)

	Year ended December 31,			
	2018		2017	
Cash flows from operating activities				
Net loss	$	(74,252,959)	$	(1,677,489)
Changes in non-cash operating items:				
Mining revenue		(15,758,349)		—
Income tax recovery		(3,304,681)		—
Depreciation		6,861,239		—
Impairment		65,458,793		—
Fair value loss on re-measurement of digital assets		2,748,829		—
Unrealized fair value gain on derivative liability		(732,807)		—
Foreign exchange gain		(347,263)		—
Stock-based compensation		3,087,170		761,384
Interest income		(65,386)		—
Interest expense		1,766,386		—
Interest accretion		2,508,943		—
		(12,030,085)		(916,105)
Changes in non-cash working capital				
Accounts receivable		(834,716)		—
Prepaid expenses and deposits		(1,483,022)		13,813
Sales tax receivable		828,525		(4,624)
Digital assets		12,450,931		—
Accounts payable and accrued liabilities		(4,624,480)		(121,439)
Net cash used in operating activities		**(5,692,847)**		**(1,028,355)**
Cash flows from financing activities				
Issuance of common shares in relation to exercised warrants		5,730,400		—
Proceeds from issuance of units		—		5,915,448
Proceeds from convertible debenture		32,859,709		—
Settlement of promissory note		(2,500,000)		—
Interest paid		(1,766,386)		—
Net cash provided by financing activities		**34,323,723**		**5,915,448**
Cash flows from investing activities				
Additions of equipment		(242,358)		—
Acquisition of subsidiaries, net of cash acquired		(40,083,883)		—
Interest earned on short term investment		65,386		—
Net cash used in investing activities		**(40,260,855)**		**—**
Change in cash during the year		(11,629,979)		4,887,093
Cash – beginning of year		12,796,056		7,908,963
Cash – end of period	**$**	**1,166,077**	**$**	**12,796,056**

Supplemental disclosure with respect to cash flows:

Significant non-cash transactions for the year ended December 31, 2018 included:

- recognition of the fair value of broker warrants of $351,996;
- recognition of the fair value of warrant and equity component of convertible debenture of $1,958,929 and $4,302,285 respectively;
- purchase of infrastructure equipment with digital assets valued at $86,976.

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Vogogo Inc. (the "Company" or "Vogogo"), on April 3, 2018 and June 29, 2018, acquired 100% of the shares of two companies engaged in the business of mining for cryptocurrencies (note 18). Vogogo currently has cryptocurrency mining activities in Québec.

The head office and registered record office is located at 300-5 Hazelton Ave., Toronto, Ontario, M5R 2E1.

The shares of Vogogo are traded on the Canadian Stock Exchange ("CSE") under the symbol VGO as of January 19, 2018.

On February 5, 2019, the Company completed a 30 to 1 share consolidation effective February 14, 2019.

The common shares trade on the CSE under the symbol "VGO".

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and expects to incur further losses in the development of its business. At December 31, 2018, the Company had a working capital of $2,236,063 and has an accumulated deficit of $105,223,560 since its inception. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 30, 2019.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except for some financial instruments that have been measured at fair value.

Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All inter-company transactions are eliminated on consolidation.

As of December 31, 2018, the Company had three wholly owned subsidiaries: (i) Vogogo Canada Inc., (ii) Crypto 205 Inc. ("Crypto 205"), and (iii) 9376-9974 Quebec Inc. ("828").

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Company's consolidated 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 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 consolidated financial statements.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company has not recognized the value of any deferred tax assets in its statements of financial position.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with its various filing positions. Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect its effective income tax rate and income tax provision.

The Company has earned Bitcoin from the commercial activity of Bitcoin mining. The Company has followed the published Canada Revenue Agency ("CRA") view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Bitcoin is valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin earned is sold or exchanged for cash or another asset. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Impairment of non-financial assets

Assets are deemed to be impaired when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell 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.

Foreign currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the statement of operations. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Fair value measurement of stock options and warrants

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the warrants, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in note 13.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Accounting for digital assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

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 2 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 reporting period. The Company is relying on the data available at Coin Market Cap to be an accurate representation of the closing price for the different digital assets.

Useful life of mining equipment

Management is depreciating mining equipment using a straight-line basis, with a useful life of:

Mining equipment	3 years
Supporting infrastructure	5 years

The mining equipment is used to generate digital assets. The rate at which the Company generates digital assets 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;
- The general availability of appropriate computer processing capacity on a global basis; and,
- Technological obsolescence resulting from rapid development in the mining machines, such that more recently developed hardware generally increases processing capacity, which usually renders new machines more economically efficient to operate, resulting in lower costs of operations. Further, the newer machines may be made available at a lower cost of purchase.

Based on the Company's and the industry's short life cycles to date, there is limited market data available. Furthermore, the data available also includes data derived from the use of economic modeling to forecast future digital assets and the assumptions included in such forecasts, including the digital asset's price and network difficulty, and derived from management's assumptions that are inherently judgmental. Based on current data available, management has determined that the straight-line method of amortization over three years best reflects the current expected useful life of mining equipment. Management will review this estimate at each reporting date and will revise 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 will review the appropriateness of its assumption of nil residual value at each reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized, regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated statements of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition. Any excess of the identifiable net assets over the fair value of the consideration transferred is immediately recognized in net earnings.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity interests issued by the Company, including the fair value of all the assets and liabilities resulting from a deferred payment arrangement. Acquisition related costs are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Bitcoin mining

Revenue is comprised of the fair value of consideration received for the provision of services in the ordinary course of business. The Company derives its revenue through the receipt of Bitcoin in exchange for providing successful "mining" services to the blockchains corresponding to various Bitcoin. Mining is the process by which transactions are verified and added to a blockchain.

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers. Bitcoin mining is the ordinary business activity of the Company and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 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 is recognized by the Company when payment, in the form of Bitcoin, is received for successful mining services rendered. Revenue earned from Bitcoin mining activities is recognized at the fair value of the Bitcoin received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. During the year ended December 31, 2018, the Company recognized $15,758,349 (2017 - $nil) in revenue from Bitcoin mining.

The amended standard was effective January 1, 2018 and did not have an impact on the consolidated financial statements.

Colocation services

The Company earns colocation revenue from one customer at one of its mining facilities in exchange for hosting the customers cryptocurrency mining equipment. Colocation revenue is recognized in profit or loss on a straight-line basis over the term of the customer contract. The customer is invoiced monthly in advance and income is recognized on a straight-line basis.

Digital assets

Digital assets are generated from the Company's mining activities. The Company classifies and measures digital assets at fair value and realized and unrealized gains and losses are recorded through profit and loss.

The Company obtains the equivalency rate of tradable 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. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. Subsequent to initial recognition, digital assets are remeasured at each reporting period. The resulting gain or loss from subsequent remeasurement is recognized in the statement of loss and comprehensive loss as a fair value remeasurement of digital assets. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable digital assets, and this information and all related databases are accessible to the Company.

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditure required to make the equipment ready for use. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized.

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

Mining servers	3 years	straight-line
Supporting infrastructure	5 years	straight-line
Office equipment	5 years	straight-line

The asset's residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Depreciation of mining equipment is recognized in cost of revenue on the consolidated statement of loss and comprehensive loss.

Refer to note 3 for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of depreciation the underlying useful life and the estimation of residual values in respect of mining equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) 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. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, due to shareholder, and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Gains and losses on derecognition are generally recognized in profit or loss.

The Company retrospectively adopted IFRS 9 on January 1, 2018. Due to the short-term and/or liquid nature of its financial assets and financial liabilities, the adoption had no impact on the amounts recognized in the Company's consolidated financial statements for the year-ended December 31, 2018.

Loss per share

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Share issue costs

Costs incurred for the issue of common shares are deducted from share capital.

Share-based transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

Income taxes

The Company is in the business of mining for digital assets in a commercial manner. The income from the business is included in determining taxable income for the period. Revenue from digital assets mining is included in taxable income when the digital assets earned are sold or exchanged for cash or another asset. The digital assets held at period end are treated as a commodity and valued pursuant to section 10 of the Income Tax Act.

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

Current income tax

Current income tax is measured as 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.

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.

Deferred income tax

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 income.

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 assets 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 assets and deferred tax liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right to offset.

(expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting policies not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the period ended December 31, 2018 and accordingly, have not been applied in preparing these consolidated financial statements:

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 change to the existing accounting in IAS 17 Leases.

The new standard is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this standard on the Company's consolidated financial statements.

5. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses comprise the following:

	As at December 31,	
	2018	2017
Prepaid expenses	617,349	13,377
Vendor deposits	931,259	—
Prepaid expenses and deposits	**1,548,608**	**13,377**
Current	617,349	13,377
Long-term	931,259	—

Included in prepaid expenses and deposits as at December 31, 2018, are security deposits for rent of $145,343 and security deposits for electricity costs of $785,916 (December 31, 2017 - $nil) that have been classified as long-term.

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.

	$	Units
Balance as at December 31, 2017	$ —	—
Coins acquired on acquisition (note 18)	368,654	40.03
Mined additions	15,758,349	1,978.45
Coins received to settle accounts receivable	931,180	113.55
Coins sold	(12,450,931)	(1,792.47)
Coins transferred to settle accounts payable	(296,133)	(33.58)
Losses in FVTPL	(2,748,829)	—
Balance as at December 31, 2018	**$ 1,562,290**	**305.98**

During the period ended December 31, 2018, the Company's colocation customer became delinquent in settling their obligations. As a result, the Company directed miners to wallets controlled by the Company as collateral for settlement of the outstanding accounts receivable balance. At December 31, 2018, 113.55 Bitcoin with a value of $579,783 was recorded as a liability in accounts payable and accrued liabilities.

Subsequent to year end, the Company reached a settlement agreement with the customer whereby a certain entity of the Company would assume 6,598 Bitmain Antminer S9's previously owned by the customer in exchange for termination of the contract and a receivable of $834,716 less a liability balance of $579,783 at December 31, 2018 (see note 22).

(expressed in Canadian dollars)

7. EQUIPMENT

COST	Mining equipment	Infrastructure	Office equipment	Total
Balance as at December 31, 2017	$ —	$ —	$ —	$ —
Additions from acquisition (note 18)	23,904,459	17,649,856	—	41,554,315
Additions	65,631	189,820	73,883	329,334
Balance as at December 31, 2018	**$ 23,970,090**	**$ 17,839,676**	**$ 73,883**	**$ 41,883,649**
ACCUMULATED AMORTIZATION				
Balance as at December 31, 2017	$ —	$ —	$ —	$ —
Amortization	4,902,903	1,953,297	5,039	6,861,239
Impairment (note 18)	13,480,788	8,934,777	—	22,415,565
Balance as at December 31, 2018	**$ 18,383,691**	**$ 10,888,074**	**$ 5,039**	**$ 29,276,804**
Net carrying amount				
At December 31, 2017	$ —	$ —	$ —	$ —
At December 31, 2018	**$ 5,586,399**	**$ 6,951,602**	**$ 68,844**	**$ 12,606,845**

During the year ended December 31, 2018, $6,856,200 of depreciation was charged as a cost of revenue.

The Company recognized impairment losses related to the mining equipment of $13,480,788 (December 31, 2017 – $nil) and mining infrastructure of $8,934,777 (December 31, 2017 – $nil). As at December 31, 2018, the Company determined that the recoverable amount of mining equipment acquired in the Crypto 205 and the 828 Acquisitions were less than the recoverable amount of the equipment. The Company impaired the mining equipment and infrastructure to its value-in-use.

Management assessed the indicators of possible impairment to Bitcoin mining equipment, as at December 31, 2018, and determined that impairment indicators exist. Due to the decline in the market value of servers, weakening prices of Bitcoin and volatility in network difficulty levels during the year, an impairment analysis was completed. Management has determined the recoverable amount as the value in use ("VIU"). The significant assumptions in determining VIU included the following:

- Bitcoin price – $5,027.19 (US$3,742.70)
- Network difficulty – 5.619 trillion
- Discount rate – 35%

For the purpose of the VIU calculation, management assumed no changes in Bitcoin price or network difficulty.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities comprise of the following:

	As at December 31,	
	2018	2017
Trade accounts payable	1,204,966	199,823
Accrued liabilities	365,660	25,000
Bitcoin owed to colocation customer (note 6)	579,783	—
Accounts payable and accrued liabilities	**2,150,409**	**224,823**

(expressed in Canadian dollars)

9. PROMISSORY NOTE

On June 29, 2018, the Company entered into a promissory note (note 18). The note bears interest at 8% with interest payments due monthly on the 25th of each month. Principal repayments of $5,000,000 are due on the 1-year anniversary date and 2-year anniversary date. The note is secured by the physical assets of 9376-9974 Quebec Inc.

On November 5, 2018, the Company announced that it had entered into a settlement and release agreement (the "Settlement Agreement") for the promissory note. Under the terms of the Settlement Agreement, the Company issued 75,000,000 common shares with a fair value of $7,500,000 and made a cash payment of $2,500,000 in exchange for the cancellation of the promissory note.

	Effective interest rate	Interest	Interest accretion	Total interest
Promissory note	12%	$ 279,053	$ 541,641	$ 820,694

10. INCOME TAXES

Details of income tax recovery was as follows:

	Year Ended December 31, 2018	2017
Current income tax expense	$ —	$ —
Deferred income tax recovery	(3,304,681)	—
Income tax recovery	**$ (3,304,681)**	**$ —**

The reconciliation of the combined Canadian federal and provisional statutory income tax rate of 26.5% (2017 – 27%) to the effective tax rate is as follows:

	Year Ended December 31, 2018	2017
Loss before income taxes	**$ (77,557,640)**	**$ (1,677,489)**
Statutory tax rate	26.5%	27.0%
Statutory income tax recovery	(20,552,775)	(452,922)
Non-deductible expenses	1,777,617	183,758
Financing fee recognized in convertible debenture	(641,178)	—
Change in unrecognized deferred tax assets	16,111,655	269,164
Income tax recovery	**$ (3,304,681)**	**$ —**

(expressed in Canadian dollars)

10. INCOME TAXES (continued)

The following table summarizes the movement of deferred tax liabilities:

	Opening Balance	Recognized in loss	Recognized in equity	Acquired in business combination	Total
Convertible debenture	$ —	$ —	$ 1,595,489	$ —	**$ 1,595,489**
Mining, infrastructure and office equipment	—	—	—	1,709,192	**1,709,192**
Impairment	—	(1,709,192)	—	—	**(1,709,192)**
Tax losses	—	(1,595,489)	—	—	**(1,595,489)**
Total deferred tax liability	**$ —**	**$ (3,304,681)**	**$ 1,595,489**	**$ 1,709,192**	**$ —**

As at December 31, 2018, The Company has non-capital loss carry forwards of approximately 34,310,000 (2017 - $24,180,000). The non-capital loss carry forwards expire at various dates from 2031 to 2038.

11. CONVERTIBLE DEBENTURE

On June 21, 2018, the Company issued 34,500 debenture units (the "Units") for proceeds of $34,500,000. Each Unit is comprised of $1,000 principal amount of senior unsecured extendible non-redeemable convertible debentures ("Convertible Debentures") and 1,000 warrants ("Warrants"). Each unit entitles the holder to a conversion rate of 2,000 common shares per $1,000 principal amount of Convertible Debentures at a value of $0.50 per share and 1,000 warrants exercisable for 1,000 shares at a price of $0.70 per Share.

The Convertible Debentures bear interest at 8% per annum, payable semi-annually, are unsecured and mature in 24 months. The fair value of the Convertible Debentures was recorded at $25,543,181, discounted at 20% and is net of transaction costs. The accretion expense for the year ended December 31, 2018 was $1,967,302. Interest expense incurred for the year ended December 31, 2018, was $1,487,333. Interest paid for the year ended December 31, 2018 for Convertible Debentures was $1,487,333.

The residual value of the warrants and the equity conversion feature was estimated at $1,606,934 and $4,302,285.

On closing, the Company paid the agent: (i) a commission of $1,380,000 representing 4% of the gross proceeds; (ii) agent expenses and legal fees of $260,291 and (iii) 1,380 broker warrant units (“Broker Warrant Units”). Each Broker Warrant Unit is priced at $1,000 per unit and is exercisable into a Unit. The estimated fair value of the Broker Warrants on issuance was $1,133,923 which was based on the fair value of the underlying conversion rights as follows:

- The 1,000 warrants per Unit were determined to be valued at $351,996 using the Black-Scholes pricing model using the following assumptions: Market price - $0.45; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years. This amount was treated as equity.

- The option to purchase the debentures was determined to be a derivative liability. The fair value at initial recognition was determined to be $781,927 based on the resulting option to convert into 2,000 common shares. The fair value was determined using the Black-Scholes pricing model using the following assumptions: Market price - $0.45; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years.

As at December 31, 2018, the Company revalued the derivative relating to the option to purchase the debentures to the estimated fair value of $49,120. The Company recorded a decrease in the estimated fair value of the derivative warrant liability of $732,807 for the year ended December 31, 2018 (2017 - $nil). The following assumptions were used to estimate the fair value of the derivative warrant liability at December 31, 2018: Market price – $0.09; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 1.47 years.

(expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURE (continued)

If there are an aggregate of 15 days on which the daily volume-weighted average trading price of the common shares on the CSE (or such other Canadian stock exchange on which the common shares may trade) equals or exceeds $0.90, the Company may force conversion at $0.50, upon giving Convertible Debenture holders 30 days advance written notice (a "Forced Conversion"). If Convertible Debentures are subject to a Forced Conversion in the 12 month period following the closing date, holders of Convertible Debentures will receive an interest payment in cash on such Convertible Debentures equal to any accrued and unpaid interest up to the date of conversion and additional interest for the period from the date of conversion to the date that is 12 months following the closing date of June 21, 2018.

Should there be an aggregate of 15 trading days on which the daily volume-weighted average trading price of the common shares on the CSE equals or exceeds $1.10 the Company may issue a notice of acceleration (an "Acceleration Notice") and, thereafter, the Warrants will expire on a Business Day specified in the Acceleration Notice, which date shall not be less than 20 days after the date of the Acceleration Notice.

The Company has accounted for its convertible debt containing a conversion feature that exchanges a fixed amount of cash for a fixed number of shares by bifurcating and splitting accounting between the liability and equity components of the financial instrument. The Company has recognized the liability component of the transaction at fair value, calculated by discounting the cash flows associated with the liability component at its market rate for nonconvertible debt, and determined the fair value of the Warrants based upon a simulation model recording the Warrants as a debt discount with corresponding adjustment to additional paid-in capital, and lastly recorded the equity conversion feature as a residual amount into equity with corresponding adjustment to debt discount with no subsequent remeasurement. The Company has allocated issuance costs associated with the liability and equity components of the Convertible Debenture based on their relative fair values.

The Company will amortize the debt discount recorded in relation to the transaction using the effective interest method over the term of the related debt.

	Proceeds	Transaction costs	Net
Liability component	$ 28,018,203	$ (2,475,021)	$ 25,543,182
Equity component	6,481,797	(572,578)	5,909,219
Total	**$ 34,500,000**	**$ (3,047,599)**	**$ 31,452,401**

The recognition of the equity component resulted in a deferred tax liability of $1,595,489, which was offset by the recognition of a corresponding deferred tax asset relating to the Company's non-capital losses.

The following table reflects movements recognized during the year ended December 31, 2018:

	Liability component of Convertible Debenture	Warrants component of Convertible Debenture	Equity component of Convertible Debenture
Opening balance (net of transaction costs and deferred tax)	**$ 25,543,181**	**$ 1,606,933**	**$ 2,706,796**
Accretion of liability component of Convertible Debenture (effective interest rate of 25%)	1,967,302	—	—
Balance - December 31, 2018	**$ 27,510,483**	**$ 1,606,933**	**$ 2,706,796**

(expressed in Canadian dollars)

12. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common shares.

During the year ended December 31, 2018:

- the Company issued 44,080,000 common shares for $5,730,400 on exercise of warrants. Initially the 44,080,000 warrants were valued at $1,515,948 using the Black-Scholes valuation model.

- the Company issued 130,000,001 non-voting, convertible series 1 preferred shares to the shareholders of Crypto 205 for a consideration of $28,921,853. The terms of the Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into common shares of Vogogo on a one for one basis, subject to customary adjustments; (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 outstanding common shares of the Company. A total of 25,764,258 Preferred Shares with a recorded value of $5,731,924 were converted to Common Shares at the discretion of certain preferred shareholders.

- On November 5, 2018, the Company announced that it had entered into a settlement and release agreement (the "Settlement Agreement") for the promissory note. Under the terms of the Settlement Agreement, the Company issued 75,000,000 common shares with a fair value of $7,500,000 in exchange for the cancellation of the promissory note (note 9).

- On December 31, 2018, the Company converted a total of 104,235,743 Preferred Shares with a recorded value of $23,189,929, representing all of the outstanding preferred shares, to common shares.

- Subsequent to the year ended December 31, 2018, the Company announced that its Board of Directors had authorized the implementation of a share consolidation of the Company's common shares on the basis of one post-consolidation common share for every 30 pre-consolidation common shares (see note 1).

During the year ended December 31, 2017:

- On October 31, 2017, the Company issued 60,000,000 units for proceeds of $6,000,000. Each unit comprised of one common share and one share purchase warrant for a total issuance of 60,000,000 share purchase warrants. Each share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.13 per common share for up to two years following the issuance date. The fair value of these warrants was determined to be $2,063,450, which was allocated to warrants from share capital.

13. CONTRIBUTED SURPLUS AND WARRANTS

	As at December 31, 2018		As at December 31, 2017	
	Contributed surplus	Warrants	Contributed surplus	Warrants
Beginning balance	**$ 6,058,639**	**$ 2,449,333**	**$ 5,279,312**	**$ 403,826**
Stock-based compensation	3,087,170	—	761,384	—
Issuance of warrants	—	—	—	2,063,450
Expiry of warrants	—	—	17,943	(17,943)
Exercised warrants	—	(1,515,948)	—	—
Warrants and equity portion of convertible debenture	4,302,285	1,606,933	—	—
Equity component of broker warrant units issued in relation to the convertible debenture	—	351,996	—	—
Deferred tax on equity component of convertible debenture	(1,595,489)	—	—	—
Ending balance	**$ 11,852,605**	**$ 2,892,314**	**$ 6,058,639**	**$ 2,449,333**

(expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS AND WARRANTS (continued)

Stock options

The Company has a stock option plan ("the Plan") under which the Board of Directors may grant to directors, officers, employees and technical consultants to the Company non-transferable options to purchase common shares, exercisable for a period of up to 5 years from the date of grant. On November 21, 2017, the Board of Directors authorized and approved the immediate vesting of all outstanding options. As such, any unamortized expense relating to these options was recognized during the year ended December 31, 2017.

