Globalive Technology Inc.

(formerly Corporate Catalyst Acquisition Inc.)

Condensed Interim Consolidated Financial Statements

For the four months ended June 30, 2018

(Expressed in Canadian dollars)

(Unaudited)

Notice:

The accompanying unaudited Condensed Interim Consolidated Financial Statements of Globalive Technology Inc. for the four months ended June 30, 2018 have been prepared by management and have not been reviewed by the external auditors of the Company.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

As at	Notes	June 30, 2018	February 28, 2018
Assets			
Current assets			
Cash		$ 26,354,036	$ 1,408,779
Other receivables		594,679	34,919
Prepaid expenses		1,923,792	-
Receivables from related parties		210,838	-
Investments	**6**	15,463,695	8,675,001
Total current assets		44,547,040	10,118,699
Non-current assets			
Put/call agreement	**3(d)**	665,000	-
Intangible assets and goodwill	**15**	1,200,931	-
Other assets	**11**	314,200	314,200
Fixed assets (net of depreciation)	**4, 16**	1,476,669	-
Long term investments	**6**	1,306,570	1,046,976
Investment in associates	**5**	956,673	1,000,000
Total assets		**50,467,083**	**12,479,875**
Liabilities			
Current liabilities			
Accounts payables and accrued liabilities		248,492	246,012
Promissory note		-	750,000
Total current liabilities		248,492	996,012
Non-current liabilities			
Deferred income taxes		-	912,778
Total liabilities		248,492	1,908,790
Shareholders' equity			
Share capital	**9**	51,529,842	5,052,001
Share-based payment reserve	**10**	514,486	-
Share premium reserve	**3(d)**	665,000	-
Retained earnings (deficit)		(3,685,922)	5,519,084
Total shareholders' equity		49,023,406	10,571,085
Non-controlling interest	**3(a)**	1,195,185	-
		50,218,591	10,571,085
		50,467,083	**12,479,875**

Approved on behalf of the Board of Directors

(SIGNED) *"Anthony Lacavera"*
Anthony Lacavera
Director

(SIGNED) *"Kingsley Ward"*
Kingsley Ward
Director

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

Condensed Interim Consolidated Statements of Net and Comprehensive Loss (unaudited)

For the four month period ended	Notes		June 30, 2018
Revenues	4		55,979
Other Income			46,372
Change in unrealized loss from investments held at fair value through profit or loss	6		(7,965,849)
Expenses			
Listing fees	9		602,423
Marketing and public relations			422,817
Employee share based compensation	10		384,678
Office, general and administrative			270,255
Salary and wages			262,772
Professional fees			256,507
Cost of sales	4		31,385
Depreciation of property and equipment	16		23,448
Total expenses			2,254,285
Net income (loss) before taxes for the period			(10,117,783)
Deferred tax recovery	12		912,778
Net comprehensive income (loss) for the period			(9,205,005)
Earnings (loss) per share			
Basic	13	$	**(0.110)**
Diluted	13	$	**(0.110)**

The accompanying notes are an integral part of these financial statements

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

For the four month period ended	Notes	June 30, 2018
Number of common shares outstanding		
Outstanding at the beginning of the period		65,040,020
Shares issued		71,496,192
Total shares outstanding as at June 30, 2018		**136,536,212**
Share capital		
Balance at the beginning of the period		5,052,001
Shares issued	**9**	49,641,840
Share issue costs		(3,163,999)
		51,529,842
Share-based payment reserve		
Balance at beginning of period		-
Share based compensation	**10**	384,678
Share based payment for services	**10**	129,808
		514,486
Share premium reserve		
Balance at beginning of period		-
Put/Call contribution	**3(d)**	665,000
		665,000
Retained earnings		
Balance at beginning of period		5,519,084
Net comprehensive income for the period		(9,205,006)
		(3,685,922)
Total shareholders' equity		49,023,406
Non-controlling interests		
Balance at beginning of period		-
Non-controlling interest on acquisition of subsidiary		1,200,980
Net comprehensive income (loss) for the period		(5,795)
		1,195,185
Total		**50,218,591**

The accompanying notes are an integral part of these financial statements

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the four month period ended	Notes	June 30, 2018
Cash flows from operating activities		
Net comprehensive income for the period		**$ (9,205,005)**
Items not affecting cash:		
Change in fair value of investments		7,960,054
Share based compensation	10	384,678
Share based payment for services	10	129,808
Listing fees	9	602,423
Deferred income taxes	12	(912,778)
Depreciation of fixed assets		23,448
Changes in non-cash working capital:		
Other receivables		(559,760)
Prepaid expenses		(1,923,792)
Receivables from related parties		(210,838)
Accounts payables and accrued liabilities		2,480
Net cash used in operating activities		**(3,709,282)**
Investing Activities		
Purchase of investments		(2,985,125)
Purchase of long term investments		(652,425)
Purchase of fixed assets		(1,500,117)
Net cash used in investment activities		**(5,137,667)**
Cash flows provided by (used in) financing activities		
Issue expenses		(3,163,999)
Proceeds from shares issued		36,956,205
Net cash provided by financing activities		**33,792,206**
Net increase in cash during the period		**24,945,257**
Cash - beginning of period		1,408,779
Cash - end of period		**26,354,036**

The accompanying notes are an integral part of these financial statements

1. REPORTING ENTITY

Globalive Technology Partners Inc. ("GTP") was incorporated on December 7, 2017 pursuant to the Ontario Business Corporations Act ("OBCA") as 2609611 Ontario Inc. and subsequently filed articles of amendment to change its name to Globalive Technology Partners Inc. on January 3, 2018.