During the year ended December 31, 2018, the Board of Directors agreed to issue stock options under the Company's Plan to various consultants, key management, and employees. The options granted to key management and employees shall vest and become exercisable at 33.33% over a three-year period. A certain consultant received immediate vesting of their grant while another consultant' options will vest 25% quarterly over one year. All options expire five years from the date of their grant.

On November 22, 2018, the Company cancelled an aggregate of 18,485,951 stock options (the "Cancelled Options") previously held by certain officers, directors, employees and consultants of the Company. The Cancelled Options represent all of the previously outstanding option grants issued under the Company's stock option plan at that time. The Cancelled Options were voluntarily surrendered by the holders thereof for no consideration. On December 14, 2018, the Board of Directors authorized and approved the granting of 6,500,000 options to the CEO of the Company.

A summary of the Plan transactions for the year ended December 31, 2018 and 2017 are as follows:

	As at December 31, 2018		As at December 31, 2017	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Beginning balance	5,890,000	$ 0.23	6,060,000	$ 0.24
Granted	19,095,951	0.29	60,000	0.38
Cancelled	(18,485,951)	(0.35)	(230,000)	0.42
Ending balance	**6,500,000**	**$ 0.07**	**5,890,000**	**$ 0.23**

The following provides a summary of options outstanding and exercisable as at December 31, 2018:

Number of Options Outstanding	Exercise Price $	Expiry Date	Number of Options Exercisable	Exercise Price $
6,500,000	$ 0.07	December 13, 2023	—	$ 0.07
6,500,000	**$ 0.07**		**—**	**$ 0.07**

The fair value of each share-based payment transaction was estimated on the date of the grant, as determined by using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Expected volatility	130%	123%
Expected life	3.5 years	5 years
Expected forfeiture rate	0%	0%
Risk-free interest rate	2.03%	1.61%
Dividend yield	0%	0%
Weighted average share price	$ 0.07	$ 0.38
Weighted average fair value of options at grant date	$ 0.05	$ 0.31

(expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS AND WARRANTS (continued)

The Company recorded stock-based compensation expense for options of $3,087,170 (2017 – $761,384) with an offsetting increase to contributed surplus in respect of the stock options granted during the year ended December 31, 2018. No stock options were exercised during the year ended December 31, 2018 or 2017, and as a result $nil was transferred to share capital from contributed surplus. The weighted average remaining life of the options is 4.95 years.

Warrants

A summary of warrant transactions for the year ended December 31, 2018 and 2017 is as follows:

	As at December 31, 2018			As at December 31, 2017		
	Number of warrants		Weighted average exercise price $	Number of warrants		Weighted average exercise price $
Beginning balance	60,910,000	$	0.13	1,054,231	$	0.36
Expired	—		—	(144,231)		0.52
Issued	34,501,380		0.74	60,000,000		0.13
Exercised	(44,080,000)		0.13	—		—
Ending balance	**51,331,380**	**$**	**0.54**	**60,910,000**	**$**	**0.13**

The following provides a summary of warrants outstanding as at December 31, 2018:

Expiry date	Number of warrants outstanding		Exercise price
February 11, 2019	910,000	$	0.33
October 31, 2019	15,920,000	$	0.13
June 21, 2020	1,380	$	1,000.00
June 21, 2020	34,500,000	$	0.70
	51,331,380		

The fair value of warrants was estimated on the date of the issuance, as determined by using the Black-Scholes option pricing model with the following weighted average assumptions:

		For the year ended December 31, 2018		For the year ended December 31, 2017
Expected volatility		130%		134%
Expected life		2 years		2 years
Expected forfeiture rate		0%		0%
Risk-free interest rate		1.82%		1.39%
Dividend yield		0%		0%
Weighted average share price	$	0.74	$	0.13
Weighted average fair value of warrants at grant date	$	0.22	$	0.07

During the year ended December 31, 2018, 1,380 Broker Warrants Units were issued in connection with the prospectus financing with an allocated fair value of $351,996 (note 11). Further, 34,500,000 warrants convertible to 34,500,000 common shares were issued in connection with the convertible debenture prospectus financing with an allocated fair value of $1,606,933. The warrants have an exercise price of $0.70 per common share. The warrants may be exercised during a period of two years from the date of issuance.

During the year ended December 31, 2018, the Company received $5,730,400 for the exercise of 44,080,000 warrants with a value of $1,515,948 which was originally allocated to reserves was reallocated to the share capital.

13. CONTRIBUTED SURPLUS AND WARRANTS (continued)

Convertible Debenture

During the year ended December 31, 2018, the Company entered into a Convertible Debenture for $34.5 million (note 11). The residual value of the warrants and equity conversion feature was estimated at $5,909,219, net of issue costs using relative fair value allocation. Deferred tax liability of $1,595,489 on the warrant and equity component of the Convertible Debenture was recorded to contributed surplus.

14. 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 their low credit risk.

The carrying value of the Company's convertible debentures approximates fair value as the liability component was discounted using an estimated market rate.

The Company's cash is measured at fair value using level 1 inputs.

The Company's derivative liabilities are measured at fair value using level 3 inputs. The assumptions are disclosed in note 11.

Digital assets and risk management

Digital asset 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 directly related to the current and future market price of digital assets; in addition, the Company may not be able liquidate its inventory of digital assets at favorable prices. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

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

15. 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, warrants, and stock options. 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 from the period ended December 31, 2018.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks including market risk, liquidity risk, and other risks related to its current concentration in a single asset, Bitcoin. Investing in Bitcoin is highly speculative and volatile. The investment objective of the Company is to track the market price of Bitcoin, less the Company's liabilities and expenses, by investing the assets of the Company in Bitcoin. As Bitcoin prices rise, the Company should achieve those gains. However, there can be no assurance that the Company matches the gains in Bitcoin and other cryptocurrencies. The company does not employ leverage as part of its investment strategy.

To the extent private keys for Bitcoin addresses are lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Company may be unable to access the Bitcoin held in the associated address and the private key will not be capable of being restored by the Bitcoin network. The processes by which Bitcoin transactions are settled are dependent on the Bitcoin peer-to-peer network, and as such, the Company is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of Bitcoin.

The nature and extent of the financial instruments outstanding at the reporting date, and the risk management policies employed by the Company, are discussed below.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As all of the Company's financial debts are based on fixed interest rates, the impact of a change in interest rates will not impact the Company's income or cash flows.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Company.

The table below indicates the foreign currencies to which the Company has significant exposure at December 31, 2018 in Canadian dollar terms:

		USD
Cash	$	680
Accounts payable and accrued liabilities	$	(200,637)

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the CAD exchange rate at the balance sheet date for balance sheet items denominated in USD:

Currency		10% Strengthening (weakening)
USD	$	(19,996)

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The net asset value of the Company relates directly to the value of the Bitcoin held by the Company, and fluctuations in the price of Bitcoin could materially and adversely affect an investment in the shares of the Company. The price of Bitcoin has a limited history. During such history, Bitcoin prices have been volatile and subject to influence by many factors including the levels of liquidity. If Bitcoin markets continue to experience significant price fluctuations, the Company may experience corresponding losses or gains. Several factors may affect the price of Bitcoin, including, but not limited to, global Bitcoin supply and demand, and competition from other forms of digital currency or payment services.

At December 31, 2018, had the market price of the Company's holdings of Bitcoin increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease respectively would amount to $156,290.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's accounts receivable of $834,716 consist of unpaid colocation services that have been provided. The Company directed the miners of the colocation customer to wallets controlled by the Company as collateral for settlement of the outstanding accounts receivable balance. At December 31, 2018, 113.55 Bitcoins with a carrying value of $579,783 were recorded as a liability in accounts payable and accrued liabilities. As a result, the Company's credit risk has been partially mitigated.

There is currently no central or major depository for the custody of Bitcoin. There is a risk that some or all of the Company's Bitcoins could be lost or stolen. The Company does not have insurance protection on its Bitcoin, which exposes the Company and its shareholders to the risk of loss of the Bitcoin. Further, Bitcoin transactions are irrevocable and stolen or incorrectly transferred Bitcoin may be irretrievable. As a result, any incorrectly executed Bitcoin transactions could adversely affect an investment in the Company.

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 that 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 within the next two years.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Currently, the Company has its investment highly concentrated in a single asset, Bitcoin. The Company tracks the market price of Bitcoin, less the Company's liabilities and expenses, by investing in the assets of the company in Bitcoin. The only investments of the Company will be direct investments in Bitcoin.

Security risk

Bitcoins are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the Bitcoins are held. The Bitcoin network requires a public key relating to a digital wallet to be published when used in a spending transaction and, if keys are lost or destroyed, this could prevent trading of the corresponding Bitcoins.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the Bitcoin exchange market since the launch of the Bitcoin network. Any security breach caused by hacking could cause loss of Bitcoin investments.

Bitcoin network risk

The open-source structure of the Bitcoin network protocol means that the core developers of the Bitcoin network and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin network protocol. A failure to properly monitor and upgrade the Bitcoin network protocol could damage the Bitcoin network.

(expressed in Canadian dollars)

17. 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:

	Year Ended December 31,	
	2018	**2017**
Cost of revenue - Mining		
Electricity	$ 7,021,559	$ —
Facility costs	1,324,616	—
Contractor fees	642,627	—
	$ 8,988,802	**$ —**
Cost of revenue - Colocation		
Electricity	$ 860,507	$ —
Facility costs	270,963	—
Contractor fees	51,230	—
	$ 1,182,700	**$ —**
General and administrative		
Office and administrative	$ 260,344	$ 36,427
Legal and Professional fees	944,055	649,882
Consulting fees	378,499	83,179
Travel and entertainment	229,262	55,711
Depreciation	5,039	—
Salaries	942,298	167,008
	$ 2,759,497	**$ 992,207**

(expressed in Canadian dollars)

18. BUSINESS COMBINATIONS

Crypto 205

The acquisition of 100% of the shares of Crypto 205 has been accounted for as a business combination and the results of operations are included in the consolidated statement of loss from the date of acquisition, April 3, 2018.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition:

Fair value of consideration	**$**	**28,921,853**
Cash		916,117
Prepaids		52,209
Sales tax receivable		1,054,527
Digital assets		368,654
Subscription receivable		2,272
Equipment		12,147,796
Accounts payable and accrued liabilities		(5,901,918)
Shareholder loan		(5,000,000)
Deferred income tax liability		(27,042)
Total acquisition date fair value of assets acquired, and liabilities assumed		**3,612,615**
Goodwill		**25,309,238**
Impairment allocation		
Goodwill		25,309,238
Equipment		8,024,170
	$	**33,333,408**

The Company issued 130,000,001 non-voting, convertible series 1 preferred shares to the shareholders of Crypto 205 for consideration of $28,921,853 to finance the Crypto 205 Acquisition. The fair value of the consideration was determined using a put option valuation discount on the preferred shares.

In measuring the fair value of the purchase price, the Company applied a discount for lack of marketability to reflect the restriction period on the preferred shares. Given that the preferred shares were convertible into common shares on a one-for-one basis, the quantum of the discount for lack of marketability was based on the theoretical price for a put option on the Company's shares using the Black-Scholes model using the following assumptions: Market price - $0.36; Annualized volatility – 130%; Risk-free interest rate – 1.12%; Dividend yield – 0%; and Expected life – 1 year.

In measuring the fair value of the mining equipment at the date of acquisition, the Company used replacement method. The replacement value of the mining equipment was estimated based on recent open market transaction data involving the acquisition of Bitmain Antminer S9 mining machines observed prior to the acquisition date. Observed values from the transaction data were then adjusted for accumulated depreciation/functional obsolescence. The mining equipment was estimated to have an average useful life of three years. An allowance for accumulated depreciation was deducted based on the estimated age of the mining equipment at the date of acquisition.

If the acquisition had occurred on January 1, 2018, Crypto 205 would have contributed $9,641,686 and $33,267,447 to consolidated revenues and net loss, respectively. As at December 31, 2018, Crypto 205 has contributed $5,863,007 and $34,196,597 to consolidated revenues and net loss of the Company, respectively.

Acquisition-related costs directly related to the Crypto 205 acquisition were $99,820 and were expensed in net loss during the year ended December 31, 2018.

As at December 31, 2018, the Company conducted a valuation of the mining assets, infrastructure and goodwill and determined that an impairment was required. It was determined that in order to carry the assets at their fair value, an impairment of $33,333,408 was recorded.

As of December 31, 2018, the allocation of the purchase consideration is based on preliminary estimates related to the fair value of the assets acquired and liabilities assumed and has not been finalized.

(expressed in Canadian dollars)

18. BUSINESS COMBINATIONS (continued)

9376-9974 Quebec Inc.

The acquisition of 100% of the shares of 9376-9974 Quebec Inc. (the "828 Acquisition") has been accounted for as a business combination and the results of operations are included in the consolidated statement of loss from the date of acquisition, which was June 29, 2018.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition:

Fair value of consideration	**$**	**45,458,359**
Equipment		29,406,519
Deferred tax liability		(1,682,151)
Total acquisition date fair value of assets acquired, and liabilities assumed		**27,724,368**
Goodwill		**17,733,991**
Cash consideration		36,000,000
Fair value of promissory note		9,458,359
Total Consideration		**45,458,359**
Impairment allocation		
Goodwill		17,733,991
Equipment		14,391,394
	$	**32,125,385**

The 828 Acquisition provided the company with a state-of-the-art cryptocurrency mining facility, including 14,000 Antminer S9 cryptocurrency mining machines and full HVAC and electrical infrastructure. In addition to the 14,000 Antminer S9 cryptocurrency mining machines, and supporting infrastructure, Vogogo was also able to negotiate with 828 L.P. (the "Vendor") for the inclusion of certain additional supporting infrastructure beyond what is required to operate the 14,000 mining machines, at no additional cost to the Company. Vogogo acquired additional HVAC and electrical equipment, which, now supports cryptocurrency mining for an additional 4,000 mining machines at the facility, either mining for its own account or on a colocation basis for other miners.

As of the closing of the 828 Acquisition, approximately 10,500 mining machines were fully operational, with installation of the remaining mining machines completed in the third quarter. Concurrent with closing, the Company entered into a lease agreement for the facility, which will have access to 30 megawatts of power for cryptocurrency mining, of which approximately 27 megawatts are used for mining and the balance for supporting HVAC and electrical systems. According to confirmation from Hydro-Québec, the electricity required to operate the 828 assets forms part of the 120 MW block of electricity previously allocated and approved for blockchain use in the Province of Quebec.

In measuring the fair value of the mining equipment at the date of acquisition, the Company employed the depreciated replacement cost methodology. The replacement value of the mining equipment was estimated based on recent open market transaction data involving the acquisition of Bitmain Antminer S9 mining machines observed prior to the acquisition date. Observed values from the transaction data were then adjusted for accumulated depreciation/functional obsolescence. The mining equipment was estimated to have an average useful life of three years (if acquired in new condition); an allowance for accumulated depreciation was deducted based on the estimated age of the mining equipment at the date of acquisition.

If the acquisition had occurred on January 1, 2018, 828 would have contributed $12,215,998 and $31,715,921 to consolidated revenues and net loss, respectively. Since the date of acquisition, 828 has contributed $12,215,998 and $31,715,921 to consolidated revenues and net loss, respectively.

Acquisition-related costs directly related to the 828 Acquisition were $296,952 and were expensed in net loss during the year ended December 31, 2018.

(expressed in Canadian dollars)

18. BUSINESS COMBINATIONS (continued)

Consideration for the 828 Acquisition includes a two-year secured promissory note in favor of the vendor of 9376-9974 Quebec Inc. for $10,000,000. The note bears interest at 8% per annum with interest payments due monthly on the 25th of each month. Principal repayments of $5,000,000 are due on the one-year anniversary date of the note and at maturity. The note is secured by the physical assets of the 9376-9974 Quebec Inc. The Company used a discount rate of 12% in deriving the present value of the promissory note (see note 9).

The Company acquired net assets with a fair value of $27,724,368, resulting in goodwill of $17,733,991. The business combination resulted in a deferred tax liability in the amount of $1,682,151 directly related to the fair value adjustment of the mining infrastructure acquired.

As at December 31, 2018, the Company conducted a valuation of the mining assets, infrastructure and goodwill and determined that an impairment was required. It was determined that in order to carry the assets at their fair value, an impairment of $32,125,385 was recorded.

As of December 31, 2018, the allocation of the purchase consideration is based on preliminary estimates related to the fair value of the assets acquired and has not been finalized.

19. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board of Directors.

The compensation of such key management for the year ended December 31, 2018 and 2017 included the following:

		2018		2017
Salaries and director remuneration	$	700,089	$	187,889
Stock-based compensation expense - directors and officers		2,471,087		719,011
	$	**3,171,176**	**$**	**906,900**

As at December 31, 2018, included in accounts payable and accrued liabilities was $107,256 (December 31, 2017 – $69,751) of payments owed to key management personnel. As at December 31, 2018, $39,794 of the amount included in accounts payable and accrued liabilities relate to salaries payable, and was settled subsequent to year end through the transfer of Bitcoin.

20. COMMITMENTS

At December 31, 2018, the Company's future minimum lease payments under non-cancellable operating leases aggregate to $9.1 million and are payable as follows:

		Within one year		Later than one year but not later than 5 years		More than 5 years
Lease obligations	$	2,087,970	$	7,012,268	$	—
Total	**$**	**2,087,970**	**$**	**7,012,268**	**$**	**—**

21. ALLOWANCE ON SALES TAX RECEIVABLE

At December 31, 2018, the Company recorded an allowance of $867,195 (2017 - $nil) for sales tax receivable.

22. SUBSEQUENT EVENT

Termination of colocation contract

On April 30, 2019, the Company announced that a subsidiary of the company, 9376-9974 Quebec Inc., has acquired 6,598 Antminer S9 cryptocurrency mining machines as a result of the termination of the colocation agreement. As consideration for the early termination of the colocation agreement, in addition to the Company receiving the Miners, the Company retained the security deposit it was paid pursuant to the colocation agreement, and the Bitcoin mined by the Miners during the period the termination agreement was negotiated. The termination agreement represents settlement of all obligations under the colocation agreement.

SCHEDULE “B”
MD&A OF CRYPTOLOGIC CORP.

(*See attached*)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for Cryptologic Corp. ("Cryptologic" or the "Company"), on a consolidated basis, for the three months and year ended December 31, 2020.

This document should be read in conjunction with the information contained in the Company's audited consolidated financial statements and related notes for the year ended December 31, 2020 (the "2020 Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all dollar ("$") and "CAD" amounts and references in this MD&A are in Canadian dollars.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, March 11, 2021, being the date the Company's board of directors (the "Board") approved this MD&A and the Q4 2020 Financial Statements. All quarterly information contained herein is unaudited. Additional information about the Company can be found in the Company's filings with securities regulatory authorities, which are available under the Company's profile on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Risk Factors and Uncertainties".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

OVERVIEW AND SIGNIFICANT EVENTS

Historical Operations

Cryptologic Corp. (formerly Vogogo Inc.) was created to become a specialized payment processing business with associated risk management capability. The Company spent several years developing and launching technologies that enabled secure and compliant online transaction processing for businesses.

During the first half of 2016, following a strategic review process announced by the Company, the Board decided to suspend payment-processing operations in order to preserve the Company's cash position. The Company advised its remaining clients that it would cease to process payments by September 30, 2016. Prior to making this determination, the Board reviewed strategic alternatives that focused on increasing shareholder value. Ultimately, the Board concluded that suspending all operations and seeking a suitable vend-in opportunity was in the best interests of the Company and its shareholders.

Crypto 205 Acquisition

On April 3, 2018, the Company acquired all of the issued and outstanding shares of Crypto 205 Inc. (the "205 Acquisition"). Crypto 205 Inc. ("Crypto 205") is now a wholly owned subsidiary of the Company that is engaged in the business of mining for cryptocurrencies for its own account and within mining pools. Pursuant to the 205 Acquisition, the Company acquired all of the issued and outstanding shares of Crypto 205 from its former shareholders in exchange for an aggregate of 4,333,333 non-voting, convertible series 1 preferred shares in the capital of the Company (the "Preferred Shares"), resulting in total consideration valued at $28.92 million. In connection with the 205 Acquisition, the Company was also assigned a shareholder loan, which was settled in exchange for a cash payment of $5 million to the former shareholders of Crypto 205.

The 205 Acquisition provided the Company with a state-of-the-art cryptocurrency mining facility with access to 6 MW of power, complete with 4,000 Antminer S9 cryptocurrency mining machines, 125 Antminer R4 cryptocurrency mining machines, and all HVAC and electrical infrastructure required to operate this cryptocurrency mining facility.

AIF and Short Form Prospectus

On May 15, 2018, the Company filed its Annual Information Form ("AIF") and a preliminary short form prospectus, and on May 16, 2018, the Company filed an amended and restated preliminary short form prospectus for the offering of convertible debenture units (see below). Both documents are available under the Company's profile on SEDAR at www.sedar.com.

Convertible Debenture

On June 21, 2018, the Company issued 34,500 debenture units (the "Units") for proceeds of $34,500,000. Each Unit was comprised of $1,000 principal amount of senior unsecured extendible non-redeemable convertible debentures ("Convertible Debentures") and 33 warrants ("Warrants"). Each unit entitled the holder to a conversion rate of 66 common shares per $1,000 principal of Convertible Debentures at a value of $15 per share and Warrants exercisable for 33 shares at a price of $21 per share.

The Convertible Debentures bore interest at 8% per annum, payable semi-annually, were unsecured and matured in 24 months. The fair value of the Convertible Debentures was recorded at $25,543,181, discounted at 20%, and was net of transaction costs. The accretion expense for the year ended December 31, 2020, was $1,010,141 (December 31, 2019 – $4,465,986). Interest expense incurred for the year ended December 31, 2020 was $552,000 (December 31, 2019 – $2,760,000). Interest paid for the years ended December 31, 2020 was $nil (for the year ended December 31, 2019 – $2,760,000).

The residual value of the warrants and the equity conversion feature was estimated at $1,606,934 and $4,302,285.

On closing, the Company paid the agent: (i) a commission of $1,380,000 representing 4% of the gross proceeds; (ii) agent expenses and legal fees of $260,291 and (iii) 1,380 broker warrant units ("Broker Warrant Units"). Each Broker Warrant Unit was priced at $1,000 per unit and was exercisable into a Unit. The estimated fair value of the Broker Warrants on issuance was $1,133,923, which was based on the fair value of the underlying conversion rights as follows:

- The Warrants per Unit were determined to be valued at $351,996 using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years. This amount was treated as equity.

- The option to purchase the debentures was determined to be a derivative liability. The fair value at initial recognition was determined to be $781,927 based on the resulting option to convert into 66 common shares. The fair value was determined using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years.

On June 21, 2019, the Broker Warrant Units expired resulting in the Company revaluing the derivative relating to the option to purchase the debentures to the estimated fair value of $nil from $49,120 and recorded a gain. The Company reversed the fair value of the Broker Warrant Units recorded in the warrant component of the convertible debentures of $351,996.

If there were an aggregate of 15 days on which the daily volume-weighted average trading price of the common shares on the CSE (or such other exchange on which the common shares may trade) equaled or exceeded $27.00, the Company could force conversion at $15.00, upon giving Convertible Debenture holders 30 days advance written notice (a "Forced Conversion"). If Convertible Debentures were subject to a forced conversion in the 12 month period following the closing date, holders of Convertible Debentures would receive an interest payment in cash on such Convertible Debentures equal to any accrued and unpaid interest up to the date of conversion and additional interest for the period from the date of conversion to the date that is 12 months following the closing date of June 21, 2018.

Should there have been an aggregate of 15 trading days on which the daily volume-weighted average trading price of the common shares on the CSE equaled or exceeded $33, the Company could issue a notice of acceleration (an "Acceleration Notice") and, thereafter, the Warrants would expire on a Business Day specified in the Acceleration Notice, which date was not be less than 20 days after the date of the Acceleration Notice.

The Company amortized the debt discount recorded in relation to the transaction using the effective interest method over the term of the related debt.

The recognition of the equity component resulted in a deferred tax liability of $1,595,489, which was offset by the recognition of a corresponding deferred tax asset relating to the Company's non-capital losses.

On June 30, 2020, the convertible debentures with a principal balance of $34,500,000 and accrued interest of $1,380,000 were converted into 35,879,991 shares of the Company. The fair value of the shares was $10,763,997 as determined by the market price on June 30, 2020, of $0.30. This resulted in a gain on settlement of convertible debentures of $25,116,003 being booked to the consolidated statements of income (loss) and comprehensive income (loss). At a special meeting of holders of 8% extendible convertible unsecured debentures held in Toronto on March 13, 2020, the Company received approval of an extraordinary resolution to amend the terms of the debenture indenture between the Company and AST Trust Company (Canada) (the "Trustee") dated June 21, 2018. The Company and the Trustee entered into a supplemental indenture on March 13, 2020, effecting the amendments set out in the extraordinary resolution.

At a special meeting of holders of 8% extendible convertible unsecured debentures held in Toronto on March 13, 2020, the Company received approval of an extraordinary resolution to amend the terms of the debenture indenture between the Company and AST Trust Company (Canada) (the "Trustee") dated June 21, 2018. The Company and the Trustee entered into a supplemental indenture on March 13, 2020, effecting the amendments set out in the extraordinary resolution. In accordance with the debenture indenture, as amended by the supplemental indenture, the Corporation could force the conversion of the entire principal amount of the debentures and all accrued but unpaid interest at the conversion price ("Conversion Price") at any time, upon giving debenture holders 10 days' advance written notice. The modification of the conversion price and the ability for the Company to force conversion of the Convertible Debentures resulted in an extinguishment of the Convertible Debentures. On extinguishment, the fair value of the Convertible Debentures and accrued interest was determined to be $8,763,000 as determined by the market price of the Company's shares. On the extinguishment date, the Company determined that the Convertible Debentures met equity classification and recorded the fair value of $8,763,000 in contributed surplus. The carrying value of the Convertible Debentures and accrued interest on the date of extinguishment was $33,538,610 which resulted in a gain on extinguishment of the Convertible Debentures of $24,775,610 recorded in the consolidated statements of income (loss) and comprehensive income (loss).

On June 30, 2020, the Company forced conversion of the Convertible Debentures into 35,880,000 common shares of the Company and the value of $8,763,000 was reallocated from contributed surplus to share capital.

During the year ended December 31, 2020, a total of 1,150,000 warrants expired. On the expiry of 1,150,000 warrants, the value of $1,606,933 originally allocated to warrants was reallocated to contributed surplus.

9376-9974 Quebec Inc. Acquisition

On June 29, 2018, the Company acquired all of the issued and outstanding shares of 9376-9974 Quebec Inc. (the "828 Acquisition"). 9376-9974 Quebec Inc. ("828") is now a wholly owned subsidiary of the Company that is engaged in the business of mining for cryptocurrencies for its own account and within mining pools. Pursuant to the 828 Acquisition, the Company acquired all of the issued and outstanding shares of 828 from its former shareholders for $46 million, which was settled by $36 million in cash and $10 million in the form of a promissory note (the "Promissory Note").

The 828 Acquisition provided the company with a state-of-the-art cryptocurrency mining facility, including 14,000 Antminer S9 cryptocurrency mining machines and all necessary corresponding HVAC and electrical infrastructure. The Company was able to negotiate with 828 L.P. for the inclusion of certain additional supporting infrastructure beyond what is required to operate the 14,000 mining machines, at no additional cost to the Company. The Company acquired additional HVAC and electrical equipment, which supports the operations of an additional 4,000 cryptocurrency mining machines at the facility.

The Company acquired net assets with a fair value of $27,724,368, resulting in goodwill of $17,733,991. The business combination resulted in a deferred tax liability in the amount of $1,682,151 directly related to the fair value adjustment of the mining infrastructure acquired.

Colocation agreement

On July 5, 2018, the Company announced that it had entered into a co-location agreement with a third-party cryptocurrency customer to host approximately 4,000 miners, requiring 6 MW of electrical power.

On April 30, 2019, the Company announced that a subsidiary of the company, 9376-9974 Quebec Inc., had acquired 6,598 Antminer S9 cryptocurrency mining machines as a result of the termination of the colocation agreement. As consideration for the early termination of the colocation agreement, in addition to the Company receiving the miners, the Company retained the security deposit it was paid pursuant to the colocation agreement, and the Bitcoin mined by the miners during the period the termination agreement was negotiated. The termination agreement represents settlement of all obligations under the colocation agreement. The Company assumed the customer's assets in exchange for termination of the contract and a receivable of $834,716 less the $815,548 of coins mined on behalf of the customer at April 30, 2019.

Settlement of Promissory Note

On November 5, 2018, the Company announced that it had entered into a settlement and release agreement (the "Settlement Agreement") with the vendor of the 828 Acquisition, which included the conversion of $7.5 million of debt owed to 828 L.P. into common shares of the Company.

Under the terms of the Settlement Agreement, the Company (i) issued 2,500,000 common shares (post-consolidation) of the Company valued at $7.5 million to 828 L.P. based on a price of $3.00 per common share, and (ii) made a cash payment to 828 L.P. of $2.5 million, in exchange for the cancellation of the Promissory Note in the amount of $10 million.

Impairment of mining equipment, infrastructure and goodwill

The Company recognized impairment losses related to the mining equipment for the year ended December 31, 2019, of $1,993,291 (December 31, 2018 – $13,480,788) and mining infrastructure of $1,294,734 (December 31, 2018 – $8,934,777). As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company further impaired the mining equipment and mining infrastructure to its recoverable amount (see notes 10 of the Q4 2020 Financial Statements).

Share consolidation

Effective February 14, 2019, the Company consolidated its common shares on the basis of one new common share for every thirty old common shares issued and outstanding at that time. All references to share, per share amounts, warrants and options in this MD&A have been retroactively restated to reflect the consolidation.

The approximately 381.6 million Common Shares of the Company were reduced to approximately 12.7 million Common Shares, as approved by shareholders at the Company's annual and special meeting held on December 14, 2018. No fractional shares were issued and any fractions of a share were rounded down to the nearest whole number of Common Shares. The exercise or conversion price and the number of common shares issuable under any of the Company's outstanding convertible securities were proportionately adjusted upon consolidation. Loss per share has been adjusted to reflect the share consolidation.

Corporate name change

On July 31, 2019, the Company changed its name change from Vogogo Inc. to Cryptologic Corp. The common shares trade on the CSE under the symbol "CRY".

Proposed Acquisition of Canadian Assets of Wayland Group

On August 3, 2019, the Company entered into a non-binding letter of intent with Wayland Group ("Wayland"), a vertically integrated cultivator and processor of cannabis, with production facilities in Langton, Ontario (the "Facilities") where it operated a cannabis cultivation, extraction, formulation and distribution business under federal licenses from the Government of Canada, relating to a proposed acquisition of Wayland's Canadian business, including the Facilities, and the assumption of liabilities related to Wayland's Canadian business.

In connection with the proposed transaction, the Company committed to provide Wayland with a $5,000,000 subordinated bridge loan (the "Bridge Loan"), which was not subject to completion of the transaction and was advanced by the Company prior to entering into a definitive agreement in connection with the proposed transaction. In connection with the Bridge Loan, Wayland granted second-lien security over the assets to be purchased by Cryptologic, which was subordinate to Wayland's existing secured convertible debentures in accordance with their terms. The Bridge Loan was advanced on August 9, 2019. The Bridge Loan expired on the earlier of: (a) the date that is one (1) year from the date of the Bridge Loan, and (b) closing of the Wayland acquisition. The principal amount of the Bridge Loan and all accrued and unpaid interest was to become due and payable at the end of the term, provided, for clarity, that if the acquisition closed prior to such time, the Bridge Loan would constitute an additional assumed liability by the Company. Interest on the Bridge Loan was charged at a rate of 13% per annum. However, if Wayland entered into an alternative transaction after the expiry of the Company's exclusivity period on November 7, 2019 and prior to the expiry of the term of the Bridge Loan, then the rate of interest increased to 25% per annum.

On September 17, 2019, the Company and Wayland entered into an amended and restated loan agreement under which the Company advanced an additional $1,000,000 to Wayland (the "Amended Bridge Loan"). The terms of the Amended Bridge Loan provided for additional loan tranches up to an overall aggregate cap of $25,000,000. The Amended Bridge Loan also provided for a non-completion fee in the amount of 5% of the deemed aggregate value of the proposed transaction, up to a maximum non-completion fee of $11,500,000. The Amended Bridge Loan extended the exclusivity period to December 16, 2019.

On December 2, 2019, Wayland was granted an order from the Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act* ("CCAA"). The initial order provided for, among other things, a stay of proceedings in favour of the Wayland Group and certain of its affiliates, and the appointment of PricewaterhouseCoopers Inc. as monitor of the Wayland Group. On December 31, 2019, after review of the market conditions in the Cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance equal to the amount of the loan.

During the year ended December 31, 2019, the Company recorded interest income of $297,486 and an allowance for loss on loan of $6,547,486.

COVID-19

The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effects that these events will have are highly uncertain and as such, the Company cannot determine the corresponding financial impact at this time.

Sale of 9376-9974 Quebec Inc. to HIVE

On April 8, 2020, the Company sold all of the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc. to HIVE Blockchain Technologies Ltd. ("Hive").

As consideration, Hive issued 15,000,000 of its common shares ("Hive Shares") and paid $1,956,231 in cash. In addition, Hive has agreed to invest $3,000,000 in 9376-9974 Quebec Inc. Thirty days after closing of the transaction, the Company settled $221,916 in working capital adjustment to Hive for net cash proceeds of $1,734,315.

Crypto 205 shut down and staff terminations

On August 7, 2020, the Company announced that, in order to conserve its cash while it considers acquisition opportunities or other strategic transactions, the Company (i) terminated the lease of its wholly-owned subsidiary, Crypto 205 Inc., at its cryptocurrency mining facility in Pointe-Claire, Quebec, effective July 31, 2020, and (ii) terminated the employment contracts of all of its employees, including Chief Executive Officer, John Kennedy FitzGerald, Chief Financial Officer, Joshua Lebovic and Chief Operating Officer, Paul Leggett, effective July 31, 2020.

Mr. Fitzgerald and Mr. Lebovic will provide ongoing services to the Company, as Chief Executive Officer and Chief Financial Officer respectively, pursuant to part-time consulting arrangements.

Stock Option Grant

On October 21, 2020, the Company announced that its Board of Directors had approved the grant of stock options for a total of 4,600,000 common shares of the Company to officers and directors of the Company. Each of these stock options has an exercise price of CDN $0.27 and will expire on October 20, 2025. These stock options will also vest over a period of 12 months following the grant date and are governed by the terms and conditions of the Company's stock option plan.

SUBSEQUENT EVENTS

Proposed transaction

On January 28, 2021, the Company announced that it had entered into a binding share purchase agreement with Greenland Resources Inc. (the "Seller") on January 27, 2021 to acquire 100% of the outstanding shares of the Seller's wholly-owned subsidiary, Copenhagen Minerals Inc. ("Copenhagen"), which owns a 100% interest in a mineral exploration license known as the Storø Gold Project, located in Greenland (the "Proposed Acquisition"). Consideration for the Proposed Acquisition is expected to be satisfied through the payment of C$250,000 cash and the issuance to the Seller of 37,600,000 common shares of the Company at a deemed issue price of $0.24 per share (the "Consideration Shares"), subject to all necessary regulatory and securityholder approvals. It is expected that Copenhagen shareholders will hold 43.6% of the shares of the Company following closing of the Proposed Acquisition, with shareholders of the Company holding the remaining 56.4%. Completion of the Proposed Acquisition is subject to customary conditions, including receipt of applicable securityholder approvals by the Company and Seller and all necessary regulatory approvals, including the approval of the Canadian Securities Exchange (the "CSE"). Closing of the Proposed Acquisition is expected to occur following satisfaction or waiver of all closing conditions, including receipt of applicable shareholder approval and approval of the CSE, which is expected during Q2 2021.

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company for the three month and years ended December 31, 2020 and 2019, is set forth below.

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Net income (loss) and comprehensive income (loss) from continuing operations	$ 524,421	$ (9,718,160)	$ 23,563,577	$ (16,962,291)
Net income (loss) and comprehensive income (loss)	132,509	(13,590,497)	22,002,353	(11,722,599)
Total assets	8,106,844	15,581,954	8,106,844	15,581,954
Total liabilities	298,957	38,847,679	298,957	38,847,679
Basic and diluted net income (loss) and comprehensive income (loss) per common share from continuing operations	$ 0.02	$ (0.76)	$ 0.77	$ (1.33)
Basic and diluted net income (loss) and comprehensive income (loss) per common share	$ 0.00	$ (1.07)	$ 0.72	$ (0.92)

DISCUSSION OF OPERATIONS

Comparison of the Three Months Ended December 31, 2020 and 2019

	Three Months Ended December 31,			
	2020	2019	Variance	% Change
General and administrative	262,741	575,806	(313,065)	(54.4%)
Acquisition related costs	27,388	412,140	(384,752)	(93.4%)
Interest expense, net	5,314	1,938,581	(1,933,267)	(99.7%)
Allowance for loss on loan	—	6,547,486	(6,547,486)	(100.0%)
Gain on sale of marketable securities	967,208	—	967,208	100.0%

General and administrative

General and administrative expenses decreased from $0.58 million for the three months ended December 31, 2019 to $0.26 million for the three months ended December 31, 2020, a decrease of 54.4%. The decrease as compared to the prior year period was primarily the result of (i) a decrease in salaries as a result of the termination of staff in Q3 2020, (ii) a decrease in travel and entertainment as a result of travel restrictions from the COVID-19 pandemic, and, (iii) a decrease in legal and professional fees. These decrease in costs were partially offset by an increase in consulting fees related to the agreement of the Company's CEO and CFO.

Acquisition related costs

Acquisition related costs decreased from $0.41 million for the three months ended December 31, 2019 to $0.03 million for the three months ended December 31, 2020, a decrease of 93.4%. During the three months ended December 31, 2019, the Company incurred certain one-time costs for legal and professional fees directly related to acquisition activity in connection with the proposed Wayland transaction as well as the sale of 9376 to HIVE. During the three months ended December 31, 2020, the Company incurred certain one-time costs directly related to the Proposed Acquisition of Copenhagen Minerals.

Interest expense

During the three months ended December 31, 2020, the Company incurred interest expense of $0.005 million compared to interest expense of $1.94 million for the prior year period, resulting in a variance of $1.94 million and a decrease of 100%. During the three months ended December 31, 2020, interest expense relates to interest accretion related to the Company's lease liability. During the three months ended December 31, 2019, interest expense relates to (i) interest expense on the Convertible Debentures, (ii) interest accretion on the fair value adjustment of Convertible Debentures, and (iii) interest accretion related to the Company's lease liability. The Convertible debentures were settled in June of 2020.

Allowance for loss on loan

As at December 31, 2019, after review of the market conditions in the cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance of $6.55 million, representing the entire balance of the loan including accrued interest.

Gain on sale of marketable securities

During the three months ended December 31, 2020, the Company liquidated its remaining balance of 3,899,500 common shares of Hive for total gross proceeds of $1.75 million resulting in a gain of $0.97 million. As the sale of 9376 to Hive took place in April of 2020 and the Company had no other marketable securities, there is no gain or loss in the comparative period 2019.

Discontinued Operations

	Three Months Ended December 31,			
	2020	2019	Variance	% Change
Revenue	—	3,710,263	(3,710,263)	(100.0%)
Cost of revenue	—	4,002,625	(4,002,625)	(100.0%)
Fair value gain on re-measurement of digital assets	—	(121,247)	121,247	(100.0%)
Impairment	—	3,288,025	(3,288,025)	(100.0%)

Revenue

During the three months ended December 31, 2020, the Company earned $nil in revenue from the mining of Bitcoin and $nil from colocation hosting services as compared to $3.17 million and $0.54 million respectively in the prior year period, representing a decrease of 100%. The decrease in Bitcoins mined and mining revenue results from the sale of 9376-9974 Quebec Inc. to Hive during the second quarter of 2020 and the shutdown of the Crypto 205 colocation mining facility in Q3 of 2020.

Cost of revenue

Cost of revenue is comprised of site operating costs and depreciation. Site operating costs include electricity costs, salaries, and general facility operating costs. The cost of revenue decreased from $4.0 million to $nil, a decrease of 100%. The decrease in costs is related to the sale of 9376-9974 Quebec Inc. to Hive during the second quarter of 2020 as well as the shutdown of the Crypto 205 facility during Q3 2020. Further, in classifying the cryptocurrency mining assets as held for sale pursuant to management's decision to exit the cryptocurrency mining industry, the Company stopped recording depreciation expense for its assets.

Fair value loss on re-measurement of digital assets

Fair value loss on re-measurement of digital assets represents the unrealized loss on adjusting the value of the digital assets on hand to the market value on the reporting date and the realized loss on the sale of Bitcoin previously recorded at its mined value. During the three months ended December 31, 2020, the company did not mine or sell any Bitcoin, nor did it have any Bitcoin on hand. As at December 31, 2019, the price of Bitcoin was $9,343 (US$7,193) compared to the average price of Bitcoin for the period of $10,559 (US$8,001).

Impairment

The Company recognized impairment losses related to the mining equipment of $3.29 million for the three months ended December 31, 2019. As at December 31, 2020, the Company no longer had cryptocurrency mining assets on its books as a result of the sale of 9376 and the shutdown of Crypto 205. As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company impaired the mining equipment and mining infrastructure to its recoverable amount (see note 10 of the Q4 2020 Financial Statements).

Comparison of the Year Ended December 31, 2020 and 2019

	Year Ended December 31,			
	2020	2019	Variance	% Change
General and administrative	3,004,657	2,339,506	665,151	28.4%
Acquisition related costs	319,790	749,752	(429,962)	(57.3%)
Interest expense, net	1,585,693	6,963,804	(5,378,111)	(77.2%)
Allowance for loss on loan	—	6,547,486	(6,547,486)	(100.0%)
Gain on settlement of convertible debenture	24,775,610	—	24,775,610	100.0%
Gain on sale of marketable securities	4,306,458	—	4,306,458	100.0%

General and administrative

General and administrative expenses increased from $2.34 million for the year ended December 31, 2019 to $3.00 million for the year ended December 31, 2020, an increase of 28.4%. The increase as compared to the prior year period was primarily the result of (i) severance payments made to certain officers and employees of the Company, and (ii) increase in consulting fees related to the agreements with the Company's CEO and CFO. The increase in costs were partially offset by a reduction in travel and entertainment costs as compared to the prior year period.

Acquisition related costs

Acquisition related costs decreased from $0.75 million for the year ended December 31, 2019 to $0.32 million for the year ended December 31, 2020, a decrease of 57.3%. During the year ended December 31, 2020, the Company incurred certain one-time costs for legal and professional fees directly related to (i) acquisition activity in connection with the proposed Wayland transaction, (ii) the sale of 9376-9974 Quebec Inc. to Hive, and (iii) costs directly related to the Proposed Acquisition of Copenhagen Minerals. During the year ended December 31, 2019, the Company incurred certain one-time costs for legal and professional fees directly related to acquisition activity in connection with the Wayland transaction as well as due diligence into another potential acquisition.

Interest expense

During the year ended December 31, 2020, the Company incurred interest expense of $1.59 million compared to interest expense of $6.96 million for the prior year period, resulting in a variance of $5.38 million and a decrease of 77.2%. During the year ended December 31, 2020, interest expense relates to (i) interest expense on the Convertible Debentures, (ii) interest accretion on the fair value adjustment of Convertible Debentures, and (iii) interest accretion related to the Company's lease liability. During the year ended December 31, 2019, interest expense relates to (i) interest expense on the Convertible Debentures, (ii) interest accretion on the fair value adjustment of Convertible Debentures, and (iii) interest accretion related to the Company's lease liability.

Allowance for loss on loan

As at December 31, 2019, after review of the market conditions in the cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance of $6.55 million, representing the entire balance of the loan including accrued interest.

Gain on extinguishment of convertible debentures

On June 30, 2020, the Company forced conversion of the Convertible Debentures into 35,879,991 common shares of the Company and the value of $8,763,000 was allocated to share capital as determined by the market price of the Company's shares. The carrying value of the Convertible Debentures and accrued interest on the date of extinguishment was $33,538,610 which resulted in a gain on extinguishment of the Convertible Debentures of $24,775,610. There was nil conversion or settlement of convertible debentures in the prior year period.