On June 8, 2018, GTP announced the completion of its qualifying transaction (the "Qualifying Transaction") with Corporate Catalyst Acquisition Inc. ("CCA") under the policies of the TSX Venture Exchange (the "Exchange"). Subsequently, CCA consolidated its shares on a 6.66:1 basis and changed its name to Globalive Technology Inc. ("GT" or the "Company"). In addition, GTP amalgamated with a wholly-owned subsidiary of CCA, and such amalgamated company immediately amalgamated with CCA, resulting in GT being the resulting issuer.

Following the Qualified Transaction, GT financial year end was changed from February 28th to December 31st resulting in a second calendar quarter interim financial statements be reporting a four-month period from March 1st to June 30th, 2018.

GT shares commenced trading on the Exchange on June 13, 2018 under the symbol "LIVE".

GT was created as a technology company developing innovative solutions to disrupt traditional industries, primarily using artificial intelligence ("AI"), internet of things ("IoT") and blockchain technology.

The Company is domiciled in Canada and its registered address is 48 Yonge Street, Toronto, Ontario, Canada.

2. BASIS OF PRESENTATION

a. Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss ("FVTPL"). These unaudited condensed interim consolidated financial statements are presented in Canadian Dollars, which is the Company's functional currency.

b. Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting of the International Financial Reporting Standards" ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies adopted are consistent with those of the previous financial year, except for the polices discussed in notes 4, 10 and 15 and the adoption of new and amended standards as set out below.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the board of directors of GT (the "Board of Directors") on August 10, 2018.

c. New and amended standards adopted by the Company

IFRS 9 "Financial Instruments":

The Company has applied IFRS 9 "Financial Instruments" effective March 1, 2018. IFRS 9 introduces a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. Management has determined that this standard has no material impact on the condensed consolidated financial statements.

Classification and Measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss.
- those to be measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Company initially measures a financial asset at its fair value, less any related transaction costs. Subsequent measurement depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. There are three measurement categories which the Company classifies its financial assets:

- Amortized cost: Assets that are held for the collection of contractual cash flows and those cash flows represent solely payments of principal and interest.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost.

The Company's financial assets include amounts receivable and cash. As these assets are held with the objective to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, they are classified at amortized cost and they continue to be measured at amortized cost.

The adoption had no impact on the carrying value of the Company's amounts receivable, prepaids and cash.

Impairment

The new impairment model results in a single impairment model being applied to all financial instruments, which requires more timely recognition of expected credit losses.

For amounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized upon initial recognition of the receivables.

If a provision for impairment is needed, the amount is recorded through an allowance account, and the amount of the loss is recognized in the consolidated statements of net and comprehensive income within operating expenses. Bad debt write-offs occur when the Company determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of net income and comprehensive income.

The adoption had no impact on the valuation of the impairment allowance.

d. New and amended standards issued but not yet effective

IFRS 16 "Leases":

In January 2016, the IASB issued IFRS 16, "Leases", which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases.

Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently reviewing the impact of adopting IFRS 16 on its financial statements.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Company was particularly affected by the following events and transactions during the four-month period ended June 30, 2018:

a. Globalive BIG Dev Inc. ("GBD"):

On May 24, 2018, the Company entered into a Master Service Agreement among the Company, GBD and Business Instincts Group Inc. ("BIG").

GBD is a technology subsidiary of the Company formed for the purpose of developing software to support decentralized and intelligent business frameworks for third party customers. GBD will provide such customers with access to a library of software stacks and customizable solutions featuring blockchain and machine learning technology.

The intention of the Company and BIG that any appropriate software development opportunities identified by either be offered first to GBD. GT and BIG may also enter into a service arrangement with GBD to assist is aspects of the development process.

The Company contributed $1,250,000 to acquire 510,000 shares or 51% of the issued and outstanding common shares of GBD. The transactions and balances of the Company and GBD are included in these condensed interim consolidated financial statements from the effective date of the acquisition on May 24, 2018.

See note 15 for more details.

b. Mining-as-a-Service Agreement ("MaaS"):

On June 11, 2018, the Company entered into a mining-as-a-service agreement (the "MaaS Agreement") with HyperBlock Technology Corp. ("HyperBlock").

HyperBlock has the personnel, capability and capacity to provide certain digital currency mining activities, including but not limited to digital currency mining, sale of computation power ("Hashrate") for digital currencies, blockchain security server maintenance, hosting and co-location, and ancillary services. HyperBlock has also brokered the sale of 800 Miner Servers with power supply units ("servers"). HyperBlock will operate and maintain the Servers for the Company in a business that will rent the computation power of these Servers to third parties interested in mining digital currencies.