Gain on sale of marketable securities

During the year ended December 31, 2020, the Company liquidated its balance of 15,000,000 common shares of Hive for total gross proceeds of $7.31 million resulting in a gain of $4.31 million. As the sale of 9376 to Hive took place in April of 2020 and the Company had no other marketable securities, there is no gain or loss in the comparative period of 2019.

Discontinued operations

	Year Ended December 31,			
	2020	**2019**	**Variance**	**% Change**
Revenue	4,819,676	27,264,733	(22,445,057)	(82.3%)
Cost of revenue	4,205,727	19,885,674	(15,679,947)	(78.9%)
Fair value gain on re-measurement of digital assets	79,916	34,821	45,095	129.5%
Impairment	—	3,288,025	(3,288,025)	(100.0%)

Revenue

During the year ended December 31, 2020, the Company earned $3.1 million in revenue from the mining of Bitcoin and $1.72 million from colocation hosting services as compared to $26.42 million and $0.84 million respectively in the prior year period representing a total decrease of 82.3%. The decrease in Bitcoins mined and overall revenue results from (i) the sale of 9376-9974 Quebec Inc. to Hive during the period, and (ii) increased network difficulty due to increased network hashrate and a corresponding decrease in coin production per miner.

Cost of revenue

Cost of revenue is comprised of site operating costs and depreciation. Site operating costs include electricity costs, salaries, and general facility operating costs. The cost of revenue decreased from $19.89 million to $4.21 million, a decrease of 78.9%. The decrease in cost of revenue is related to the sale of the sale of 9376-9974 Quebec Inc. to Hive during the year. Further, in classifying the cryptocurrency mining assets as held for sale pursuant to management's decision to exit the cryptocurrency mining industry, the Company stopped recording depreciation expense for these assets.

Fair value gain on re-measurement of digital assets

Fair value gain on re-measurement of digital assets represents the unrealized gain on adjusting the value of the digital assets on hand to the market value on the reporting date and the realized gain on the sale of Bitcoin previously recorded at its mined value. As at December 31, 2019, the price of Bitcoin was $9,343 (US$7,193) compared to the average price of Bitcoin for the period of $9,881 (US$7,454).

Impairment

The Company recognized impairment losses related to the mining equipment of $3.29 million for the year ended December 31, 2019. As at December 31, 2020, the Company no longer had cryptocurrency mining assets on its books as a result of the sale of 9376 and the shut down of Crypto 205. As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company impaired the mining equipment and mining infrastructure to its recoverable amount (see note 10 of the Q4 2020 Financial Statements).

SUMMARY OF QUARTERLY RESULTS

The following financial data for each of the eight most recently completed quarters has been prepared in accordance with IFRS.

	For the three months ended (unaudited)			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net loss and comprehensive loss from continuing operations	(3,017,817)	(1,567,595)	(2,658,717)	(9,718,162)
Net income (loss) and comprehensive income (loss)	(3,124,357)	2,850,926	2,141,330	(13,590,497)
Total assets	23,425,111	24,686,641	28,472,513	15,581,954
Total liabilities	38,235,186	36,947,189	38,541,134	38,847,679
Basic and diluted loss and comprehensive loss per common share from continuing operations	$ (0.24)	$ (0.12)	$ (0.21)	$ (0.73)
Basic and diluted income (loss) and comprehensive income (loss) per common share	$ (0.25)	$ 0.22	$ 0.17	$ (0.85)

	For the three months ended (unaudited)			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Net income (loss) and comprehensive income (loss) from continuing operations	(2,736,185)	23,878,429	1,896,912	524,421
Net income (loss) and comprehensive income (loss) for the period	(2,190,854)	23,952,245	108,453	132,509
Total assets	15,194,752	10,837,605	8,304,159	8,106,844
Total liabilities	40,628,333	1,732,942	263,621	298,957
Basic and diluted income (loss) and comprehensive income (loss) per common share from continuing operations	$ (0.22)	$ 1.88	$ 0.04	$ 0.01
Basic and diluted income (loss) and comprehensive income (loss) per common share	$ (0.17)	$ 1.88	$ —	$ 0.00

LIQUIDITY AND CAPITAL RESOURCES

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, warrants, and stock options. 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 from the year ended December 31, 2019.

Contractual obligations

The following is a summary of the Company's contractual obligations at December 31, 2020:

	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Lease liability	127,970	127,970	—	—	—
Total	**$ 127,970**	**$ 127,970**	**$ —**	**$ —**	**$ —**

[1]Includes principal and interest.

Financial instruments and risk management

The Company is exposed to various risks including market risk, liquidity risk.

The nature and extent of the financial instruments outstanding at the reporting date, and the risk management policies employed by the Company, are discussed below.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As at December 31, 2020, the Company is not exposed to any interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which is the functional currency of the Company.

The table below indicates the foreign currencies to which the Company has exposure at December 31, 2020 in Canadian dollar terms:

	USD
Cash	$ 603

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the CAD exchange rate at the balance sheet date for balance sheet items denominated in USD:

Currency	**10% Strengthening (weakening)**
USD	$ 60

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Cash is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has cash and cash equivalents of $7,677,172 and has positive working capital of $7,581,751 in order to manage its liquidity risk. All of the Company's liabilities are due within the next two years.

CASH FLOWS BY ACTIVITY

Comparison of the Three Months Ended December 31, 2020 and 2019

The table below outlines a summary of cash inflows and outflows by activity for the three months ended December 31, 2020 and 2019.

	Three Months Ended December 31,	
	2020	2019
Net cash used in operating activities	$ (361,728)	$ (829,936)
Net cash used in financing activities	$ (33,284)	$ (1,906,574)
Net cash provided by (used in) investing activities	$ 1,752,517	$ (249,460)

Cash used in Operating Activities

The Company's cash outflows from operating activities primarily relate to loss from operations and the settlement of accrued operating costs incurred in the previous quarters, including the settlement of accrued legal and professional fees.

The Company used cash from operating activities for the three months ended December 31, 2019. The Company's cash outflows from operating activities relate to (i) cash outflows related to mining costs incurred in the period and (ii) uncollected sales tax receivable partially offset by the sale of Bitcoin in the period.

Cash used in Financing Activities

During the three months ended December 31, 2020, the Company's cash outflows from financing activities related to cash paid on the settlement of lease liability. During the three months ended December 31, 2019, the Company's cash outflows from financing activities related to (i) interest paid on the convertible debenture, and (ii) cash paid on the settlement of lease liability.

Cash (used in) provided by Investing Activities

During the three months ended December 31, 2020, the Company's cash inflows in investing activities related to cash proceeds from the sale of Hive shares received in connection with the sale of 9376 to Hive. During the three months ended December 31, 2019, the Company's cash outflows in investing activities related to the loan advanced to the Wayland Group.

Comparison of the Year Ended December 31, 2020 and 2019

The table below outlines a summary of cash inflows and outflows by activity for the year ended December 31, 2020 and 2019.

	Year Ended December 31,	
	2020	2019
Net cash (used in) provided by operating activities	$ (1,497,657)	$ 8,099,679
Net cash used in financing activities	$ (670,659)	$ (4,887,741)
Net cash provided by (used in) investing activities	$ 8,967,101	$ (3,499,628)

Cash (used in) provided by Operating Activities

The Company generated cash outflows from operating activities for the year ended December 31, 2020. The Company's cash outflows from operating activities primarily relate to (i) severance paid to outgoing officers and employees, (ii) settlement of accrued legal and professional fees, and (iii) operating loss from mining and colocation services offset by the collections of sales tax receivable incurred and uncollected as of the year ended December 31, 2019.

The Company generated cash inflows from operating activities for the year ended December 31, 2019. The Company's cash inflows from operating activities resulted from the sale of Bitcoin in the period, partially offset by (i) cash outflows related to mining costs incurred in the period, (ii) uncollected sales tax receivable, and (iii) settlement of payables primarily related to legal and professional fees accumulated in prior quarters.

Cash (used in) provided by Financing Activities

During the year ended December 31, 2020, the Company's cash outflows from financing activities related to cash paid on the settlement of lease liability. During the year ended December 31, 2019, the Company's cash outflows from financing activities related to interest paid on the Convertible Debentures and cash paid on the settlement of lease liability.

Cash provided by (used in) Investing Activities

During the year ended December 31, 2019, the Company's cash inflows from investing activities primarily related to (i) cash proceeds received on the sale of 9376 to Hive, and (ii) cash proceeds from the sale of Hive shares received in connection with the sale of 9376 to Hive. During the year ended December 31, 2019, the Company's cash outflows in investing activities relate to the loan to the Wayland Group offset by the proceeds from the sale of certain cryptocurrency mining equipment.

SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated 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 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 consolidated financial statements.

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily though sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured at net book value less impairment loss. Assets held for sale are measured at the lower of their carrying amounts or their fair value less costs to sell and are no longer depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company has not recognized the value of any deferred tax assets in its statements of financial position.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with its various filing positions. Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect its effective income tax rate and income tax provision.

The Company has earned Bitcoin from the commercial activity of Bitcoin mining. The Company has followed the published Canada Revenue Agency ("CRA") view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Bitcoin is valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin earned is sold or exchanged for cash or another asset. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Impairment of non-financial assets

Assets are deemed to be impaired when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell 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.

Foreign currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Fair value measurement of equity instruments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and warrants, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in note 14.

Accounting for digital assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

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 2 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 reporting period. The Company is relying on the data available at Coin Market Cap to be an accurate representation of the closing price for the different digital assets.

Leases

In determining lease terms, the Company used its judgment to determine that the extension options were not significant. Furthermore, the Company does not believe the interest rate implicit in its leases can be readily determined. It therefore used its judgment to determine the incremental borrowing rate and use it as the discount rate to establish its lease liability.

For every lease, management makes a judgment to determine the appropriate lease term. Management considers all relevant facts and circumstances that create an economic incentive for the Company to exercise a renewal option or not to exercise a termination option, including, for example, investments in extensive leasehold improvements. The periods covered by the renewal options are included in the lease term only if management is reasonably certain it will renew the lease.

Management considers reasonable certainty to be a high threshold. Changes in the economic environment can have an impact on management's lease term assessments, and any changes in the estimates that management makes for lease terms could have a significant impact on the Company's consolidated statement of financial position and consolidated statement of profit or loss.

Useful life of mining equipment

Management is depreciating mining equipment using a straight-line basis, with a useful life of:

Mining equipment	3 years
Supporting infrastructure	5 years

The mining equipment is used to generate digital assets. The rate at which the Company generates digital assets 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;
- The general availability of appropriate computer processing capacity on a global basis; and,
- Technological obsolescence resulting from rapid development in the mining machines, such that more recently developed hardware generally increases processing capacity, which usually renders new machines more economically efficient to operate, resulting in lower costs of operations. Further, the newer machines may be made available at a lower cost of purchase.

Based on the Company's and the industry's short life cycles to date, there is limited market data available. Furthermore, the data available also includes data derived from the use of economic modeling to forecast future digital assets and the assumptions included in such forecasts, including the digital asset's price and network difficulty, and derived from management's assumptions that are inherently judgmental. Based on current data available, management has determined that the straight-line method of amortization over three years best reflects the current expected useful life of mining equipment. Management will review this estimate at each reporting date and will revise 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 will review the appropriateness of its assumption of nil residual value at each reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized, regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated statements of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition. Any excess of the identifiable net assets over the fair value of the consideration transferred is immediately recognized in net earnings.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity interests issued by the Company, including the fair value of all the assets and liabilities resulting from a deferred payment arrangement. Acquisition related costs are expensed as incurred.

Revenue recognition

Bitcoin mining

Revenue is comprised of the fair value of consideration received for the provision of services in the ordinary course of business. The Company derives its revenue through the receipt of Bitcoin in exchange for providing successful "mining" services to the blockchains corresponding to various Bitcoin. Mining is the process by which transactions are verified and added to a blockchain.

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers. Bitcoin mining is the ordinary business activity of the Company and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 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 is recognized by the Company when payment, in the form of Bitcoin, is received for successful mining services rendered. Revenue earned from Bitcoin mining activities is recognized at the fair value of the Bitcoin received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. During the year ended December 31, 2020, the Company recognized $3,102,562 (2019 - $26,420,383) in revenue from discontinued Bitcoin mining operations.

Colocation services

The Company earned colocation revenue from one customer at one of its mining facilities in exchange for hosting the customer's cryptocurrency mining equipment. Colocation revenue is recognized in profit or loss based on the consumption of electricity on a monthly basis.

Digital assets

Digital assets are generated from the Company's mining activities, which meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the Bitcoin received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital asset at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

The Company obtains the equivalency rate of tradable digital assets to United States Dollars ("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. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable digital assets, and this information and all related databases are accessible to the Company.

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditure required to make the equipment ready for use. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized.

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

Mining servers	3 years	straight-line
Supporting infrastructure	5 years	straight-line
Office equipment	5 years	straight-line

The asset's residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Depreciation of mining equipment is recognized in cost of revenue on the consolidated statement of loss and comprehensive loss.

Refer to note 3 for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of depreciation the underlying useful life and the estimation of residual values in respect of mining equipment.

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) 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. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Loss per share

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Share issue costs

Costs incurred for the issue of common shares are deducted from share capital.

Share-based transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

Income taxes

The Company is in the business of mining for digital assets in a commercial manner. The income from the business is included in determining taxable income for the period. Revenue from digital assets mining is included in taxable income when the digital assets earned are sold or exchanged for cash or another asset. The digital assets held at period end are treated as a commodity and valued pursuant to section 10 of the Income Tax Act.

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

Current income tax

Current income tax is measured as 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.

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.

Deferred income tax

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 income.

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 assets 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 assets and deferred tax liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right to offset.

Leases

The Company leases property. As is permitted under IFRS 16, the Company elected to expense its short-term leases (term of 12 months or less) and leases of low-value assets, such as computer equipment, on a straight-line basis over the lease term.

For its other contracts, the Company assesses whether its new or amended contracts contain a lease.

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses the following:

- Is the identified asset directly or indirectly specified in the contract, or does it represent substantially all of the capacity of an asset that is physically distinct?
- Does the right of use cover substantially all of the economic benefits from use of the identified asset for a period of time?
- Does the Company have the right to direct the use of the identified asset? In cases where the use is predetermined, does the Company operate the asset or did the Company design the asset in a way that predetermines how and for what purpose the asset will be used?

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases.

A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the lease commencement date.

Lease asset

A lease asset is initially recognized at cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. The useful life of a lease asset is measured on the same basis as the Company's other property, plant and equipment.

The Company presents its leased property in Note 9.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at that date using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate, which is generally the case. The lease payments comprise the following: fixed payments; variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date; an estimate of the amounts to be payable under residual value guarantees; as well as amounts the Company is reasonably certain to pay as the exercise price of a purchase or extension option, or as a penalty to exercise a termination option.

The lease liability is subsequently remeasured at amortized cost using the effective interest method.

When there is a change in lease payments resulting from a change in an index or a rate or a change in an estimated amount, the amount of such an adjustment is offset in the unamortized cost of the lease asset or reported in the consolidated statement of profit or loss when the lease asset is fully impaired.

The Company presents its lease liabilities (see note 12) and the interest on its lease liabilities (calculated at the effective interest rate) with its interest expenses in the consolidated statement of profit or loss.

RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board.

The compensation of such key management for the year ended December 31, 2020 and 2019 included the following:

	2020	2019
Salaries, severance and director remuneration	$ 1,691,233	$ 828,625
Stock-based compensation expense - directors and officers	308,259	193,189
	$ 1,999,492	**$ 1,021,814**

As at December 31, 2020, included in accounts payable and accrued liabilities was $858 (2019 – $30,194) of payments owed to key management personnel.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2020, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value and an unlimited number of common shares. The table below lists the securities outstanding:

	As at March 11, 2021
Common shares	48,599,162
Stock options	4,816,667
Total Common Shares on a fully-diluted basis	**53,415,829**

RISK FACTORS AND UNCERTAINTIES

The business of the Company contains significant risk. Certain risk factors are similar across the industry while others are specific to the Company. For a discussion of these risk factors, please refer to the Company's management's discussion and analysis for the year ended December 31, 2018, including under "Risk Factors and Uncertainties" therein, as well as the Company's prospectus filed on June 14, 2018, which is available under the Company's profile on SEDAR at www.sedar.com.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (this "MD&A") provides a review of the results of operations, financial condition and cash flows for Cryptologic Corp. (formerly Vogogo Inc.) ("Cryptologic" or the "Company"), on a consolidated basis, for the three months and year ended December 31, 2019.

This document should be read in conjunction with the information contained in the Company's audited consolidated financial statements and related notes for the year ended December 31, 2019 (the "2019 Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all dollar ("$") and "CAD" amounts and references in this MD&A are in Canadian dollars.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, May 12, 2020, being the date the Company's board of directors (the "Board") approved this MD&A and the Q4 2019 Financial Statements. All quarterly information contained herein is unaudited. Additional information about the Company can be found in the Company's filings with securities regulatory authorities, which are available under the Company's profile on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Risk Factors and Uncertainties".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

OVERVIEW AND SIGNIFICANT EVENTS

Historical Operations

Cryptologic Corp. (formerly Vogogo Inc.) was created to become a specialized payment processing business with associated risk management capability. The Company spent several years developing and launching technologies that enabled secure and compliant online transaction processing for businesses.

During the first half of 2016, following a strategic review process announced by the Company, the Board decided to suspend payment-processing operations in order to preserve the Company's cash position. The Company advised its remaining clients that it would cease to process payments by September 30, 2016. Prior to making this determination, the Board reviewed strategic alternatives that focused on increasing shareholder value. Ultimately, the Board concluded that suspending all operations and seeking a suitable vend-in opportunity was in the best interests of the Company and its shareholders.

Crypto 205 Acquisition

On April 3, 2018, the Company acquired all of the issued and outstanding shares of Crypto 205 Inc. (the "205 Acquisition"). Crypto 205 Inc. ("Crypto 205") is now a wholly owned subsidiary of the Company that is engaged in the business of mining for cryptocurrencies for its own account and within mining pools. Pursuant to the 205 Acquisition, the Company acquired all of the issued and outstanding shares of Crypto 205 from its former shareholders in exchange for an aggregate of 4,333,333 non-voting, convertible series 1 preferred shares in the capital of the Company (the "Preferred Shares"), resulting in total consideration valued at $28.92 million. In connection with the 205 Acquisition, the Company was also assigned a shareholder loan, which was settled in exchange for a cash payment of $5 million to the former shareholders of Crypto 205.

The terms of the Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into common shares of the Company ("Common Shares") on a one for one basis, subject to customary adjustments; (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. The terms of the Preferred Shares issued by the Company to the former shareholders of Crypto 205 provide that such Preferred Shares are convertible immediately upon the holder providing sixty-one days prior written notice. The holders of the Preferred Shares contractually agreed not to dispose of any underlying Common Shares issued on conversion of the Preferred Shares held on closing of the 205 Acquisition (the "Underlying Common Shares") until three months after the closing date, at which point they could elect to dispose of up to 25% of the Underlying Common Shares and up to an additional 25% of the Underlying Common Shares after each of October 3, 2018, January 3, 2019 and April 3, 2019.

The 205 Acquisition provided the Company with a state-of-the-art cryptocurrency mining facility with access to 6 MW of power, complete with 4,000 Antminer S9 cryptocurrency mining machines, 125 Antminer R4 cryptocurrency mining machines, and all HVAC and electrical infrastructure required to operate this cryptocurrency mining facility.

AIF and Short Form Prospectus

On May 15, 2018, the Company filed its Annual Information Form ("AIF") and a preliminary short form prospectus, and on May 16, 2018, the Company filed an amended and restated preliminary short form prospectus for the offering of convertible debenture units (see below). Both documents are available under the Company's profile on SEDAR at www.sedar.com.

Convertible Debenture

On June 21, 2018, the Company issued 34,500 debenture units (the "Units") for proceeds of $34,500,000. Each Unit is comprised of $1,000 principal amount of senior unsecured extendible non-redeemable convertible debentures ("Convertible Debentures") and 33 warrants ("Warrants"). Each unit entitles the holder to a conversion rate of 66 common shares per $1,000 principal of Convertible Debentures at a value of $15 per share and Warrants exercisable for 33 shares at a price of $21 per share.

The Convertible Debentures bear interest at 8% per annum, payable semi-annually, are unsecured and mature in 24 months. The fair value of the Convertible Debentures was recorded at $25,543,181, discounted at 20%, and is net of transaction costs. The accretion expense for the year ended December 31, 2019 was $4,465,986 (December 31, 2018 - $1,967,302). Interest expense incurred for the year ended December 31, 2019 was $2,760,000 (December 31, 2018 – $1,487,333). Interest paid for the year ended December 31, 2019 was $2,760,000 (for the year ended December 31, 2018 – $1,487,333).

The residual value of the warrants and the equity conversion feature was estimated at $1,606,934 and $4,302,285.

On closing, the Company paid the agent: (i) a commission of $1,380,000 representing 4% of the gross proceeds; (ii) agent expenses and legal fees of $260,291 and (iii) 1,380 broker warrant units ("Broker Warrant Units"). Each Broker Warrant Unit is priced at $1,000 per unit and is exercisable into a Unit. The estimated fair value of the Broker Warrants on issuance was $1,133,923, which was based on the fair value of the underlying conversion rights as follows:

- The Warrants per Unit were determined to be valued at $351,996 using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years. This amount was treated as equity.

- The option to purchase the debentures was determined to be a derivative liability. The fair value at initial recognition was determined to be $781,927 based on the resulting option to convert into 66 common shares. The fair value was determined using the Black-Scholes pricing model and the following assumptions: Market price - $13.50; Annualized volatility – 130%; Risk-free interest rate – 1.82%; Dividend yield – 0%; and Expected life – 2 years.

On June 21, 2019, the Broker Warrant Units expired resulting in the Company revaluing the derivative relating to the option to purchase the debentures to the estimated fair value of $nil from $49,120 and recorded a gain. The Company reversed the fair value of the Broker Warrant Units recorded in the warrant component of the convertible debentures of $351,996.

If there are an aggregate of 15 days on which the daily volume-weighted average trading price of the common shares on the CSE (or such other CSE on which the common shares may trade) equals or exceeds $27.00, the Company may force conversion at $15.00, upon giving Convertible Debenture holders 30 days advance written notice (a "Forced Conversion"). If Convertible Debentures are subject to a forced conversion in the 12 month period following the closing date, holders of Convertible Debentures will receive an interest payment in cash on such Convertible Debentures equal to any accrued and unpaid interest up to the date of conversion and additional interest for the period from the date of conversion to the date that is 12 months following the closing date of June 21, 2018.