See note 4 for more details.

c. Vend-in assets:

The Company entered into a Vend-In Agreement between GT, 2330573 Ontario Inc. and Globalive Capital Inc. ("GCI") dated May 25, 2018 relating to certain assets worth $11,333,261, comprising of securities and interests in other companies, (the "Vend-In Assets") transferred by GCI and 2330573 Ontario Inc. to GT in exchange for 19,914,894 GT Shares. The transfer of the GCI Vend-In Assets and the issuance of the shares occurred immediately prior to, and was conditioned on, the completion of the Qualifying Transaction.

See notes 6 and 9 for more details

d. Flexiti Financial ("Flexiti")

Flexiti is a Canadian financial technology lender offering technology-enabled instant credit approvals for prime customers at the point-of-sale for big-ticket retailers. Flexiti is a wholly owned subsidiary of Wellspring Holding Corporation ("WHC").

On June 6, 2018, GT entered into a put agreement (the "ROFR/Put") with 2629311 Ontario Inc. ("262"), a wholly owned subsidiary of GCI. The ROFR/Put was conditional on a number of items which were subsequently satisfied, including 262 completing a $20 million equity investment in WHC by July 17, 2018, which will result in 262 holding over 40% of the economic ownership of WHC and 51% of the voting control of WHC, and contemplates the following:

i. GT negotiating in good faith with Flexiti to enter into a technology development or joint venture agreement providing for development of blockchain and AI technology in Flexiti's business,

ii. 262 granting GT a right of first refusal in respect of any proposed change of control of 262, or sale of its ownership of WHC, that occurs within 1 year of the date of the agreement, and

iii. GT granting a put to 262 (the "Flexiti Put").

The Flexiti Put, if exercised by 262, requires GT to:

i. Subject to certain conditions, acquire all issued and common shares of 262 for an aggregate purchase price of up to 3,333,333 GT shares,

ii. Vertically amalgamate with 262, therefore inheriting the obligations of 262, including a $15 million aggregate principal amount debenture of 262 which would continue to remain outstanding and be convertible into GT shares at a conversion price of $1.50 per share (subject to certain conditions), and

iii. Pay up to $25 million in secured and unsecured debts of 262.

On June 21, 2018, GT acquired a call right (the "Flexiti Call") from and amended a Flexiti Put previously granted to GCI. The Flexiti Call shall be open for exercise and irrevocable for the period beginning on the first Business Day that is 120 calendar days after completion of the Qualifying Transaction and ending in two years unless it was terminated earlier in accordance with its terms. The Flexiti Call, if exercised by GT, requires 262 and 262 shareholders to, subject to certain conditions, sell all issued and common shares of 262 for an aggregate purchase price of up to 13,333,333 GT shares. The Flexiti Put was mainly amended to increase the purchase price consideration from 3,333,333 to 5,000,000 GT shares.

The agreement represents an embedded derivative, and therefore, the Company has classified the entire value as FVTPL and obtained a third-party valuation as of date of agreement on June 21, 2018 (the Valuation Date"). Using the Monte Carlo simulation method, it was estimated that the fair value of the call option component is $665,000, which was allocated to a capital reserve account "Share premium reserve". The put option component was found to have zero value due to a price adjustment clause which limits the put price to a fair price when option is exercised. The significant inputs and assumptions used in the valuation of the put/call agreement were:

1. The Call Option's valuation is highly sensitive to the correlation between the guideline companies used for simulation purposes. Due to the integrated and synergistic nature of the GT and 262 businesses, as well as the economic circumstances, a value of 0.50 was determined to represent the most reliable correlation for fair value purposes.
2. Change in 262's ownership control is not expected during the next 2-years (i.e., during the life of the call/put options).
3. No dividends will be paid for next two years by either 262 or the Company.
4. For the starting share price, a fresh valuation for 262 will not be needed, as the fair value of 262's enterprise value and/or equity is available from the transaction price and the options' valuation date is very close to the transaction date.
5. Comparable companies historical data (with look back period matching the term of the option) was used to estimate the model input variables for both 262 and GT.
6. Number of shares outstanding for both 262 and GT at the time of valuation will not change during the life of the options.
7. Bank of Canada's 2-year T-bill rate was be used as the risk-free rate.

The Company determined that there were no significant changes during the period from the Valuation Date to June 30, 2018 that would justify any changes to the fair market value of the call option component.

e. Omnibus Equity Incentive Compensation Plan

The Omnibus Equity Incentive Compensation Plan (the "Equity Incentive Plan") permits the grant of Options, Share Appreciation Rights ("SAR"), Restricted Share Units ("RSU"), Deferred Share Units ("DSU") and Performance Share Units ("PSU"). The Plan was approved by the Company's board of directors on June 12, 2018 and shareholders of the Company on May 22, 2018 and was effective upon completion of the Qualifying Transaction until the earlier of (i) the date it is terminated by the Board in accordance with the Plan, and (ii) 10 years after the date of the Plan.

See note 10 for more details.

f. Share based payment for services:

GT entered into a digital marketing agreement (the "Digital Marketing Agreement") with Wallace Hill Partners Ltd. (the "Wallace"), pursuant to which Wallace Hill Partners Ltd. will provide financial publishing and digital marketing services to GT. These services are expected to include the creation of landing pages and other forms of digital marketing. It is expected that Wallace Hill Partners Ltd. will also promote the landing pages created and drive internet traffic for the benefit of GT. Wallace Hill Partners Ltd. was and will be compensated for the services it provides as follows: (i) a cash payment of USD $300,000 was paid on execution of the digital marketing agreement to cover marketing expenses; (ii) a cash payment of CAD $810,000 was paid on execution of the digital marketing agreement as a signing fee; and (iii) a granting of 800,000 stock options and 1,900,000 RSUs. The prepaid cash portion of the fees will cover a period of two years.

See note 10 for more details.

4. SEGMENT AND REVENUE INFORMATION

a. Description of segments

GT expected future operations will have diversified sources of income. The MaaS agreement with HyperBlock as described in note 3(b) is not large enough to be required to be reported separately under the accounting standards, but it has been included here as it is seen to be a potential growth segment which may materially contribute to the Company's revenue in the future.

On June 15, 2018 ("Segment Inception of Operations"), the Company paid USD $1,571,840 to acquire 800 mining servers. This amount includes the required electrical infrastructure and installation, prepaid management fees to HyperBlock and some other charges (collectively: the "Upfront Costs"). HyperBlock will be also collecting a sale commission based on the revenue generate from the Hashrate sales. Once the Company recovered its full Upfront Costs, the total revenue generated from Hashrate sales (net of the sales commission, cost of electricity, maintenance and any other running costs) will be split with HyperBlock based on a predetermined rate.

During any period when HyperBlock is not able to sell all the available Hashrates, the Company will be realizing revenues directly from the mining of digital currencies which will be converted to united states dollars on a monthly basis.

b. Segment financial information

During the period from Segment Inception of Operations to June 30, 2018, GT did not sell any Hashrates and the Company realized immaterial revenue from the mining of digital currency which were converted into United States Dollars.

The table below shows the segment financial information during the period from Segment Inception of Operations to June 30, 2018 and the basis on which revenue is recognised:

Segment Revenue		
Add: Hashrate sales		-
Add: mining digital currencies (Converted to United States Dollars)		55,979
Less: Cost of sales		
Management fees	(3,511)	
Cost of electricity and maintenance	(27,874)	(31,385)
EBITDA		24,594

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

EBITDA	24,594
Other Income	46,372
Change in unrealized loss from investments held at fair value through profit or loss	(7,965,849)
Listing fees	(602,423)
Marketing and public relations	(422,817)
Employee share-based compensation	(384,678)
Office, general and administrative	(270,255)
Salary and wages	(262,772)
Professional fees	(256,507)
Depreciation of property and equipment	(23,448)
Net income (loss) before taxes for the period	(10,117,783)

5. INVESTMENT IN ASSOCIATE

The investment in associate balance consists of:

	June 30, 2018	February 28, 2018
Investment in the common shares of VIDL	-	247
Investment in the class A shares of Mantle	956,673	1,000,000

VIDL News Corp. ("VIDL") – VIDL is a news service which is developing blockchain and machine learning technology to assess the veracity of news stories in real time and deliver those stories to users in a personalized, curated news feed. The Company currently holds a 32% interest in the common shares of VIDL which were acquired at a cost of USD $194 (CAD $247). In addition, the Company has also invested the amount USD $800,000 (CAD $1,007,840) in a convertible debenture with up to a 20% discount privilege on conversion (see note 6 for more details). The Company also occupies one of three board of directors' seats.

Mantle Technologies Inc. ("Mantle") – The Company has partnered with Mantle, a virtual blockchain-as-a-service ("BaaS") that enables companies to quickly test and deploy blockchain applications in much the same way a Wix or Wordpress allow a company to build a website. The Company currently holds a 14.1% interest in Mantle based on fully diluted basis which was bought at a cost of $1,000,000. The Company also has a contractual right to one of three board of directors' seats.

The carrying amount of equity-accounted investments has changed as follows during the four months to June 30, 2018:

	June 30, 2018	February 28, 2018
Investment in associates, opening balance	1,000,000	1,000,247
GT's share of net gain (loss)	(43,327)	(247)
Investment in associates, closing balance	**956,673**	**1,000,000**

(1) VIDL had a loss of USD $264,709 during the four-month period ended June 30, 2018. Based on a 32% ownership, the Company's share in these loses is estimated to be USD $84,707. The Company applied other historical losses to the extent that the cost of investment is $nil, any unused losses will be carried forward to subsequent periods and be applied against any future gains.

(2) Mantle had a loss of $306,748 during the four-month period ended June 30, 2018. Based on a 14.1% ownership, the Company's share in these loses is estimated to be $43,327.