Should there be an aggregate of 15 trading days on which the daily volume-weighted average trading price of the common shares on the CSE equals or exceeds $33, the Company may issue a notice of acceleration (an "Acceleration Notice") and, thereafter, the Warrants will expire on a Business Day specified in the Acceleration Notice, which date shall not be less than 20 days after the date of the Acceleration Notice.

The Company amortizes the debt discount recorded in relation to the transaction using the effective interest method over the term of the related debt.

The recognition of the equity component resulted in a deferred tax liability of $1,595,489, which was offset by the recognition of a corresponding deferred tax asset relating to the Company's non-capital losses.

9376-9974 Quebec Inc. Acquisition

On June 29, 2018, the Company acquired all of the issued and outstanding shares of 9376-9974 Quebec Inc. (the "828 Acquisition"). 9376-9974 Quebec Inc. ("828") is now a wholly owned subsidiary of the Company that is engaged in the business of mining for cryptocurrencies for its own account and within mining pools. Pursuant to the 828 Acquisition, the Company acquired all of the issued and outstanding shares of 828 from its former shareholders for $46 million, which was settled by $36 million in cash and $10 million in the form of a promissory note (the "Promissory Note").

The Promissory Note is a two-year secured promissory note in favor of the vendor of 9376-9974 Quebec Inc. ("828 L.P."). The Promissory Note bears interest at 8% per annum with interest payments due monthly on the 25th day of each month. Principal repayments of $5 million are due on the one-year anniversary date of the note and at the date of maturity. The note is secured by the physical assets of 828.

The 828 Acquisition provided the company with a state-of-the-art cryptocurrency mining facility, including 14,000 Antminer S9 cryptocurrency mining machines and all necessary corresponding HVAC and electrical infrastructure. The Company was able to negotiate with 828 L.P. for the inclusion of certain additional supporting infrastructure beyond what is required to operate the 14,000 mining machines, at no additional cost to the Company. The Company acquired additional HVAC and electrical equipment, which supports the operations of an additional 4,000 cryptocurrency mining machines at the facility.

As of the closing of the 828 Acquisition, approximately 10,500 mining machines were fully operational, with installation of the remaining mining machines completed in the third quarter. Concurrent with closing, the Company entered into a lease agreement for the facility, including access to 30 megawatts of power for cryptocurrency mining, of which approximately 27 megawatts are used for mining and the balance for supporting HVAC and electrical systems. According to confirmation from Hydro-Québec, the electricity required to operate the 828 assets forms part of the 120 MW block of electricity previously allocated and approved for blockchain use in the Province of Quebec.

The Company acquired net assets with a fair value of $27,724,368, resulting in goodwill of $17,733,991. The business combination resulted in a deferred tax liability in the amount of $1,682,151 directly related to the fair value adjustment of the mining infrastructure acquired.

Colocation agreement

On July 5, 2018, the Company announced that it had entered into a co-location agreement with a third-party cryptocurrency customer to host approximately 4,000 miners, requiring 6 MW of electrical power.

On April 30, 2019, the Company announced that a subsidiary of the company, 9376-9974 Quebec Inc., had acquired 6,598 Antminer S9 cryptocurrency mining machines as a result of the termination of the colocation agreement. As consideration for the early termination of the colocation agreement, in addition to the Company receiving the miners, the Company retained the security deposit it was paid pursuant to the colocation agreement, and the Bitcoin mined by the miners during the period the termination agreement was negotiated. The termination agreement represents settlement of all obligations under the colocation agreement. The Company assumed the customer's assets in exchange for termination of the contract and a receivable of $834,716 less the $815,548 of coins mined on behalf of the customer at April 30, 2019.

Change of auditor

On September 13, 2018, the Company announced that effective September 12, 2018, Collins Barrow Calgary LLP ("Collins Barrow") had tendered its resignation at the request of the Company and MNP LLP ("MNP") was appointed as the successor auditor of the Company. The Company made this change to leverage MNP's extensive experience and knowledge of the blockchain and cryptocurrency industries in Canada.

In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"), the Company filed a Notice of Change of Auditor. To the Company's knowledge, there were no "reportable events" as such term is defined in NI 51-102 between the Company and Collins Barrow.

On January 15, 2019, the Company announced that effective January 14, 2018, MNP LLP ("MNP") had tendered its resignation and Dale Matheson Carr-Hilton Labonte LLP was appointed as the successor auditor of the Company. The Company made this change as a result of a change in industry focus by MNP.

In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"), the Company filed a Notice of Change of Auditor. To the Company's knowledge, there were no "reportable events" as such term is defined in NI 51-102 between the Company and MNP.

Settlement of Promissory Note

On November 5, 2018, the Company announced that it had entered into a settlement and release agreement (the "Settlement Agreement") with the vendor of the 828 Acquisition, which included the conversion of $7.5 million of debt owed to 828 L.P. into common shares of the Company.

Under the terms of the Settlement Agreement, the Company (i) issued 2,500,000 common shares (post-consolidation) of the Company valued at $7.5 million to 828 L.P. based on a price of $3.00 per common share, and (ii) made a cash payment to 828 L.P. of $2.5 million, in exchange for the cancellation of the Promissory Note in the amount of $10 million.

2017 Annual General Meeting

On December 14, 2018, the Company held its annual and special meeting of holders of common shares and the special meeting of holders of preferred shares in Toronto. An information circular dated November 20, 2018 was mailed to shareholders in advance of the meetings.

At the special meeting of holders of preferred shares, preferred shareholders approved an amendment to the articles of the Company to amend the terms of the series 1 preferred shares, to (i) remove the restriction that no holder of the series 1 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 of the Company and (ii) to grant the Company the right to convert the series 1 preferred shares to common shares at its sole discretion.

Additional resolutions that were also approved at the annual and special meeting of holders of common shares of the Company are as follows:

- Resolution to appoint MNP LLP as auditors for the Company for the ensuing year;
- Resolution to elect John Kennedy FitzGerald, Dale Johnson, Thomas English and Gino DeMichele as directors of the Company;
- Special resolution to approve the continuance of the Company from Alberta to Ontario;
- Resolution to approve a new general by-law of the Company;
- Special resolution to amend the articles of the Company to consolidate the common shares of the Company on the basis of a ratio within the range of one post-consolidation common share for every ten pre-consolidation common shares (10:1) to one post-consolidation common share for every fifty pre-consolidation common shares (50:1), with the ratio to be selected and implemented at the discretion of the board of directors of the Company;
- Special resolution to approve an amendment to the articles of the Company to change the name of the Company from Vogogo Inc. to Cryptologic Corp.;
- Resolution to approve the Company's new stock option plan;
- Resolution to approve the Company's new deferred share unit plan;
- Resolution to approve the Company's new performance and restricted share unit plan; and
- Special resolution to amend the articles of the Company to delete the Company's series 1 preferred shares following the conversion of the series 1 preferred shares to common shares.

Warrant exercise

During the year ended December 31, 2018, the Company issued 1,469,333 Common Shares for cash consideration of $5,730,400 as a result of the exercise of previously issued warrants. Initially the 1,469,333 warrants were valued at $1,515,948 using the Black-Scholes valuation model. On the exercise of the warrants, the value originally allocated to reserves was reallocated to the common shares.

During the year ended December 31, 2019, there were $nil warrants exercised.

Stock options

During the year ended December 31, 2018, the Board of Directors agreed to issue stock options under the Company's plan to various consultants, key management, and employees. The options granted to key management and employees were to vest and become exercisable at 33.33% over a three-year period. A certain consultant received immediate vesting of its grant while another consultant's options were to vest 25% quarterly over one year. All options were to expire five years from the date of their grant.

On November 22, 2018, the Company cancelled an aggregate of 616,198 stock options (the "Cancelled Options") previously held by certain officers, directors, employees and consultants of the Company. The Cancelled Options represented all of the previously outstanding option grants issued under the Company's stock option plan at that time. The Cancelled Options were voluntarily surrendered by the holders thereof for no consideration. On December 14, 2018, the Board of Directors authorized and approved the granting of 216,667 options to the CEO of the Company.

Conversion of preferred shares

During the year ended December 31, 2018, a total of 858,809 Preferred Shares with a recorded value of $5,731,924 were converted to Common Shares at the discretion of certain preferred shareholders.

On December 31, 2018, the Company converted a total of 3,474,525 Preferred Shares with a recorded value of $23,189,929, representing all of the outstanding preferred shares, to common shares as a result of the passing of a resolution at the Company's 2017 Annual General Meeting.

Impairment of mining equipment, infrastructure and goodwill

The Company recognized impairment losses related to the mining equipment of $1,993,291 (December 31, 2018 – $13,480,788) and mining infrastructure of $1c294c734 (December 31, 2018 – $8,934,777). As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company impaired the mining equipment and mining infrastructure to its recoverable amount (see notes 10 and 21 of the Q4 2019 Financial Statements).

Share consolidation

Effective February 14, 2019, the Company consolidated its common shares on the basis of one new common share for every thirty old common shares issues and outstanding at that time. All references to share, per share amounts, warrants and options in this MD&A have been retroactively restated to reflect the consolidation.

The approximately 381.6 million Common Shares of the Company were reduced to approximately 12.7 million Common Shares, as approved by shareholders at the Company's annual and special meeting held on December 14, 2018. No fractional shares were issued and any fractions of a share were rounded down to the nearest whole number of Common Shares. The exercise or conversion price and the number of common shares issuable under any of the Company's outstanding convertible securities were proportionately adjusted upon consolidation. Loss per share has been adjusted to reflect the share consolidation.

Corporate name change

On July 31, 2019, the Company changed its name change from Vogogo Inc. to Cryptologic Corp. The common shares trade on the CSE under the symbol "CRY".

Proposed Acquisition of Canadian Assets of Wayland Group

On August 3, 2019, the Company entered into a non-binding letter of intent with Wayland Group ("Wayland"), a vertically integrated cultivator and processor of cannabis, with production facilities in Langton, Ontario (the "Facilities") where it operates a cannabis cultivation, extraction, formulation and distribution business under federal licenses from the Government of Canada, relating to a proposed acquisition of Wayland's Canadian business, including the Facilities, and the assumption of liabilities related to Wayland's Canadian business.

In connection with the proposed transaction, the Company committed to provide Wayland with a $5,000,000 subordinated bridge loan (the "Bridge Loan"), which is not subject to completion of the transaction and was advanced by the Company prior to entering into a definitive agreement in connection with the proposed transaction. In connection with the Bridge Loan, Wayland grants the second-lien security over the assets to be purchased by

Cryptologic, which is subordinate to Wayland's existing secured convertible debentures in accordance with their terms. The Bridge Loan was advanced on August 9, 2019. The Bridge Loan expires on the earlier of: (a) the date that is one (1) year from the date of the Bridge Loan, and (b) closing of the Wayland acquisition. The principal amount of the Bridge Loan and all accrued and unpaid interest will become due and payable at the end of the term, provided, for clarity, that if the acquisition closes prior to such time, the Bridge Loan will constitute an additional assumed liability by the Company. Interest on the Bridge Loan is charged at a rate of 13% per annum. However, if Wayland enters into an alternative transaction after the expiry of the Company's exclusivity period on November 7, 2019 and prior to the expiry of the term of the Bridge Loan, then the rate of interest increases to 25% per annum.

On September 17, 2019, the Company and Wayland entered into an amended and restated loan agreement under which the Company advanced an additional $1,000,000 to Wayland (the "Amended Bridge Loan"). The terms of the Amended Bridge Loan provide for additional loan tranches up to an overall aggregate cap of $25,000,000. The Amended Bridge Loan also provides for a non-completion fee in the amount of 5% of the deemed aggregate value of the proposed transaction, up to a maximum non-completion fee of $11,500,000. The Amended Bridge Loan extends the exclusivity period to December 16, 2019.

On December 2, 2019, Wayland was granted an order from the Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). The initial order provides for, among other things, a stay of proceedings in favour of the Wayland Group and certain of its affiliates, and the appointment of PricewaterhouseCoopers Inc. as monitor of the Wayland Group. On December 31, 2019, after review of the market conditions in the Cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance equal to the estimated recoverable amount of the loan.

During the year ended December 31, 2019, the Company recorded interest income of $297,486.

SUBSEQUENT EVENTS

COVID-19

The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect that these events will have on the price of Bitcoin, the ability for the Company to raise capital and the supply of upgraded equipment are highly uncertain and as such, the Company cannot determine the corresponding financial impact at this time.

SALE OF 9376-9974 QUEBEC INC. TO HIVE

On April 8, 2020, the Company sold the shares of its wholly-owned subsidiary 9376-9974 Quebec Inc. to HIVE Blockchain Technologies Ltd. ("Hive").

As consideration, Hive issued 15,000,000 of its common shares ("Hive Shares") and paid $1,956,231 in cash. In addition, Hive has agreed to invest $3,000,000 in 9376-9974 Quebec Inc.

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SELECTED FINANCIAL INFORMATION

Selected financial information of the Company for the three month and years ended December 31, 2019 and 2018, is set forth below.

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net loss and comprehensive loss from continuing operations	$ (9,718,162)	$ (4,419,635)	$ (16,962,291)	$ (8,340,441)
Net loss and comprehensive loss	(13,590,497)	(18,924,184)	(11,722,599)	(74,252,959)
Total assets	15,581,954	17,973,697	15,581,954	17,973,697
Total liabilities	38,847,679	29,710,012	38,847,679	29,710,012
Basic and diluted net loss and comprehensive loss per common share from continuing operations	$ (0.73)	$ (0.84)	$ (1.33)	$ (1.59)
Basic and diluted net loss and comprehensive loss per common share	$ (0.85)	$ (3.60)	$ (0.92)	$ (14.13)

DISCUSSION OF OPERATIONS

Comparison of the Three Months Ended December 31, 2019 and 2018

	Three Months Ended December 31,			
	2019	2018	Variance	% Change
General and administrative	575,806	1,072,953	(497,146)	(46.3%)
Acquisition related costs	412,140	18,007	394,133	2188.8%
Interest expense	2,139,190	2,674,110	(534,920)	(20.0%)
Allowance for loss on loan	6,547,486	—	6,547,486	

General and administrative

General and administrative expenses decreased from $1.07 million for the three months ended December 31, 2019 to $0.58 million for the three months ended December 31, 2019, a decrease of 46.3%. The decrease as compared to the prior year period was primarily the result of (i) a decrease in legal and professional fees related to general corporate matters, (ii) decrease in consulting fees from 2018 in connection with corporate brand development, and (iii) decrease in office expenses in connection with establishing a corporate head office in the third and fourth quarters of 2018.

Acquisition related costs

Acquisition related costs increased from $0.18 million for the three months ended December 31, 2018 to $0.42 million for the three months ended December 31, 2019, an increase of 2,189%. During the three months ended December 31, 2019, the Company incurred certain one-time costs for legal and professional fees directly related to acquisition activity in connection with the proposed Wayland transaction. During the three months ended December 31, 2018, the Company incurred certain one-time costs directly related to the 828 Acquisition. These costs relate to certain legal and professional fees post-completion of the transaction.

Interest expense

During the three months ended December 31, 2019, the Company incurred interest expense of $2.13 million compared to interest expense of $2.67 million for the prior year period, resulting in a variance of $0.53 million and a decrease of 20.0%. During the three months ended December 31, 2019, interest expense relates to (i) interest expense on the Convertible Debentures, (ii) interest accretion on the fair value adjustment of Convertible Debentures, and (iii) interest accretion related to the Company's lease obligation liability. During the three months ended December 31, 2018, interest expense relates to (i) interest accretion on the fair value adjustment of Convertible Debentures, and (ii) interest expense on the Convertible Debentures.

Allowance for loss on loan

As at December 31, 2019, after review of the market conditions in the cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance of $6.55 million, representing the entire balance of the loan including accrued interest.

Discontinued Operations

	Three Months Ended December 31,			
	2019	**2018**	**Variance**	**% Change**
Revenue	3,710,262	7,139,311	(3,429,049)	(48.0%)
Cost of revenue	4,002,626	6,598,673	(2,596,047)	(39.3%)
Fair value loss on re-measurement of digital assets	121,247	2,116,364	(1,995,117)	(94.3%)
Impairment	3,288,025	14,499,902	(11,211,877)	(77.3%)

Revenue

During the three months ended December 31, 2019, the Company earned $3.17 million in revenue from the mining of Bitcoin and $0.54 million from colocation hosting services as compared to $5.95 million and $1.19 million in the prior year period representing a decrease of 48%. During the three months ended December 31, 2019, the Company mined 300.74 Bitcoins compared to 918.35 Bitcoins in the prior year period. The decrease in Bitcoins results from (i) the sale of 8,475 mining machines representing approx. 38% of the Company's total miners, and (ii) increased network difficulty due to increased network hashrate and a corresponding decrease in coin production per miner (see cost of revenue for discussion on hashrate).

The average price for Bitcoin during the three months ended December 31, 2019 was $10,559 (US$8,001), up $3,733 (US$2,823) or 54.7% from $6,826 (US$5,178) for the three months ended December 31, 2018.

Cost of revenue

Cost of revenue is comprised of site operating costs and depreciation. Site operating costs include electricity costs, salaries, and general facility operating costs. The cost of revenue decreased from $6.60 million to $4.00 million, a decrease of 39.3%. The decrease in costs is related to lower depreciation expense given the impairments taken at the end of 2018 on the mining equipment and infrastructure. Further, in classifying the crypto assets as held for sale pursuant to management's decision to exit the cryptocurrency mining industry, the Company stopped recording depreciation expense for these assets.

The cost of mining a Bitcoin, calculated by dividing site operating costs by the number of Bitcoin mined, for the three months ended December 31, 2019 was $10,243, an increase of $5,557 or 119% from $4,686 for the three months ended December 31, 2018.

The increase in the cost of mining a Bitcoin is attributable to the increase in network difficulty corresponding to an increase in network hashrate, resulting in fewer coins mined for the period on a per miner basis. Average network difficulty for the three months ended December 31, 2019 was 13.03 trillion as compared to 6.57 trillion for the three months ended December 31, 2018, an increase of 98%.

The increase in cost per coin on a cash basis would be greater noting that the adoption of IFRS 16 Leases, which classifies the present value of lease payments as depreciation expense against right-of-use assets, has resulted in a lower cost per coin. The cash amount of lease obligations related to mining was $495,000, which would account for an increase in site operating costs on a cash basis of $1,646 per coin.

As network hashrate increases, there is greater competition for fixed block rewards resulting in less Bitcoin mined per individual miner while mining costs per miner remain relatively constant. Network hashrate is driven by the global number of mining machines and the corresponding aggregate hashing power of these machines mining Bitcoin. Bitcoin is designed to add a new block to the blockchain every 10 minutes on average. In order to ensure that the network produces a new block at a steady average rate, the algorithm is set to automatically adjust the difficulty up or down, which results in higher or lower difficulty, respectively.

Fair value loss on re-measurement of digital assets

Fair value loss on re-measurement of digital assets represents the unrealized loss on adjusting the value of the digital assets on hand to the market value on the reporting date and the realized gain (loss) on the sale of Bitcoin previously recorded at its mined value. As at December 31, 2019, the price of Bitcoin was $9,343 (US$7,193) compared to the average price of Bitcoin for the period of $10,559 (US$8,001). As at December 31, 2018, the price of Bitcoin was $5,106 (US$3,743) compared to the average price of Bitcoin for the period of $7,242 (US$5,511).

Impairment

The Company recognized impairment losses related to the mining equipment of $3.29 million for the three months ended December 31, 2019, as compared to $14.50 million for the comparative year period. As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company impaired the mining equipment and mining infrastructure to its recoverable amount (see notes 10 and 21 of the Q4 2019 Financial Statements).

Comparison of the Year Ended December 31, 2019 and 2018

	Year Ended December 31,			
	2019	**2018**	**Variance**	**% Change**
General and administrative	2,339,506	2,716,195	(376,689)	(13.9%)
Acquisition related costs	749,752	414,779	334,973	80.8%
Interest expense	7,261,290	4,275,329	2,985,961	69.8%
Allowance for loss on loan	6,547,486	—	6,547,486	

General and administrative

General and administrative expenses decreased from $2.72 million for the year ended December 31, 2018, to $2.34 million for the year ended December 31, 2019, a decrease of 13.9%. The decrease in general and administrative expense for the year ended December 31, 2019 as compared to the prior year period was primarily the result of (i) decreased legal and professional fees for general corporate matters, and (ii) decreased consulting fees partially offset by increased salary expense resulting from a full year of salaries for the management team that joined the company in the second quarter of 2018.

Acquisition related costs

Acquisition related costs increased from $0.41 million for the year ended December 31, 2018 to $0.75 million for the year ended December 31, 2019, an increase of 80.8%. During the year ended December 31, 2019, the Company incurred certain one-time costs for legal and professional fees directly related to acquisition activity in connection with the Wayland transaction as well as due diligence into another potential acquisition. During the year ended December 31, 2018, the Company incurred certain one-time costs directly related to the 205 Acquisition and the 828 Acquisition. These costs include certain legal and professional fees and travel costs required to complete the two transactions.

Interest expense

During the year ended December 31, 2019, the Company incurred interest expenses of $7.26 million compared to interest expense of $4.27 million for the prior year period, resulting in a variance of $2.99 million or 69.8%. During the year ended December 31, 2019, interest expense relates to (i) interest expense on the Convertible Debentures, (ii) interest accretion on the fair value adjustment of Convertible Debentures, and (iii) interest accretion related to the Company's lease obligation liability. During the year ended December 31, 2018, interest expense relates to (i) interest accretion on the fair value adjustment of Convertible Debentures and Promissory Note, and (ii) interest expenses paid on both the Convertible Debentures and Promissory Note.

Allowance for loss on loan

As at December 31, 2019, after review of the market conditions in the cannabis industry and the developments with Wayland, management concluded that it was unlikely that the Company would recover the balance of the loan and decided to provide for an allowance of $6.55 million, representing the entire balance of the loan including accrued interest.

Discontinued operations

	Year ended December 31,			
	2019	**2018**	**Variance**	**% Change**
Revenue	27,264,733	18,079,005	9,185,728	50.8%
Cost of revenue	19,885,674	17,027,702	2,857,972	16.8%
Fair value loss (gain) on re-measurement of digital assets	(34,821)	2,748,829	(2,783,650)	(101.3%)
Impairment	3,288,025	65,458,793	(62,170,767)	(95.0%)

Revenue

During the year ended December 31, 2019, the Company earned $26.42 million in revenue from the mining of Bitcoin and $0.84 million from colocation hosting services as compared to $15.76 million and $2.32 million respectively in the prior year period representing a total increase of 50.8%. During the year ended December 31, 2019, the Company mined 2,952.65 Bitcoins compared to 1,978.45 Bitcoins in the prior year period. The increase in Bitcoins mined is related to a full twelve months of mining operations at both the 205 and 828 facilities in 2019 as compared to the year ended December 31, 2018, offset by increased network difficulty corresponding to increased network hashrate and a corresponding decrease in coin production per miner, as well as a decrease in miner count for the 8,475 miners that were sold in late Q3 of 2019.

The average price for Bitcoin during the year ended December 31, 2019 was $9,881 (US$7,454). Prior to April 3, 2018, the Company was inactive and did not generate revenues. The average price for Bitcoin during the period April 2, 2018 through to December 31, 2018 was $8,587 (US$6,590).

Cost of revenue

Cost of revenue is comprised of site operating costs and depreciation. Site operating costs include electricity costs, salaries, and general facility operating costs. The cost of revenue increased from $17.03 million to $19.89 million, an increase of $2.86 million or 16.8%. The increase in costs is related to a full year of mining operation for both the 205 and 828 facilities. The cost of mining a Bitcoin, calculated by dividing site operating costs by the number of Bitcoin mined, for the year ended December 31, 2019, was $5,466, an increase of $923 or 20% from $4,543 for the year ended December 31, 2018.

The increase in the cost of mining a Bitcoin is attributable to the increase in network difficulty corresponding to an increase in network hashrate, resulting in fewer coins mined for the period on a per miner basis. Average network difficulty for the year ended December 31, 2019 was 9.00 trillion as compared to 5.70 trillion for the year ended December 31, 2018, an increase of 58%.

The increase in cost per coin on a cash basis would be greater noting that the adoption of IFRS 16 Leases, which classifies the present value of lease payments as depreciation expense against right-of-use assets, has resulted in a lower cost per coin. The cash amount of lease obligations related to mining was $2.00 million, which would account for an increase in site operating costs of $677 per coin on a cash basis.

As network hashrate increases, there is greater competition for fixed block rewards resulting in less Bitcoin mined per individual miner while mining costs per miner remain constant. Network hashrate is driven by the global number of mining machines and the corresponding aggregate hashing power of these machines. Bitcoin is designed to add a new block to the blockchain every 10 minutes on average. In order to ensure that the network produces a new block at a steady average rate, the algorithm is set to automatically adjust the difficulty up or down, which results in higher or lower difficulty, respectively.

Fair value gain (loss) on re-measurement of digital assets

Fair value gain (loss) on re-measurement of digital assets represents the unrealized gain (loss) on adjusting the value of the digital assets on hand to the market value on the reporting date and the realized gain (loss) on the sale of Bitcoin previously recorded at their mined value. As at December 31, 2019, the price of Bitcoin was $9,343 (US$7,193) compared to the average price of Bitcoin for the period of $9,881 (US$7,454). As at December 31, 2018, the price of Bitcoin was $5,106 (US$3,743) compared to the average price of Bitcoin for the period April 3 to December 31, 2018, of $8,587 (US$6,590).

Impairment

The Company recognized impairment losses related to the mining equipment of $3.29 million for the year ended December 31, 2019, as compared to $65.46 million for the comparative year period. As at December 31, 2019, the Company determined that the recoverable amount of mining equipment and mining infrastructure was less than the previously impaired value. The Company impaired the mining equipment and mining infrastructure to its recoverable amount (see notes 10 and 21 of the Q4 2019 Financial Statements).

SUMMARY OF QUARTERLY RESULTS

The following financial data for each of the eight most recently completed quarters has been prepared in accordance with IFRS.

	For the three months ended (unaudited)			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Net loss and comprehensive loss from continuing operations	(152,778)	(845,844)	(2,922,184)	(4,419,635)
Net loss and comprehensive loss	(152,778)	(51,738,445)	(3,437,552)	(18,924,184)
Total assets	13,008,741	66,663,808	64,847,400	17,973,697
Total liabilities	147,023	46,285,348	47,297,695	29,710,012
Basic and diluted loss and comprehensive loss per common share from continuing operations	$ (0.03)	$ (0.17)	$ (0.50)	$ (0.84)
Basic and diluted loss and comprehensive loss per common share	$ (0.03)	$ (10.44)	$ (0.58)	$ (3.60)

	For the three months ended (unaudited)			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net loss and comprehensive loss from continuing operations	(3,017,817)	(1,567,595)	(2,658,717)	(9,718,162)
Net income (loss) and comprehensive income (loss)	(3,124,358)	2,850,926	2,141,330	(13,590,497)
Total assets	23,425,111	24,686,641	28,472,513	15,581,954
Total liabilities	38,235,186	36,947,189	38,541,134	38,847,679
Basic and diluted loss and comprehensive loss per common share from continuing operations	$ (0.24)	$ (0.12)	$ (0.21)	$ (0.73)
Basic and diluted income (loss) and comprehensive income (loss) per common share	$ (0.25)	$ 0.22	$ 0.17	$ (0.85)

LIQUIDITY AND CAPITAL RESOURCES

The Company recommenced earning revenues in April of 2018. However, it has limited history and no assurances that historical performance will be indicative of future performance. The Company is reliant on external financing to take advantage of growth opportunities and its ability to continue as a going concern is dependent on the Company's ability to profitably mine cryptocurrencies and then exchange the cryptocurrencies for fiat currency. As at December 31, 2019, the Company had a negative working capital balance of $23.46 million (December 31, 2018 – $2.23 million), of which 31.98 million relates to the convertible debentures that comes due on June 21, 2020 and can be settled with the issuance of common shares. As a result, the working capital as it relates to cash needs is $8.51 million which is sufficient cash to fund its current operating and administrative costs.

Contractual obligations

The following is a summary of the Company's contractual obligations at December 31, 2019:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Convertible Debenture[1]	35,728,011	35,728,011	—	—	—
Lease obligations	277,268	127,970	149,298	—	—
Total	**$36,005,279**	**$35,855,981**	**$ 149,298**	**$ —**	**$ —**

[1]Includes principal and interest.

Financial instruments and risk management

The Company is exposed to various risks including market risk, liquidity risk, and other risks related to its current concentration in a single asset, Bitcoin. Investing in Bitcoin is highly speculative and volatile. The investment objective of the Company has been to track the market price of Bitcoin, less the Company's liabilities and expenses, by investing the assets of the Company in Bitcoin. As Bitcoin prices rise, the Company should achieve those gains. However, there can be no assurance that the Company matches the gains in prices of Bitcoin and other cryptocurrencies. The company does not employ leverage as part of its investment strategy.

To the extent private keys for Bitcoin addresses are lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Company may be unable to access the Bitcoin held in the associated address and the private key will not be capable of being restored by the Bitcoin network. The processes by which Bitcoin transactions are settled are dependent on the Bitcoin peer-to-peer network, and as such, the Company is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of Bitcoin.

The nature and extent of the financial instruments outstanding at the reporting date, and the risk management policies employed by the Company, are discussed below.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will impact the cash flows of the Company. As all of the Company's financial debts are based on fixed interest rates, the impact of a change in interest rates will not impact the Company's income or cash flows.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which is the functional currency of the Company.

The table below indicates the foreign currencies to which the Company has exposure at December 31, 2019 in Canadian dollar terms:

	USD
Cash	$ 1,631

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the CAD exchange rate at the balance sheet date for balance sheet items denominated in USD:

Currency	10% Strengthening (weakening)
USD	$ 163

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The net asset value of the Company relates directly to the value of Bitcoin held by the Company, and fluctuations in the price of Bitcoin could materially and adversely affect an investment in the shares of the Company. The price of Bitcoin has a limited history. During such history, Bitcoin prices have been volatile and subject to influence by many factors including the levels of liquidity. If Bitcoin markets continue to experience significant price fluctuations, the Company may experience corresponding losses or gains. Several factors may affect the price of Bitcoin, including but not limited to, global Bitcoin supply and demand, and competition from other forms of digital currency or payment services.

At December 31, 2019, had the market price of the Company's holdings of Bitcoin increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease respectively would be $12,642.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

There is currently no central or major depository for the custody of Bitcoin. There is a risk that some or all of the Company's Bitcoin could be lost or stolen. The Company does not have insurance protection on its Bitcoin, which exposes the Company and its shareholders to the risk of loss of the Bitcoin. Further, Bitcoin transactions are irrevocable and stolen or incorrectly transferred Bitcoin may be irretrievable. As a result, any incorrectly executed Bitcoin transactions could adversely affect an investment in the Company.

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 that 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, with the exception of the lease obligation liability, are due within the next two years. The convertible debenture with a principal balance of $34,500,000 matures on June 21, 2020.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Currently, the Company has its investment highly concentrated in a single asset, Bitcoin. The Company tracks the market price of Bitcoin and manages liabilities and expenses to mitigate concentration risk.

Security risk

Bitcoins are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet in which the Bitcoins are held. The Bitcoin network requires a public key relating to a digital wallet to be published when used in a spending transaction and, if keys are lost or destroyed, this could prevent trading of the corresponding Bitcoins.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the Bitcoin exchange market since the launch of the Bitcoin network. Any security breach caused by hacking could cause loss of Bitcoin investments.

Bitcoin network risk

The open-source structure of the Bitcoin network protocol means that the core developers of the Bitcoin network and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin network protocol. A failure to properly monitor and upgrade the Bitcoin network protocol could damage the Bitcoin network.

CASH FLOWS BY ACTIVITY

Comparison of the Three Months Ended December 31, 2019 and 2018

The table below outlines a summary of cash inflows and outflows by activity for the three months ended December 31, 2019 and 2018.

	Three Months Ended December 31,			
	2019		2018	
Net cash (used in) provided by operating activities	$	(829,936)	$	2,915,318
Net cash used in financing activities	$	(1,906,574)	$	(3,999,556)
Net cash (used in) provided by investing activities	$	(249,460)	$	116,328

Cash (used in) provided by Operating Activities

The Company used cash from operating activities for the three months ended December 31, 2019. The Company's cash outflows from operating activities relate to (i) cash outflows related to mining costs incurred in the period and (ii) uncollected sales tax receivable partially offset by the sale of Bitcoin in the period.

The Company generated cash inflows from operating activities for the three months ended December 31, 2018. The Company's cash inflows from operating activities relate to the sale of Bitcoin in the period, partially offset by (i) cash outflows related to mining costs incurred in the period, (ii) settlement of payables primarily related to legal and professional fees accumulated in prior quarters, (iii) uncollected colocation revenue, and (iv) uncollected sales tax receivable.

Cash used in Financing Activities

During the three months ended December 31, 2019, the Company's cash outflows from financing activities related to (i) interest paid on the convertible debenture, and (ii) cash paid on the settlement of lease obligations. During the three months ended December 31, 2018, the Company's cash outflows from financing activities related to cash paid on the settlement of the Promissory Note and interest paid on the Convertible Debenture.

Cash (used in) provided by Investing Activities

During the three months ended December 31, 2019, the Company's cash outflows in investing activities related to the loan advanced to the Wayland Group. During the three months ended December 31, 2018, the Company's cash provided by investing activities corresponded to refunds on the purchase of certain infrastructure upgrades.

Comparison of the Year Ended December 31, 2019 and 2018

The table below outlines a summary of cash inflows and outflows by activity for the year ended December 31, 2019 and 2018.

	Year Ended December 31,	
	2019	**2018**
Net cash provided by (used in) operating activities	$ 8,099,679	$ (5,692,847)
Net cash (used in) provided by financing activities	$ (4,887,741)	$ 34,323,723
Net cash used in investing activities	$ (3,499,628)	$ (40,260,855)

Cash provided by (used in) Operating Activities

The Company generated cash inflows from operating activities for the year ended December 31, 2019. The Company's cash inflows from operating activities resulted from the sale of Bitcoin in the period, partially offset by (i) cash outflows related to mining costs incurred in the period, (ii) uncollected sales tax receivable, and (iii) settlement of payables primarily related to legal and professional fees accumulated in prior quarters.

The Company's cash outflow from operating activities increased for the year ended December 31, 2018 as compared to the prior year period primarily as a result of (i) cash outflows related to mining costs incurred in the period, (ii) settlement of acquired payables, and (iii) increased prepaid deposits for rent and electricity. These cash outflows were partially offset by the sale of Bitcoin and funds collected from colocation revenue.

Cash (used in) provided by Financing Activities

During the year ended December 31, 2019, the Company's cash outflows from financing activities related to interest paid on the Convertible Debentures and cash paid on the settlement of lease obligations. During the year ended December 31, 2018, the Company's cash inflows from financing activities related to (i) proceeds from the issuance of the Convertible Debentures and (ii) proceeds from issuance of Common Shares in relation to exercised warrants. These inflows were partially offset by interest paid on the Convertible Debentures and Promissory Note.

Cash used in Investing Activities

During the year ended December 31, 2019, the Company's cash outflows in investing activities relate to the loan to the Wayland Group offset by the proceeds from the sale of certain cryptocurrency mining equipment. During the year ended December 31, 2018, the Company's cash outflows from investing activities related to the (i) completion of the 828 Acquisition, (ii) settlement of the shareholder loan assigned in the 205 Acquisition, and (iii) purchase of mining equipment, infrastructure and office equipment. These cash outflows were partially offset by interest earned on short-term investments.

SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated 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 following are the estimates and assumptions that have been made in applying the Company's accounting policies that have the most significant effects on the amounts in the consolidated financial statements.

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily though sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured at net book value less impairment loss. Assets held for sale are measured at the lower of their carrying amounts or their fair value less costs to sell and are no longer depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company has not recognized the value of any deferred tax assets in its statements of financial position.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with its various filing positions. Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect its effective income tax rate and income tax provision.

The Company has earned Bitcoin from the commercial activity of Bitcoin mining. The Company has followed the published Canada Revenue Agency ("CRA") view that Bitcoin is a commodity and inventory of the business, the value of which is included in the calculation of taxable income from the business. Bitcoin is valued in accordance with Section 10 of the Income Tax Act. Revenue from Bitcoin mining is included in taxable income when the Bitcoin earned is sold or exchanged for cash or another asset. There is uncertainty regarding the taxation of cryptocurrency and the CRA may assess the Company differently from the position adopted. This could result in additional current taxes payable with equal offset to deferred tax expense.

Impairment of non-financial assets

Assets are deemed to be impaired when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell 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.

Foreign currency translation

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in profit or loass. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Fair value measurement of equity instruments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and warrants, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in note 15.

Accounting for digital assets

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets. Noted below are the key policies used to account for these assets.

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 2 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 reporting period. The Company is relying on the data available at Coin Market Cap to be an accurate representation of the closing price for the different digital assets.

Useful life of mining equipment

Management is depreciating mining equipment using a straight-line basis, with a useful life of:

Mining equipment	3 years
Supporting infrastructure	5 years

The mining equipment is used to generate digital assets. The rate at which the Company generates digital assets 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;
- The general availability of appropriate computer processing capacity on a global basis; and,
- Technological obsolescence resulting from rapid development in the mining machines, such that more recently developed hardware generally increases processing capacity, which usually renders new machines more economically efficient to operate, resulting in lower costs of operations. Further, the newer machines may be made available at a lower cost of purchase.

Based on the Company's and the industry's short life cycles to date, there is limited market data available. Furthermore, the data available also includes data derived from the use of economic modeling to forecast future digital assets and the assumptions included in such forecasts, including the digital asset's price and network difficulty, and derived from management's assumptions that are inherently judgmental. Based on current data available, management has determined that the straight-line method of amortization over three years best reflects the current expected useful life of mining equipment. Management will review this estimate at each reporting date and will revise 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 will review the appropriateness of its assumption of nil residual value at each reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Accounting for business combinations

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized, regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated statements of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition. Any excess of the identifiable net assets over the fair value of the consideration transferred is immediately recognized in net earnings.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity interests issued by the Company, including the fair value of all the assets and liabilities resulting from a deferred payment arrangement. Acquisition related costs are expensed as incurred.

Revenue recognition

Bitcoin mining

Revenue is comprised of the fair value of consideration received for the provision of services in the ordinary course of business. The Company derives its revenue through the receipt of Bitcoin in exchange for providing successful "mining" services to the blockchains corresponding to various Bitcoin. Mining is the process by which transactions are verified and added to a blockchain.

Revenue is recognized in accordance with IFRS 15, Revenue from Contracts with Customers. Bitcoin mining is the ordinary business activity of the Company and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 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 is recognized by the Company when payment, in the form of Bitcoin, is received for successful mining services rendered. Revenue earned from Bitcoin mining activities is recognized at the fair value of the Bitcoin received as consideration on the date of actual receipt. Fair value is measured using the closing price on Coin Market Cap on the date of receipt. During the year ended December 31, 2019, the Company recognized $26,420,383 (2018 - $15,758,349) in revenue from discontinued Bitcoin mining operations.

The amended standard was effective January 1, 2018 and did not have an impact on the consolidated financial statements.

Colocation services

The Company earns colocation revenue from one customer at one of its mining facilities in exchange for hosting the customer's cryptocurrency mining equipment. Colocation revenue is recognized in profit or loss based on the consumption of electricity on a monthly basis.

Digital assets

Digital assets are generated from the Company's mining activities, which meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Where digital assets are recognized as revenue, the fair value of the Bitcoin received is considered to be the cost of the digital assets. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital asset at the end of each of its three interim financial reporting periods and at its annual financial reporting period end date. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

The Company obtains the equivalency rate of tradable 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. The Company converts the price from USD to CAD based on the closing exchange rate on the date of asset generation. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable digital assets, and this information and all related databases are accessible to the Company.

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditure required to make the equipment ready for use. Repairs and maintenance expenses are charged against income as incurred. Expenditures that extend the estimated life of an asset are capitalized.

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

Mining servers	3 years	straight-line
Supporting infrastructure	5 years	straight-line
Office equipment	5 years	straight-line

The asset's residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Depreciation of mining equipment is recognized in cost of revenue on the consolidated statement of loss and comprehensive loss.

Refer to note 3 for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of depreciation, the underlying useful life and the estimation of residual values in respect of mining equipment.

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) 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. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies that requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Loss per share

The calculation of loss per common share is based on the reported net loss divided by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Share issue costs

Costs incurred for the issue of common shares are deducted from share capital.

Share-based transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

Income taxes

The Company is in the business of mining for digital assets in a commercial manner. The income from the business is included in determining taxable income for the period. Revenue from digital assets mining is included in taxable income when the digital assets earned are sold or exchanged for cash or another asset. The digital assets held at period end are treated as a commodity and valued pursuant to section 10 of the Income Tax Act.

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

Current income tax

Current income tax is measured as 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.

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.

Deferred income tax

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 income.

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 assets 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 assets and deferred tax liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right to offset.

Adoption of IFRS 16, Leases and resulting changes to lease accounting policy

Effective January 1, 2019, the Company adopted IFRS 16. The standard supersedes IAS 17 Leases, International Financial Reporting Interpretations Committee ("IFRIC") 4, Determining Whether An Arrangement Contains a Lease, and related interpretations. IFRS 16 requires the recognition of a right-of-use asset ("ROU asset") and lease obligation on the statement of financial position for most leases, where the Company is acting as a lessee. For lessees applying IFRS 16, the dual classification model of leases as either operating or finance leases no longer exists, treating all leases as finance leases.

Initial adoption

The Company has elected to apply IFRS 16 using a modified retrospective approach that does not require the restatement of prior period financial information. Modified retrospective application recognizes the cumulative effect of IFRS 16 as an adjustment to the opening deficit at January 1, 2019 and applies the standard prospectively.

The following table shows the impact of the adoption of IFRS 16 on the Company's statement of financial position, as at January 1, 2019.

Classification	**Impact**	**Amount**
ROU asset	Increase	$ 7,050,416
Current portion of lease obligation	Increase	$ (1,312,555)
Long-term portion of lease obligation	Increase	$ (5,737,861)

		January 1, 2019
Minimum operating lease commitment at December 31, 2018	**$**	**9,100,238**
Short-term leases not recognized under IFRS 16		—
Undiscounted lease payments		9,100,238
Effect of discounting using the incremental borrowing rate as at the date of initial application		(2,049,822)
Lease liabilities for leases classified as finance leases under IAS 17		7,050,416
Leases previously classified as finance leases under IAS 17		—
Total lease liability as at January 1, 2019	**$**	**7,050,416**

At January 1, 2019, the Company applied the following optional exemptions permitted under the standard:

- Leases whose terms end within 12 months of initial adoption have been recognized as short-term leases.
- Certain leases having similar characteristics are measured on transition as a portfolio by applying a single discount rate.
- Initial measurements of the ROU assets have excluded initial direct costs where applicable.
- On transition to IFRS 16, the Company elected to measure the right-of-use assets at the amount equal to the lease liabilities. As at January 1, 2019, the Company recognized $7,050,416 of right-of-use asset and lease liabilities, with a $nil impact on deficit.

On transition to IFRS 16 under the modified retrospective approach, lease payments are discounted using the Company's incremental borrowing rate as of January 1, 2019. The Company used an incremental borrowing rate of 12% to measure the present value of the future lease payments on January 1, 2019.

Ongoing recognition and measurement

On the date that the leased asset becomes available for use, the Company recognized a ROU asset and a corresponding lease obligation. Interest expense associated with the lease obligation is charged to profit or loss over the lease period with a corresponding increase to the lease obligation. The lease obligation is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

ROU assets and lease obligations are initially measured on a present value basis. Lease obligations are measured at the net present value of the lease payments, which may include: fixed lease payments, variable lease payments that are based on an index or a rate, amounts expected to be payable under residual value guarantees and payments exercised at an extension or a termination option if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is comprised of the amount of the initial measurement of the lease obligation, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The rate implicit in the lease is used to determine the present value of the liability and ROU asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used.

RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board.