6. INVESTMENTS

GT's core business is entering into joint ventures with other companies ("Collaborators") to co-develop new software applications and technology platforms for use in Collaborators' businesses, as well as for licensing to third-parties. While each Collaborator is different in terms of its objectives and its own existing technology (and technological expertise), generally GT offers the capital and development resources to create the technology stack to be used in the Collaborator's business, as well as its managerial, financial and technical expertise.

In appropriate cases, GT will also provide capital support in furtherance of its core business. In particular, GT may provide capital support directly to Collaborators to advance their business objectives, as well as make ancillary capital injections into companies using or developing blockchain/AI/IoT technology, or considered by GT likely to do so, in order to expand GT's strategic relationships and insight into this sector, and position GT to convert such companies into Collaborators.

As at June 30, 2018, the Company carried investments in certain technology companies to satisfy the above-mentioned objective of driving pipelines for potential Collaborators:

Investment name	$	Cost	Estimated Fair Market Value	
Puplicly listed investments:				
Equity shares:				
HyperBlock Technologies Corp.	CAD	2,525,000	1,607,143	(1)
Privately held investments:				
Debt investments	USD	1,660,265	1,306,570	(2)
Equity investments	CAD	7,367,989	7,367,989	(1)
Equity investments	USD	5,731,105	5,969,271	(1)
Warrants to acquire equity investments	CAD	322,138	322,138	(1)
Warrants to acquire equity investments	USD	197,154	197,154	(1)
Total Investments		**17,803,651**	**16,770,265**	
Investments classified as current (1)		**16,143,386**	**15,463,695**	
Long term Investments (2)		**1,660,265**	**1,306,570**	

As at February 28, 2018, the financial details of the Company's investments are described in detail below:

Investment name	$	Cost	Estimated Fair value Market	
Puplicly listed investments:				
Equity shares:				
HyperBlock Technologies Corp.	CAD	1,525,000	8,375,001	(1)
Privately held investments:				
Equity investments	CAD	300,000	300,000	(1)
Debt investments	USD	1,007,840	1,046,976	(2)
Total Investments		**2,832,840**	**9,721,977**	
Investments classified as current (1)		**1,825,000**	**8,675,001**	

(a) Publicly Listed investments:

HyperBlock Technologies Corp. ("HyperBlock"): The Company participated, among other participants, in HyperBlock's private placements acquiring 500,000 and 4,285,715 common shares for the amounts $25,000 and $1,500,000, respectively. On March 9, 2018, the Company acquired another 571,428 common shares for the amount $1,000,000 at a price of $1.75 per share. As of February 28, 2018, the shares of HyperBlock were still privately held and the full value of the common shares held was increased to reflect the $1.75 March private placement pricing. As a result, the company realized $6,850,001 gain from this investment during the period from December 7, 2017 (commencement of operations) to February 28, 2018.

On July 11, 2018, HyperBlock was listed on the Canadian Securities Exchange (CNSX) at an opening market price of $0.30 per share. As a result, the Company revalued its common share holdings and realized a loss of $7,767,858.

(b) Privately held investments:

i. **Debt investments**:

The Company made two investments in convertible debentures with certain discount privilege upon conversion. Conversion is dependent on the occurrence of a qualifying transaction. The debentures' conversion features result in contractual cash flows that do not consist solely of interest and principal and therefore these investments are classified as FVTPL under IFRS 9.

As at June 30, 2018, using the same valuation approach as described in the annual financial statements with updated assumptions, the fair value of both convertible debentures, is USD $992,231 (CAD $1,306,570), resulting in an unrealized loss of CAD $396,797 during the reporting period.

The significant assumptions used in the valuation of the Notes were:

1. Cash burn projections.
2. Date of new financing which will trigger the conversion feature of both debt investments.
3. Probabilities of completing a qualified financing, completing a non-qualified financing and liquidation, respectively.
4. The convertible debentures' initial internal rates of return (i.e., as on the Issuance date) are used as discount rate for fair market value calculations.

ii. Equity investments:

The Company invested in a variety of private equity investments during the four-month period ended June 30, 2018. These investments are mainly in common shares or preferred shares with liquidity and/or dividends priority advantages.

Also, as mentioned in note 3(c), the Company acquired the vend-in investments from GCI and 2330573 Ontario Inc. in exchange for 19,914,894 GT Shares. On acquisition the vend-in assets were measured at a fair value of $11,333,261. The vend-in assets included both Canadian equity securities and USD equity securities. All acquired securities were classified as FVTPL.

The Company determined that there are no material events which occurred during the short period since acquiring these investments, and accordingly, there were no changes in the estimated fair value of the underlying equity securities in the period.

The Company revalued the USD denominated equity securities using an exchange rate of 1.3168.

iii. Warrants to acquire equity investments:

As part of the Vend-in Assets mentioned in note 3(c), the Company acquired warrants with each warrant entitling the Company to acquire some of the equity investments mentioned in section (ii) above. On acquisition the warrants were measured at a fair value of CAD $322,138 for warrants denominated in CAD and CAD $197,154 for warrants denominated in USD. The Company used the Black-Scholes option pricing model to estimate fair market value, listed below are the weighted average assumptions used:

Risk-free interest rate	2.14%
Annualized volatility	65.00%
Dividend rate	0.00%
Expected weighted average life (years)	2.28 years

7. Fair value measurement

Financial assets and financial liabilities at June 30, 2018 were as follows:

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
Cash		26,354,036		**26,354,036**
Other receivables		594,679		**594,679**
Receivables from related parties		210,838		**210,838**
Investments	15,463,695			**15,463,695**
Put/call agreement	665,000			**665,000**
Long term investments	1,306,570			**1,306,570**
Accounts payables and accrued liabilities			248,492	**248,492**

Financial assets and financial liabilities at February 28, 2018 were as follows:

	Assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total
Cash		1,408,779		**1,408,779**
Investments	8,675,001			**8,675,001**
Long term investments	1,046,976			**1,046,976**
Accounts payables and accrued liabilities			246,012	**246,012**
Promissory note			750,000	**750,000**

Fair value hierarchy:

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at as of June 30, 2018:

	Fair Value	Fair value measurement used			Total
		Level 1	Level 2	Level 3	
FVTPL					
Investments	15,463,695	1,607,143	12,537,260	1,319,292	15,463,695
Put/call agreement	665,000	-	-	665,000	665,000
Long term investments	1,306,570	-	-	1,306,570	1,306,570

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at as of February 28, 2018:

	Fair Value	Fair value measurement used			Total
		Level 1	Level 2	Level 3	
FVTPL					
Investments	8,675,001	-	8,675,001	-	8,675,001
Long term investments	1,046,976	-	-	1,046,976	1,046,976

Level 1 Fair Value Measurements: Inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 Fair Value Measurements: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Includes inputs using a valuation methodology other than quoted prices included within Level 1.

Level 3 Fair Value Measurements: Inputs that are not based on observable market data and that are significant to the fair value measurement. These unobservable inputs reflect the Company's own assumptions about what a market participant would use in estimating fair value of a financial instrument.

The Company will transfer between levels in the fair value hierarchy only when the instrument no longer satisfies the definition of the fair value category it was recognized in.

Fair value is calculated using recent arm's length transactions, or prevailing market rates for instruments with similar characteristics.

The following shows the impact to the fair value of the Level 3 securities held at June 30, 2018 had the value of the securities increased or decreased as a result in a reasonable shift in the value of the most material unobservable input used to value these securities:

Security Name	Fair Value	Valuation technique	Unobservable inputs	Reasonable Shift	Change in valuation
Convertible Debenture 1	$ 660,307	"with" and "without" valuation approach	Assigning 50%, 30% and 20% probability weighting to the assumptions of completing a qualified financing, completing an optional conversion and liquidation, respectively	Assigning 20%, 30% and 50% probability weighting to the assumptions of completing a qualified financing, completing an optional conversion and liquidation, respectively	($258,000)

Security Name	Fair Value	Valuation technique	Unobservable inputs	Reasonable Shift	Change in valuation
Convertible Debenture 2	$ 646,263	"with" and "without" valuation approach	Assign 25%, 25% and 50% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively	Assign 0%, 0% and 100% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively.	($602,000)
Warrants	$519,292	Black-Scholes option pricing model	Volatility	+50%	$279,000
Private equity 1	$300,000	Most recent equity financing, with management adjustment for subsequent changes in underlying business	Discount rate	+/- 10%	+/- $30,000
Private equity2	$500,000	Most recent equity financing, with management adjustment for subsequent changes in underlying business	Discount rate	+/- 10%	+/- $50,000
Put/call agreement	$665,000	Monte Carlo simulation method	A value of 0.50 was determined to represent the most reliable correlation for fair value purposes	+/- 0.25	($426,000)/ $340,000 respectively

The following shows the impact to the fair value of the Level 3 securities held at February 28, 2018, had the value of the security increased or decreased as a result in a reasonable shift in the value of selected material unobservable inputs used to value this security:

Security Name	Fair Value	Valuation technique	Unobservable inputs	Reasonable Shift	Change in valuation
Convertible Debentures	$ 1,046,976	"with" and "without" valuation approach	Assign 70%, 20% and 10% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively	Assign equal probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively	($289,000)

The following is a reconciliation of investments in which significant unobservable inputs (level 3) were used in determining their fair value:

	Total
Balance as at February 28, 2018	1,046,976
Purchases	652,425
Transfers from level 2	800,000
Change in FMV	791,461
Balance as at June 30, 2018	3,290,862

Financial Risk Management:

The Company's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities including:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Price risk.

This note presents information about the Company's exposure to the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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

Credit risk:

Credit risk is the potential for financial loss to the Company if a counterparty in a transaction fails to meet its obligations. The Company's cash and cash equivalents, due from related parties, other receivables and investments are exposed to credit risk. The Company monitors its credit risk management policies continuously to evaluate their effectiveness and feels that the creditworthiness of its counterparties is satisfactory at this time. Cash and cash equivalents primarily consist of highly liquid temporary deposits with Canadian chartered banks.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To achieve this objective, the Company prepares annual operational expenditure budgets which are regularly monitored and updated as considered necessary.