The compensation of such key management for the year ended December 31, 2019 and 2018 included the following:

		2019		2018
Salaries and director remuneration	$	828,625	$	700,089
Stock-based compensation expense - directors and officers		193,189		2,471,087
	$	**1,021,814**	**$**	**3,171,176**

As at December 31, 2019, included in accounts payable and accrued liabilities was $30,194 (2018 – $107,256) of payments owed to key management personnel. As at December 31, 2019, $nil (2018 – $39,794) of the amount included in accounts payable and accrued liabilities relate to salaries payable which will be settled through the transfer of bitcoin.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2019, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value and an unlimited number of common shares. The table below lists the securities outstanding:

	As at May 12, 2020
Common shares	12,719,171
Stock options	216,667
Share purchase warrants	1,150,000
Total Common Shares on a fully-diluted basis	**14,085,838**

RISK FACTORS AND UNCERTAINTIES

The business of the Company contains significant risk. Certain risk factors are similar across the industry while others are specific to the Company. For a discussion of these risk factors, please refer to the Company's management's discussion and analysis for the year ended December 31, 2018, including under "Risk Factors and Uncertainties" therein, as well as the Company's prospectus filed on June 14, 2018, which is available under the Company's profile on SEDAR at www.sedar.com.

SCHEDULE "C"
ANNUAL AND INTERIM FINANCIAL STATEMENTS OF COPENHAGEN MINERALS INC.

(*See attached*)

COPENHAGEN MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2020 and 2019

(Expressed in Canadian dollars)

COPENHAGEN MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2020 and 2019

(Expressed in Canadian dollars)

INDEX	**PAGE**

COPENHAGEN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
Unaudited
(Expressed in Canadian dollars)

	December 31, 2020 $	March 31, 2020 $
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	-	14,125
Due to Greenland Resources Inc. (Note 5)	1,187,302	1,091,142
TOTAL CURRENT LIABILITIES	1,187,302	1,105,267
TOTAL LIABILITIES	1,187,302	1,105,267
SHAREHOLDER'S DEFICIENCY		
Share capital	300,000	300,000
Deficit	(1,487,302)	(1,405,267)
TOTAL SHAREHOLDER'S DEFICIENCY	(1,187,302)	(1,105,267)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY	-	-

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 9)
SUBSEQUENT EVENTS (Note 12)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Ruben Shiffman*" __________, Director

Signed "*James Steel*" __________, Director

See accompanying notes to the condensed interim financial statements.

COPENHAGEN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31
Unaudited
(Expressed in Canadian dollars)

	Three months ended December 31		Nine months ended December 31	
	2020 **$**	**2019** **$**	**2020** **$**	**2019** **$**
EXPENSES				
General and administration expenses	-	-	-	52
Accounting and legal	-	-	-	2,525
Consulting	-	-	33,000	-
Exploration expenses (Note 5)	-	37,360	49,035	45,872
Amortization (Note 4)	-	332	-	997
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	-	37,692	82,035	49,446
NET LOSS PER SHARE				
-basic and diluted	-	0.13	0.27	0.16
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
-basic and diluted	300,000	300,000	300,000	300,000

See accompanying notes to the condensed interim financial statements.

COPENHAGEN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31
Unaudited
(Expressed in Canadian dollars)

	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(82,035)	(49,446)
Adjustment for:		
Amortization (Note 4)	-	997
	(82,035)	(48,449)
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	(14,125)	-
Net cash used in operating activites	(96,160)	(48,449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Greenland Resources Inc.	96,160	48,449
Net cash provided by financing activities	96,160	48,449
Change in cash	-	-
CASH, BEGINNING OF PERIOD	-	-
CASH, END OF PERIOD	-	-

See accompanying notes to the condensed interim financial statements.

COPENHAGEN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIENCY
FOR THE NINE MONTHS ENDED DECEMBER 31, 2020 AND 2019
Unaudited
(Expressed in Canadian dollars)

	Share Capital $	Deficit $	Total $
Balance, March 31, 2020	**300,000**	**(1,405,267)**	**(1,105,267)**
Net (loss) for the period	-	(82,035)	(82,035)
Balance, December 31, 2020	**300,000**	**(1,487,302)**	**(1,187,302)**

Balance, March 31, 2019	**300,000**	**(1,338,844)**	**(1,038,844)**
Net (loss) for the period	-	(49,446)	(49,446)
Balance, December 31, 2019	**300,000**	**(1,388,290)**	**(1,088,290)**

See accompanying notes to the condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Copenhagen Minerals Inc. (the “Company”) was incorporated under the laws of the Province of Ontario by articles of incorporation dated November 20, 2013 and has been a wholly-owned subsidiary of Greenland Resources Inc. (the “Parent”) since May 20, 2014. The Company is engaged in the acquisition, exploration and development of mineral properties in Greenland. The Company owns a 100% interest in the Storø Gold Project. The Company’s registered office is at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations on such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that future exploration and development programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company and the Parent to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at December 31, 2020 the Company had no source of operating cash flows, had not yet achieved profitable operations, and had accumulated losses since inception. The Company’s ability to continue as a going concern in the longer term is dependent upon its ability to obtain additional financing and achieve profitable operations in the future. There is no assurance that the Company will be successful in achieving these objectives. Accordingly, a material uncertainy exists that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The financial statements were approved by the Board of Directors of the Parent on March 5, 2021.

2. BASIS OF PREPARATION

Statement of compliance
The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These carve-out financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, they do not include all of the information required for full annual financial statements by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies have been consistently applied to all periods presented unless otherwise noted.

Basis of measurement
These financial statements are prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS AND CHANGES IN ACCOUNTING STANDARDS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are as follows:

Contingencies
Refer to Note 9.

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Liabilities are recognized for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Changes in accounting standards
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020, including amendments to IAS 1 and IAS 8. Adoption of these standards did not have a significant impact on the financial statements.

4. EQUIPMENT

As at and for the nine-month period ended December 31, 2020

	Field equipment
Net book value, beginning	$ -
Amortization	-
Ending	-
Consisting of	
Cost	6,644
Accumulated amortization	(6,644)
	-

(Expressed in Canadian dollars)

4. EQUIPMENT (continued)

As at and for the year ended March 31, 2020

	Field equipment
Net book value, beginning	$ 1,147
Amortization	(1,147)
Ending	-
Consisting of	
Cost	6,644
Accumulated amortization	(6,644)
	-

5. RELATED PARTY TRANSACTIONS

During the three and nine months ended December 31, 2020 and 2019, the Company had no source of operating cash flow and relied entirely on the Parent to fund its operations. Advances from the Parent are unsecured, bear no interest and have no stated terms of repayment.

6. EXPLORATION AND EVALUATION PROPERTIES

License 2014/11, referred to as the Storø Project, was renewed for a further five years following expiry of its first five-year term on December 31, 2018. The Company applied for and was granted a renewal of the key mineralized area and dropped two separate blocks that comprised part of the original license area and had been determined to have only limited exploration potential. Due to COVID-19, the minimum exploration requirements for 2020 and 2021 (years 7 and 8) were waived and both years have been taken out of the licence period, thereby extending the licence period by two years; annual requirements for years 7 through 10 (2022 – 2025) are expected to approximate the 2019 (year 6) amount of DKK 864,200 or approximately $180,000.

Exploration expenditures incurred on the Storø Property during the three and nine months ended December 31, 2020 and 2019 are summarized as follows:

	Three months ended December 31		Nine months ended December 31	
	2020 $	2019 $	2020 $	2019 $
Consulting, deposit studies	-	37,000	19,205	37,000
Communications and data	-	188	-	188
Supplies and services	-	172	-	172
Tenure	-	-	29,830	8,512
	-	37,360	49,035	45,872

On October 13, 2020, the Parent announced that the Government of Greenland granted the Company two new mineral licenses. The first, new mineral exploration Licence No. 2021-01, surrounds the existing Company's Storø gold project license No. 2014-11. The second is a new mineral prospecting license, No. 2020-62, in western and southwestern Greenland. The new mineral exploration licence has exploration expenses estimated mainly based on its size of DKK 640,000 or approximately $133,000 in each of calendar years 2022 and 2023, DKK 2,900,000 or approximately $603,200 in each of calendar years 2024 through 2026, and DKK 5,800,000 or approximately $1,206,400 in each of calendar years 2027 – 2031. Exploration expenses that exceed the exploration expense requirements can be carried forward for three years. Exploration license holders can reduce anytime the size of the license and therefore reduce the exploration expenditures requirements. The prospecting licence carries no exploration or expenditure obligations.

7. CAPITAL STOCK

(a) Authorized
Unlimited number of common shares with no par value

(b) Issued

	Number of shares #	Amount $
Balance, March 31 and December 31, 2020	300,000	300,000

8. CAPITAL MANAGEMENT

The capital structure of the Company consists of advances from the Parent, share capital and accumulated deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to fund its exploration activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The Company is in the exploration stage and as such, is dependent on financing provided by the Parent to fund its activities.

9. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various international and federal laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Under the mining law of Greenland, certain levels of expenditure are required to have been incurred in order to renew licenses annually, and the Company intends to continue to meet those requirements. (See Note 6)

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Parent is closely monitoring the business environment as a result to ensure minimal disruption to business operations.

10. FINANCIAL INSTRUMENTS

Fair Value

Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values of accounts payable and accrued liabilities and due to Greenland Resources Inc. approximate their fair values due to their short-term nature.

Risk Factors

The risk exposures and the impact on the financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Liquidity Risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020 and March 31, 2020, the Company held no cash balances, being entirely dependant on the Parent for financial support.

Foreign Exchange Risk:

The Company's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. Certain exploration and administrative expenses are incurred in Danish Krone (DKK) or other currencies converted from the Parent's Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is, for the foreseeable future, negligible and therefore does not hedge its foreign exchange risk. There were no material foreign currency balances as at December 31, 2020 and March 31, 2020.

Interest Rate Risk:

The Company has no interest-bearing debt.

Price Risk:

Prices of goods and services consumed in the course of the Company's activity can fluctuate in response to supply and demand and are often driven by industry cycles. Fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration. If they vary materially from forecasts made when budgets are set it could affect the ability of the Company to complete work programs. Generally, the Company's planning time horizons are short enough that this does not present a significant risk.

11. SEGMENTED INFORMATION

The Company's operations consist of the acquisition, exploration and development of mineral properties. During the nine months ended December 31, 2020 and 2019, substantially all of the assets and operations related to the acquisition, exploration and development of resource properties were based in Canada. The Storø Project is located in Greenland.

12. SUBSEQUENT EVENT

On January 28, 2021, the Parent announced that it had entered into a binding share purchase agreement with Cryptologic Corp., a shell company listed on the Canadian Securities Exchange ("CSE"), to sell 100% of the outstanding shares of the Company. Cryptologic Corp. will pay $0.25 million in cash and issue 37.6 million of its own common shares at a deemed issue price of $0.24 per share. It is expected that the Parent will own 26% of Cryptologic Corp. upon closing and have board representation.

Completion of the transaction is subject to customary conditions, including receipt of shareholder and regulatory approvals.

COPENHAGEN MINERALS INC.

FINANCIAL STATEMENTS

MARCH 31, 2020 and 2019

(Expressed in Canadian dollars)

COPENHAGEN MINERALS INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 and 2019

(Expressed in Canadian dollars)

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholder of Copenhagen Minerals Inc.

Opinion

We have audited the financial statements of Copenhagen Minerals Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2020 and 2019 and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred net losses from inception and has no source of operating cash flows. These events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Koko Yamamoto.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 22, 2021

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	March 31, 2020 $	March 31, 2019 $
ASSETS		
NON-CURRENT ASSETS		
Equipment (Note 5)	-	1,147
TOTAL ASSETS	-	1,147
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	14,125	-
Due to Greenland Resources Inc. (Note 6)	1,091,142	1,038,844
TOTAL CURRENT LIABILITIES	1,105,267	1,038,844
TOTAL LIABILITIES	1,105,267	1,038,844
SHAREHOLDER'S DEFICIENCY		
Share capital	300,000	300,000
Deficit	(1,405,267)	(1,338,844)
TOTAL SHAREHOLDER'S DEFICIENCY	(1,105,267)	(1,038,844)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY	-	-

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Note 11)
SUBSEQUENT EVENT (Note 14)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Ruben Shiffman*", Director

Signed "*James Steel*", Director

See accompanying notes to the financial statements.

COPENHAGEN MINERALS INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31
(Expressed in Canadian dollars)

	2020 $	2019 $
EXPENSES		
General and administration expenses	51	2
Accounting and legal	2,525	-
Exploration expenses (Notes 6 and 7)	62,699	26,513
Amortization (Note 5)	1,148	1,329
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	66,423	27,844
NET LOSS PER SHARE		
-basic and diluted	0.22	0.09
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
-basic and diluted	300,000	300,000

See accompanying notes to the financial statements.

COPENHAGEN MINERALS INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31
(Expressed in Canadian dollars)

	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(66,423)	(27,844)
Adjustment for:		
Amortization (Note 5)	1,148	1,329
	(65,275)	(26,515)
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	14,125	-
Net cash used in operating activites	(51,150)	(26,515)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Greenland Resources Inc.	51,150	26,515
Net cash provided by financing activities	51,150	26,515
Change in cash	-	-
CASH, BEGINNING OF YEAR	-	-
CASH, END OF YEAR	-	-

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIENCY
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian dollars)

	Share Capital $	Deficit $	Total $
Balance, March 31, 2019	**300,000**	**(1,338,844)**	**(1,038,844)**
Net (loss) for the year	-	(66,423)	(66,423)
Balance, March 31, 2020	**300,000**	**(1,405,267)**	**(1,105,267)**

Balance, March 31, 2018	**300,000**	**(1,311,000)**	**(1,011,000)**
Net (loss) for the year	-	(27,844)	(27,844)
Balance, March 31, 2019	**300,000**	**(1,338,844)**	**(1,038,844)**

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Copenhagen Minerals Inc. (the “Company”) was incorporated under the laws of the Province of Ontario by articles of incorporation dated November 20, 2013 and has been a wholly-owned subsidiary of Greenland Resources Inc. (the “Parent”) since May 20, 2014. The Company is engaged in the acquisition, exploration and development of mineral properties in Greenland. The Company owns a 100% interest in the Storø Gold Project. The Company’s registered office is at 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations on such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that future exploration and development programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company and the Parent to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at March 31, 2020 and 2019, the Company had no source of operating cash flows, had not yet achieved profitable operations, and had accumulated losses since inception. The Company’s ability to continue as a going concern in the longer term is dependent upon its ability to obtain additional financing and achieve profitable operations in the future. There is no assurance that the Company will be successful in achieving these objectives. Accordingly, a material uncertainy exists that may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not include the adjustments that would would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The financial statements were approved by the Board of Directors of the Parent on January 22, 2021.

2. BASIS OF PREPARATION

Statement of compliance
These financial statements of the Company were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies have been consistently applied to all periods presented unless otherwise noted.

Basis of measurement
These financial statements are prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash
Cash consists of chequing accounts held at financial institutions in Canada. The Company has not experienced any losses related to these balances and management believes the credit risk to be minimal.

Equipment
Equipment is initially recorded at cost. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of equipment, less its estimated residual value, over its estimated useful life as follows:

Field equipment straight line basis over estimated useful life of five years

Exploration and evaluation expenditures
The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of exploration and evaluation properties, property option payments and exploration and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Decommissioning, restoration and similar liabilities
A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs, discounted to their net present value, are provided for at the start of each project as soon as the obligation to incur such costs arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates, using a pretax rate reflecting the time value of money, are used to calculate the net present value. The liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Changes in estimates of decommissioning costs are accounted for in the period the change is identified.

The Company had no material restoration, rehabilitation and environmental obligations as at March 31, 2020 and 2019.

Provision
A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate. The Company had no material provisions at March 31, 2020 and 2019.

Income taxes
Income tax expense comprises current and deferred tax and is recognized in profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current income taxes
Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes
Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Financial instruments

Financial assets
Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either Fair Value Through Profit or Loss (“FVPL”) or Fair Value Through Other Comprehensive Income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
For any receivable assets, the Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities
Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Foreign currency transactions
Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Loss per share
Basic loss per share is calculated by dividing profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the year by the number of shares bought back or issued during the year, multiplied by a time-weighting factor.

Diluted loss per share is calculated by adjusting the number of shares for the effects of dilutive options and warrants. The effects of anti-dilutive potential units are ignored in calculating diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are as follows:

Contingencies

Refer to Note 11.

Income, value added, withholding and other taxes

The Parent and the Company are subject to income, value added, withholding and other taxes. Significant judgment is required in determining the provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Liabilities are recognized for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Changes in accounting standards

During the year ended March 31, 2020, a number of new IFRS standards, interpretations, amendments and improvements of existing standards were adopted. These included IFRS 16 and IFRIC 23. These new standards and changes did not have any material impact on the financial statements.

4. FUTURE ACCOUNTING CHANGES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and are not expected to have a significant impact on the Company's financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

(Expressed in Canadian dollars)

5. EQUIPMENT

March 31, 2020

	Field equipment
Net book value, beginning	$ 1,147
Amortization	(1,147)
Ending	-
Consisting of	
Cost	6,644
Accumulated amortization	(6,644)
	-

March 31, 2019

	Field equipment
Net book value, beginning	$ 2,476
Amortization	(1,329)
Ending	1,147
Consisting of	
Cost	6,644
Accumulated amortization	(5,497)
	1,147

6. RELATED PARTY TRANSACTIONS

During the years ended March 31, 2020 and 2019, the Company had no source of operating cash flow and relied entirely on the Parent to fund its operations. Advances from the Parent are unsecured, bear no interest and have no stated terms of repayment.

7. EXPLORATION AND EVALUATION PROPERTIES

License 2014/11, referred to as the Storø Project, was renewed for a further five years following expiry of its first five-year term on December 31, 2018. The Company applied for and was granted a renewal of the key mineralized area and dropped two separate blocks that comprised part of the original license area and had been determined to have only limited exploration potential. Due to COVID-19, the minimum exploration requirements for 2020 and 2021 (years 7 and 8) were waived and both years have been taken out of the licence period, thereby extending the licence period by two years; annual requirements for years 7 through 10 (2022 -2025) are expected to approximate the 2019 (year 6) amount of DKK 864,200 or approximately $180,000.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES (continued)

Exploration and evaluation expenditures for the Storø property during the year ended March 31, 2020 totalled $62,699 (2019 - $26,513). Exploration expenditures incurred by the Company are summarized in the following table:

	Year ended March 31, 2020 $	Year ended March 31, 2019 $
Consulting, deposit studies	54,000	19,000
Tenure	8,512	7,513
Supplies and services	187	-
	62,699	26,513

See Note 14.

8. CAPITAL STOCK

(a) Authorized
Unlimited number of common shares with no par value

(b) Issued

	Number of shares #	Amount $
Balance, March 31, 2019 and 2020	300,000	300,000

9. CAPITAL MANAGEMENT

The capital structure of the Company consists of advances from the Parent, share capital and accumulated deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to fund its exploration activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The Company is in the exploration stage and as such, is dependent on financing provided by the Parent to fund its activities.

(Expressed in Canadian dollars)

10. INCOME TAXES

(a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 – 26.5%) were as follows:

	2020 $	2019 $
(Loss) before income taxes	(66,423)	(27,844)
Expected income tax recovery based on statutory rate	(18,000)	(7,000)
Adjustment to expected income tax benefit:		
Change in benefit of tax assets not recognized	18,000	7,000
Deferred income tax provision (recovery)	-	-

(b) Deferred Income Tax

	2020 $	2019 $
Unrecognized deferred tax assets and liabilities		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Resource expenditures	1,337,000	1,286,000
Non-capital loss carry-forwards	54,000	41,000
Other	7,000	7,000
Deductible temporary differences not recognized	1,398,000	1,334,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The non-capital losses expire from 2034 to 2040. The other temporary differences do not expire under current legislation.

11. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various international and federal laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. Under the mining law of Greenland, certain levels of expenditure are required to have been incurred in order to renew licenses annually, and the Company intends to continue to meet those requirements. (See Note 7)

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19

11. COMMITMENTS AND CONTINGENCIES (continued)

outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Parent is closely monitoring the business environment as a result to ensure minimal disruption to business operations.

12. FINANCIAL INSTRUMENTS

Fair Value
Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values of accounts payable and accrued liabilities and due to Greenland Resources Inc. approximate their fair values due to their short-term nature.

Risk Factors
The risk exposures and the impact on the financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

Liquidity Risk:
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020 and 2019, the Company held no cash balances, being entirely dependant on the Parent for financial support.

Foreign Exchange Risk:
The Company's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. Certain exploration and administrative expenses are incurred in Danish Krone (DKK) or other currencies converted from the Parent's Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is, for the foreseeable future, negligible and therefore does not hedge its foreign exchange risk. There were no material foreign currency balances as at March 31, 2020 and 2019.

Interest Rate Risk:
The Company has no interest-bearing debt.

Price Risk:
Prices of goods and services consumed in the course of the Company's activity can fluctuate in response to supply and demand and are often driven by industry cycles. Fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration. If they vary materially from forecasts made when budgets are set it could affect the ability of the Company to complete work programs. Generally, the Company's planning time horizons are short enough that this does not present a significant risk.

13. SEGMENTED INFORMATION

The Company's operations consist of the acquisition, exploration and development of mineral properties. During the years ended March 31, 2020 and 2019, substantially all of the assets and operations related to the acquisition, exploration and development of resource properties were based in Canada. The Storø Project is located in Greenland. As at March 31, 2020, equipment valued at $Nil was located in Greenland (2019 – $1,147).

14. SUBSEQUENT EVENT

On October 13, 2020, the Parent announced that the Government of Greenland granted the Company two new mineral licenses. The first, new mineral exploration Licence No. 2021-01, surrounds the existing Company's Storø gold project license No. 2014-11. The second is a new mineral prospecting license, No. 2020-62, in western and southwestern Greenland. Due to COVID-19 the Government of Greenland has reduced all exploration obligations for 2021 to zero and taken 2021 out of all licence periods, The new exploration licence will have exploration expenses estimated mainly based on its size of DKK 640,000 or approximately $133,000 in each of calendar years 2022 and 2023, DKK 2,900,000 or approximately $603,200 in each of calendar years 2024 through 2026, and DKK 5,800,000 or approximately $1,206,400 in each of calendar years 2027 – 2031. Exploration expenses that exceed the exploration expense requirements can be carried forward for three years. Exploration license holders can reduce anytime the size of the license and therefore reduce the exploration expenditures requirements. The prospecting licence carries no exploration or expenditure obligations.

SCHEDULE "D"
CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

(*See attached*)

CRYPTOLOGIC CORP.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(Expressed in Canadian dollars)

CRYPTOLOGIC CORP.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020
(Expressed in Canadian dollars)

		ASSETS			
CURRENT					
Cash	7,677,172	-	(250,000)	*3 (c)*	7,427,172
Prepaid expenses and deposits	54,582	-	-		54,582
Sales tax receivable	127,941	-	-		127,941
TOTAL CURRENT ASSETS	7,859,695	-	(250,000)		7,609,695
NON-CURRENT ASSETS					
Prepaid expenses and deposits	15,996	-	-		15,996
Right of use assets	191,862	-	-		191,862
Equipment	39,291	-	-		39,291
Goodwill	-	-	9,274,000	*3 (d)*	9,274,000
TOTAL NON-CURRENT ASSETS	247,149	-	9,274,000		9,521,149
TOTAL ASSETS	8,106,844	-	9,024,000		17,130,844
		LIABILITIES			
CURRENT					
Accounts payable and accrued liabilities	162,772	-	-		162,772
Current portion of lease liability	115,172	-	-		115,172
Due to Greenland Resources Inc.	-	1,187,302	(1,187,302)	*3 (b)*	-
TOTAL CURRENT LIABILITIES	277,944	1,187,302	(1,187,302)		277,944
LONG-TERM LIABILITIES					
Lease liability	21,013	-	-		21,013
TOTAL LONG-TERM LIABILITIES	21,013	-	-		21,013
TOTAL LIABILITIES	298,957	1,187,302	(1,187,302)		298,957
		SHAREHOLDERS' EQUITY			
Share capital	88,438,709	300,000	(300,000)	*3 (a)*	
			9,024,000	*3 (c)*	97,462,709
Contributed surplus	14,312,982	-	-		14,312,982
Deficit	(94,943,804)	(1,487,302)	1,487,302	*3(a)*	(94,943,804)
TOTAL SHAREHOLDERS' EQUITY	7,807,887	(1,187,302)	10,211,302		16,831,887
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,106,844	-	9,024,000		17,130,844

See accompanying Notes.

CRYPTOLOGIC CORP.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
Year ended December 31, 2020
(Expressed in Canadian dollars)

	Cryptologic Corp.	Copenhagen Minerals Inc.	Pro Forma Adjustments	Note	Pro Forma Cryptologic Corp.
EXPENSES					
General and administrative	3,004,657	33,000	-		3,037,657
Stock-based compensation	308,259	-	-		308,259
Exploration	-	49,035	-		49,035
Acquisition related costs	319,790	-	150,000	*3 (e)*	469,790
	3,632,706	82,035	150,000		3,864,741
OTHER INCOME (LOSS)					
Interest expense, net	(1,585,693)	-	-		(1,585,693)
Gain on extinguishment of convertible debenture	24,775,610	-	-		24,775,610
Gain on sale of marketable securities	4,306,458	-	-		4,306,458
Allowance for sales tax receivable	(158,915)	-	-		(158,915)
Finance charges	(140,930)	-	-		(140,930)
Foreign exchange loss	(247)	-	-		(247)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	23,563,577	(82,035)	(150,000)		23,331,542
Loss from discontinued operations	(1,561,224)	-	-		(1,561,224)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	22,002,353	(82,035)	(150,000)		21,770,318
PRO FORMA INCOME PER SHARE FROM CONTINUING OPERATIONS	0.77			*4*	0.34
PRO FORMA INCOME PER SHARE	0.72			*4*	0.32

See accompanying Notes.

1. BASIS OF PRESENTATION

On March •, 2021, Cryptologic Corp. ("Cryptologic") acquired from Greenland Resources Inc. ("GRI") all mining concessions, licences, and related assets of GRI's Storø Gold Project. The acquisition was structured as a purchase by Cryptologic from GRI of all of the issued and outstanding shares of GRI's wholly-owned subsidiary, Copenhagen Minerals Inc. ("Copenhagen") in exchange for 37,600,000 common shares of Cryptologic and a cash payment of $250,000 (the "Acquisition").

These unaudited pro forma consolidated financial statements are based on the historical consolidated financial statements of Cryptologic and the historical financial statements of Copenhagen, as adjusted to give effect to the Acquisition, and were prepared in accordance with policies consistent with International Financial Reporting Standards ("IFRS").

The unaudited pro forma consolidated statement of financial position as at December 31, 2020 gives effect to the Acquisition as if it had occurred on December 31, 2020. The unaudited pro forma consolidated statements of income and comprehensive income for the year ended December 31, 2020 give effect to the Acquisition as if it had occurred on January 1, 2020.

The assumptions and estimates underlying the adjustments to the unaudited pro forma consolidated financial statements are described in the accompanying notes.

The unaudited pro forma consolidated financial statements have been prepared from, and should be read in conjunction with, the audited consolidated financial statements of Cryptologic for the year ended December 31, 2020, the audited financial statements of Copenhagen for the year ended March 31, 2020, and the unaudited condensed interim financial statements of Copenhagen for the nine months ended December 31, 2020.

In the opinion of management, the unaudited pro forma consolidated financial statements include all the adjustments necessary for fair presentation in accordance with IFRS. These unaudited pro forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the financial condition that would have been achieved if the Acquisition had been completed on the date or for the periods presented, nor do they purport to project the results of operations or financial position for any future period or as of any future date. In addition to the pro forma adjustments, various other factors will have an effect on the financial condition and results of operations after the completion of the Acquisition. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Certain elements of the financial statements of Copenhagen have been reclassified to provide a consistent format.

2. ACQUISITION

The Acquisition is accounted for under the acquisition method of accounting in accordance with IFRS 3 – Business Combinations. As the acquirer for accounting purposes, Cryptologic has estimated the fair value of the assets acquired and liabilities assumed.

Purchase Price Consideration Paid

For the purpose of the pro forma consolidated financial statements the fair value of the purchase price consideration is as follows:

Cash	$	250,000
Fair value of 37,600,000 Cryptologic common shares issued		9,024,000
	$	9,274,000

The fair value of Cryptologic common shares issued has been estimated at $0.24 per share, based on the 5-day trailing average of daily median market prices to January 27, 2021.

Preliminary Purchase Price Allocation

Cryptologic has performed a preliminary valuation analysis of the fair market value of the assets acquired and liabilities assumed in the Acquisition. The following table summarizes the preliminary purchase price allocation:

Goodwill	$	9,274,000
	$	9,274,000

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma consolidated financial statements. The above amount is an estimate, which has been made by the management of Cryptologic for the Acquisition, based on information available. The final purchase price allocation will be determined when Cryptologic has completed detailed valuations and the necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments.

Completion of the Transaction is subject to a number of conditions, including but not limited to, Canadian Securities Exchange (the “Exchange”) acceptance and, if applicable pursuant to Exchange requirements, shareholder approval. There can be no assurance that the transaction will be completed as proposed or at all.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

These unaudited pro forma consolidated financial statements incorporate the following pro forma assumptions:

(a) Equity balances of Copenhagen are eliminated.

(b) The Intercompany Debt owed by Copenhagen to Greenland Resources Inc. is forgiven.

(c) The total pro forma purchase price as described in Note 2 above results in a cash reduction of $250,000 and a share capital increase of $9,024,000.

(d) Goodwill arising from the Acquisition is $9,274,000.

(e) Certain non-recurring transaction costs related to the Acquisition have been and will continue to be incurred. These are estimated to be $150,000.

4. PRO FORMA SHARE CAPITAL

Pro forma share capital, used as the denominator when calculating pro forma loss per share, has been determined as follows:

Cryptologic common shares for the year ended December 31, 2020	
Weighted average number of shares outstanding	30,757,199
Pro forma adjustment to give effect to the Acquisition	37,600,000
Pro forma shares outstanding	68,357,199

SCHEDULE "E"
MINERAL PROJECTS

The following disclosure regarding the Storø Gold Project is derived from the National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") independent technical report, prepared by SRK Consulting (Sweden) AB ("**SRK**"), entitled "NI 43-101 Technical Report on the Storø Gold Project, Greenland" prepared for Greenland Resources Inc. and Copenhagen Minerals Inc. with a report signature date of March 12, 2021 and a mineral resource statement effective date of October 24, 2016 (the "**Technical Report**"). The Storø Gold Report has been prepared following the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") definitions and guidelines of the Canadian Securities Administrators' NI 43-101 and Form 43-101 F1.

The Technical Report serves as an independent report prepared by Johan Bradley (MSc, CGeol, EurGeol) who was the Managing Director of SRK Consulting (Sweden) AB at the time the technical work in this report was completed and Martin Pittuck (CEng, FGS, MIMMM), who is a full-time employee of SRK Consulting (UK) Ltd.; both are Qualified Persons ("**QP**") as defined by the CIM definitions. Mr Bradley undertook two site visits in September 2011 and again in August 2016 in order to assess geological information used for this study. Due to financial reasons, the finalisation of the original technical report was delayed by more than a year. The original report was finalised in March 2018. Since completion of the 2018 report, Mr Bradley has left SRK and is therefore not a signatory of the Technical Report, but he remains QP for the exploration and geology aspects of the Technical Report in his capacity as an independent consultant at the time. This original report has therefore been updated to reflect the updated licence boundaries containing the Storø Gold Project as of 12 March 2021 and confirm that the Mineral Resource statement remains current.

Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. For further details, please refer to the full text of the Technical Report, which is available under Greenhawk Resources Inc.'s profile on SEDAR at www.sedar.com.

1.1 Property Description and Location

The Storø Gold Project is located in the Nuukfjord area of southwest Greenland, some 40 km northeast of the capital city of Nuuk (Godthab), and can be accessed by boat through the fjord system, which is ice free year-round, or by helicopter from Nuuk airport.

The 12 km2 Storø exploration licence MEL 2014/11 is held by Copenhagen Minerals Inc. In October 2020, Copenhagen was granted with a new exploration licence (MEL 2021-01) surrounding the MEL 2014/11 licence covering an area of 540 km2.

Summary licence details are presented in Table 3-1.

Table 3-1: Greenland exclusive exploration licence 2014-11 summary details.

Item	Details
Licence number	2014/11
Type	Minerals exclusive exploration licence

Item	Details
Area (km^2)	12
Registered owner	Copenhagen Minerals Inc.
Date of grant	21 February 2014
Expiry	31 December 2025

As well, Copenhagen owns a mineral prospecting licence (No. 2020-62) that covers over 600,000-square-kilometre in the entire eastern third of Greenland.

The Storø Gold Project area contains several prospective gold mineralised locations within the licence area. The main focus of Greenland Resources' exploration, and the focus of the Technical Report, is the Qingaaq Mountain area in the southwest of the original licence area.

Surface rights in the Storø Gold Project area are largely held by the State. However, some local small fishing villages have private surface rights. The issuance of an exploitation licence provides for the right to exploit a mineral deposit.

1.2 Climate and Operating Season

The climate at lower elevations is moderated by proximity to ocean currents, with normal temperatures ranging between about -10°C and +7°C but in the innermost parts of long fjords, temperatures can rise to more than 20°C in June, July and August. Annual precipitation in Nuuk is in the order of 750 mm, with typically greater than 80 mm per month during the summer and approximately 45 mm per month during winter. Higher elevations, occurring in much of the northeastern part of the property, are covered by ice.

Drilling can be carried out year-round with proper preparations and where topography permits. However, exploration outside of the summer months is more challenging and costly due to shorter periods of daylight, snow and low temperatures. Mapping and regional sampling are summer activities. Geophysical surveys can begin from mid-April.

1.3 Physiography and Vegetation

The physiography of the area comprises scattered rugged mountains areas, but mainly rounded hills or low mountains separated by glacially carved valleys. Elevations on the property extend up to 1,500 m in ice covered areas in the northeast. The vegetation is characterized by an absence of trees. In sheltered valleys in southern Greenland there is rock birch, mountain ash, alder, and willow scrub. In the Nuuk fjord area, vegetation is low rock and tundra plants.

1.4 Local Resources and Infrastructure

Nuuk has a well-developed infrastructure with a modern major harbour and a population exceeding 15,000 people. Greenland is a politically stable democracy with a Home Rule Government, which shows keen interest in developing natural resources. Community relations are likewise typically positive towards mining and exploration.

1.5 Data Collection

Historical work on the Storø Gold Project included regional geological mapping and reconnaissance geochemistry by the Geological Survey of Denmark and Greenland ("**GEUS**") and stream sediment sampling by Kidd Creek Mines. NunaOil A/S explored the area from 1990; their work included mapping, rock and sediment sampling, along with a drilling program in 1995 and 1996. Due to decreasing gold prices and a change in NunaOil's project priorities, the licence was relinquished in 1998.

In 2002, Nuna Minerals A/S, a divested company of NunaOil A/S, was granted a licence over the Storø prospect along with several other adjacent prospects such as Qussuk. Nuna continued exploration including sediment and rock sampling, diamond drilling, and geophysical surveying, until surrendering the licence in 2013.

Overall, since 1995, a total of 102 drillholes totaling 17,371 m have been drilled.

Greenland Resources was granted the exclusive exploration licence covering the Storø Gold Project area in February 2014, which expired on December 31, 2018. Greenland Resources was granted an extension of the licence in 2019 for 4 years but with a suspension due to Covid-19 it expires on December 31, 2025. No new data was collected between the original NI 43-101 report in 2018 and 2021. The only material change since the 2018 report is the change to the exploration licence area; however, the entire Mineral Resource statement reported previously is still contained within the updated licence boundary.

1.6 Data Quality

The data collected by Greenland Resources to date was provided to SRK for analysis. Quality control quality assurance ("**QAQC**") data associated with the 2010 and 2015 diamond drilling was reviewed by SRK, which showed a high level of accuracy and no contamination issues. Both SRK and Greenland Resources undertook verification sampling of the diamond drilling completed between 2005 and 2010. The results showed elevated gold mineralization in the duplicated drill core and coarse reject samples, and the results reproduced Nuna's results within an order of magnitude. Due to the presence of coarse gold in the mineralized samples, a screened metallics ("**SM**") method of gold analysis was used to ensure the standard fire assay ("**ICP-FA**") results were not underestimating grade. The results of a comparison between the two methods showed slightly higher grades in the SM method indicating that the mineralization features a nugget effect and the ICP-FA method may have slightly underestimated grade.

Notwithstanding this, SRK considers that a sufficient level of confidence can be attributed to the assay results from all programs for the purposes of this technical report given the early development stage of the Storø Gold Project

1.7 Geology

The geology of the Storø Gold Project area comprises a strongly metamorphosed sequence of mafic to intermediate amphibolites, ultrabasic rocks, garnet-mica-sillimanite schist and fuchsite-bearing quartzite within an Archaean Greenstone belt (ca. 2.8 – 2.7 Ga; Szilas et al, 2014). It is generally believed that the Ivinnguit fault system, which includes the Storø shear zone, may have been a major feeder conduit for gold-bearing hydrothermal fluids.

Gold at Storø is controlled mainly by arsenopyrite-bearing quartz veins within coarse, locally biotite-garnet-bearing, amphibolites and metasedimentary biotite schists within the Storø shear zone. Pyrrhotite, pyrite and arsenopyrite are also present in metasomatised wall-rocks adjacent to the veins.

1.8 Mineral Resource Estimates

A maiden Mineral Resource estimate was completed for the Storø Gold Project as part of SRK's original 2018 report and has not changed subsequently. Although no new exploration data has been collected, the pit optimization and underground stop analysis used a long-term consensus market forecast selling gold price of US$1,500 in 2018, which is still considered reasonable if not conservative in the market today. In addition, SRK ran sensitivities of the open pit Mineral Resource using prices from US$1,200 to US$1,850 with very minor changes in the price range from US$1,500 to US$1,850. SRK therefore considers the Mineral Resource statement below (unchanged from the 2018 technical report) as current and valid.

The geological modelling was conducted using Leapfrog Geo software. Primarily geological solids and surfaces were modelled pertaining to the upper and lower amphibolite, gneiss and late intrusives (pegmatites and dykes). Because of the complex nature of the mineralization, the mineralization wireframes comprise 0.5 g/t Au isosurface shells, following interpreted structural trends, created using grade indicators in Leapfrog Geo modelling software that were manually modified where appropriate.

Statistical and geostatistical analysis was conducted using Snowden Supervisor and Datamine software, using 2 m composited sample data, with no grade capping applied to estimation domains. A geostatistical study (variography) has been undertaken which resulted in relatively poorly structured variograms, with a nugget effect averaging around 40%, with ranges of around 70 m. The variography study results were used to determine the most appropriate search parameters, and for the Ordinary Kriged grade estimates.

The interpolated block model was validated through visual checks, a comparison of the mean input sample grades and output block model grades and through the generation of sectional validation slices. SRK is confident that the interpolated grades are a reasonable reflection of the available sample data without any material bias.

SRK has classified the Mineral Resource in accordance with CIM guidelines, on the basis of the quality and quantity of data, geological and grade continuity and quality of block estimates. The current drill spacing and data quality have had the largest impact on classification and SRK has only reported Inferred Mineral Resources at this time.

In order to report the Mineral Resource and to test the "reasonable prospects for eventual economic extraction" ("**RPEEE**") required by CIM, SRK undertook an open-pit optimization study along with accompanying underground cut-off grade analysis. SRK considers all of the reported material in the Mineral Resource statement to demonstrate RPEEE given the appropriate and optimistic economic and technical considerations applied by SRK.

SRK has reported a total open-pit Inferred Mineral Resource of 750 Kt, with mean grade of 3.0 g/t Au and a total underground Mineral Resource of 135 Kt with a mean grade of 5.6 g/t. The contained gold metal content is 95 Koz in total. Table ES-1 presents the Mineral Resource statement for the Storø Gold Project.

Table ES 1: Mineral Resource Statement effective of 04 October 2016

Category	**Resource Type**	**Tonnes**	**Grade**		**Metal**
			Cut-Off Grade (g/t Au)	**Au (g/t)**	**Au (Oz)**
Inferred	Open Pit	750,000	0.8	3.0	70,000
	Underground	135,000	2.5	5.6	25,000
Total-Inferred		**885,000**	-	3.4	95,000

1. Open pit Mineral Resources are reported above a conceptual pit shell and above a cut-off grade of 0.8g/t Au.
2. Underground Mineral Resources are reported below the pit shell and above cut-off grade and thickness of 2.5 g/t Au over 2m.
3. All figures are rounded to reflect the relative accuracy of the estimate.
4. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
5. The reporting standard adopted for the reporting of the Mineral Resource Estimate uses the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.
6. Mineral Resources for the Storø Gold Project have been classified by Martin Pittuck CEng, FGS, MIMMM, an "independent qualified person" as such term is defined in NI 43-101.
7. A site inspection and core review were undertaken by Mr. Johan Bradley, MSc, CGeol, EurGeol, an "independent qualified person" as such term is defined in NI 43-101.

1.9 Mineral Reserve Estimates

No Mineral Reserve estimates currently exist within the Storø licence.

1.10 Mineral Processing and Metallurgical Testing

Small-scale bulk samples of the Storø mineralization were tested by SGS Lakefield in 2008 and 2009 for gold recovery and fundamental sampling error. The results showed good gold recoveries through gravity and cyanide leaching of between 86% – 95% gold recovery. The results also showed that the majority of the gold is coarse free gold, indicating that the mineralization has a high nugget effect.

1.11 Exploration Potential

The Exploration Potential of the Storø licence has been demonstrated through several exploration and sampling campaigns. The most prospective location in the license is considered to be the Qingaaq Mountain area, where exploration was focussed between 2005 and 2015.

SRK understands that in future Copenhagen intends to focus further drilling in the Qingaaq area to improve data density in the Main Zone area with the objective of increasing Mineral Resource base sufficiently to underpin a preliminary economic assessment ("**PEA**"). In addition, further drilling is planned to investigate the potential down-plunge extension of Main Zone and to improve geological controls on mineralisation within known gold-bearing structures.

1.12 QP Conclusions and Recommendations

The approach applied to exploration in the Storø license has been a progression from: reconnaissance mapping and sampling of scree, stream sediments and outcrop to determine areas with anomalous gold and / or pathfinder elements; channel saw and chip sampling over outcropping zones of quartz veining, alteration and sulphide mineralization; and ultimately diamond drilling to test continuity of gold mineralization and controlling structures at depth. Historic exploration to date has demonstrated that:

- Exploration sampling and drilling suggests that gold mineralization with economically interesting grades occurs within the Storø license area with two main areas identified on Qingaaq Mountain and Aappalaartoq Mountain;

- Mineral processing and metallurgical testwork has indicated that good gold recoveries in excess of 90% can be achieved from mineralized samples at Storø by a combination of gravity separation and cyanide leaching.

- Two main mineralized structures have been identified and sampled on Qingaaq Mountain – Main Zone and BD Zone; these both contribute to the Mineral Resource in the Technical Report;

- The two mineralized structures related to stratigraphic horizons of the Main Zone and lower BD Zone at Qingaaq will be the focus of future exploration drilling; and

- There are numerous areas within the Storø license that warrant further work.

As part of potential future exploration work, SRK recommends that the company consider:

- Drill test near-surface extensions of the Main Zone along the Eastern and Western limbs, with a focus on intersecting hinge zones where mineralized intersections are expected to be thicker;

- Drill test the area between outcropping BD Zone at high elevations and BD Zone intersections at depth below the Main Zone;

- Re-log 2015 core to align geological interpretation with previous drilling campaigns, in order to improve geological control in the down-plunge area;

- Further systematic density measurements of drill core for each of the key lithologies;

- Adhere to robust QAQC procedures with respect to exploration data collection, validation and storage. CRM standards, blank material and duplicate assays should be inserted into the sample stream for all assaying programs. Failed assay batches should be routinely re-assayed;

- Orientate all core in future programs in order to support improved structural control;

- Continue to develop the structural model for the Qingaaq area and the broader Storø license area;

- Continue to develop the 3D geological model with a view to expanding the interpretation to incorporate the mineralized gold sections on the neighbouring Aappalaartoq Mountain, across the valley and roughly 3km to the north;

- Produce a Mineral Resource estimate update in compliance with the CIM definitions and guidelines; and

- Subject to the results of initial drilling campaigns, complete a PEA.

In SRK's opinion, further work is justified by the potential of the Storø Gold Project. Greenland Resources has defined a potential drilling budget of US$2.5 million to undertake a 4,000 m drilling program, including costs associated with staffing, equipment, contractors and licensing. SRK has reviewed the budget and considers it to be reasonable. Although final locations of holes have not been finalized, the drilling will include testing down-plunge extensions of the Main Zone along with other targets within the licence areas focusing on increasing the Mineral Resource base. This budget only considers exploration and does not include other testwork or technical disciplines that may be required for a PEA.