The Company's accounts payable and accrued expenses and promissory notes have maturities of less than one year. They are also both free of any accrued interest.

Market risk:

Market risk is the potential for loss to the Company from changes in the values of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices. The Company's financial instruments are generally denominated in Canadian dollars and do not have significant exposure to changes in foreign exchange rates.

The Company's investments are classified at FVTPL, therefore changes in fair market value on securities are recorded in net income.

Further risks related to market risks that are present in the Company are as follows:

i. Price risk:

The Company is exposed to equity securities price risk because of investments held by the Company.
As at June 30, 2018, had the fair values of the investments at FVTPL increased or decreased by 10%, with all other variables held constant, net income would have increased or decreased by approximately $1,677,000 (February 28, 2018 - $972,000).

ii. Interest rate risk:

The Company's interest rate risk arises from short, long term borrowings and interest bearing financial instruments fair values fluctuating because of changes in market interest rates. As at June 30, 2018, the Company's exposure to interest rate risk is immaterial and is only limited to interest income on cash balances based on variable rates.

(February 28, 2018, the Company had a promissory note balance outstanding, however since the note is not interest bearing, interest rate risk was minimal).

iii. Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the functional currency of the Company, which is the Canadian dollar ("CAD"). The Company is exposed to the risk that the value of investments denominated in currency other than Canadian dollars will fluctuate due to changes in exchange rates. The Company's investment denominated in United States dollars ("USD") are marked accordingly in the schedule of investments included in note 6 above.

As at June 30, 2018, the approximate impact on the Company if the CAD weakened by 5% in relation to USD would be a gain of $374,000 (February 28, 2018 - $52,000). If the Canadian dollar were to strengthen relative to these currencies, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

8. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of its share capital. The Company manages its capital structure and makes adjustments based on the funds available to support new joint ventures with Collaborators and support its medium term working capital. The Board of Directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the Board of Directors to sustain future development of the business.

The management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets.

The Company is not subject to externally imposed capital requirements.

9. SHARE CAPITAL

Shares outstanding

As at June 30, 2018, the Company's authorized number of common shares was unlimited without par value, while the Company's number of issued common shares as of same date was 136,536,212 shares.

Description	Shares	Amount $	Note
Seed Financing	65,040,020	5,052,001	a
Non-brokered private placement Convertible Debentures	14,537,508	7,268,789	b
Brokered Private Placement (net of $3,132,091 issue cost)	30,000,000	26,836,001	c
GCI Vend-In assets	19,914,894	11,333,261	d
Due from investors for the Initial Seed Financing share issuance	6,320,000	316,000	a
Issuance of the new GT shares to CCA shareholders	723,790	723,790	e
Total	**136,536,212**	**51,529,842**	

a. Seed Financings

On December 28, 2017, the Company entered into promissory notes with certain founding investors (the "Founding Investors") pursuant to which the Company borrowed an aggregate of $3,000,000 from such investors. By January 10, 2018, the Company completed its initial seed financing (the "Initial Seed Financing") through the issuance of 56,040,020 common shares at a price of $0.05 per share to the Founding Investors of, and key investors in, the Company, for gross proceeds of $2,802,001. On January 17, 2018, the Company completed a second round of seed financing (the "Second Seed Financing") through the issuance of 9,000,000 Common shares at a price of $0.25 per share to the Founding Investors, in exchange for the cancellation of an amount of each Founding Investor's promissory note equal to the value of the shares issued to the Founding Investor in the Second Seed Financing, and certain of the other Initial Seed Financing investors for gross proceeds of $2,250,000. As at February 28, 2018, the balance of the Founding Investor's promissory notes was $750,000.

As at February 28, 2018, there was a balance of $316,000 due from investors for the Initial Seed Financing that was not part of the share capital. The full amount was received in March 2018 and an additional 6,300,000 GT Shares were issued.

b. Convertible Debentures

On March 9, 2018, GT completed a non-brokered private placement of $7,268,789 aggregate principal amount of convertible debentures (the "Convertible Debentures") funded through the payment of $6,618,789 in cash and the settlement of $650,000 principal amount of Founding Investor's promissory notes. The Convertible Debentures was automatically converted into 14,537,508 GT Shares at a discounted price of $0.50 per GT Share concurrently with the completion of the Qualifying Transaction.

c. Subscription Receipts

On April 5, 2018, GT completed the brokered private placement of 30,000,000 subscription receipts ("GT Subscription Receipts") through Canaccord Genuity Corp., Clarus Securities Inc., Eventus Capital Corp. and Laurentian Bank Securities Inc., acting as agents in respect of the Private Placement (collectively, the "Agents") at a price of $1.00 per GT Subscription Receipt for gross proceeds of $30,000,000, pursuant to an agency agreement dated April 5, 2018 between the Company and the Agents. Each GT Subscription Receipt was automatically converted into one GT Share without further payment from or action on the part of the holder of the GT Subscription Receipt concurrently with the satisfaction of the escrow release conditions and delivery of the release notice pursuant to the subscription receipt agreement dated April 5, 2018 between GT, the Agents and Computershare Trust Company of Canada. A total of 30,000,000 GT Shares were issued in connection with the conversion of the GT Subscription Receipts net of the amount $3,163,999 representing all the issuance costs associated with the whole share offering.

d. Vend-In Assets

As mentioned in note 3 (c), the Company entered into a Vend-In Agreement between GT, GCI and 2330573 Ontario Inc. dated May 25, 2018 relating to certain Vend-In Assets transferred by GCI and 2330573 Ontario Inc. to GT in exchange for 19,914,894 GT Shares. The transfer of the GCI Vend-In Assets and the issuance of the shares occurred immediately prior to, and was conditioned on, the completion of the Qualifying Transaction. The issued shares were recorded at $11,333,261, being the fair value of the securities transferred on the transaction date.

e. CCA

The Letter Agreement dated March 13, 2018 between GT and CCA sets out the value of CCA at $723,790. CCA completed a CCA share consolidation at a ratio of 6.66 pre-CCA consolidation common shares to 1 post-CCA consolidation common share. The resulting number of CCA shares were 723,790. Concurrent to the completion of the Qualifying Transaction, the CCA's shareholders' equity accounts was canceled and 723,790 new GT Shares were issued to the former shareholders of CCA.

Below schedule shows the calculation of the listing fees associated with the GT shares issued to CCA, which was allocated to retained earnings:

Fair value of GT Shares issued to CCA	$723,790
Less: cancellation of the CCA's share capital account	$(831,324)
Less: cancellation of the CCA's contributed surplus account	$(129,295)
plus: cancellation of the CCA's retained deficit account	$839,252
Listing fee (allocated to expenses)	**$602,423**

As at June 30, 2018, Globalive Capital Inc. ("GCI"), and as a result, Anthony Lacavera, as the controlling shareholder of GCI, held 56,403,402 common shares or 41.31% of the outstanding common shares of the Company.

10. Omnibus Equity Incentive Compensation Plan

The Plan permits the grant of Options, SAR, RSU, DSU and PSU. The Plan was approved by the Company's board of directors on June 12, 2018 and shareholders of the Company on May 22, 2018 and was effective upon completion of the Qualifying

Transaction until the earlier of (i) the date it is terminated by the Board in accordance with the Plan, and (ii) 10 years after the date of the Plan.

The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants with that of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Shares as long-term investments.

The number of Resulting Issuer Shares reserved for issuance under the Plan upon the exercise of Resulting Issuer Options will not, in the aggregate, exceed 10% of the outstanding GT shares. Additionally, the maximum number of GT shares reserved for issuance under the Plan upon exercise or settlement of any awards other than options shall be 13,703,621 GT Shares. In connection with the foregoing, the maximum number of GT shares for which awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding GT shares or 2% in the case of a grant of awards to any consultant or persons (in the aggregate) retained to provide investor relations activities.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of net and comprehensive gain (loss) such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

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, with fair value being charged to the Consolidated Statements of Net and Comprehensive Income (Loss) using a graded vesting attribution method over the vesting period with a corresponding credit to contributed surplus. For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

As of June 30, 2018, the Company has granted 7,250,000 options and 7,250,000 RSU's to the Company's officers, employees and consultants.

The following table shows the movement of the share-based payment reserve during the four-month period ended June 30, 2018.

	Share purchase options	**Restricted Share units**	**Total (Share-based Payment reserve balance)**
Balance, February 28, 2018	-	-	-
Share-based payments allocated to expense	178,919	335,567	514,486
Balance, June 30, 2018	**178,853**	**335,567**	**514,486**

The Company had the following stock options outstanding at June 30, 2018:

	Grant date	**Exercise Price**	**Number Outstanding**	**Vested Options**	**Ave remaining Life (years)**	**Expiry Date**	**FMV $**
Options granted to employees	June 8, 2018	1.00	6,450,000	-	6.76	April 1, 2025	3,658,70
Options granted to Wallace	June 8, 2018	1.00	200,000	-	0.61	February 6, 2019	36,875
Options granted to Wallace	June 8, 2018	1.00	200,000	-	1.10	August 7, 2019	49,676
Options granted to Wallace	June 8, 2018	1.00	200,000	-	1.61	February 6, 2020	59,627
Options granted to Wallace	June 8, 2018	1.00	200,000	-	2.11	August 7, 2020	67,915

Options issued to the senior management and employees of GT will be vested over three equal amounts on April 1, 2019, 2020 and 2021. Options issued to Wallace will be vesting over four equal amounts with the first 25% occurring six months following the grant date and subsequent vestings of 25% to occur every six months thereafter.

Using the Black-Scholes option pricing model, the following weighted average assumptions were used for the valuation of the stock options:

	June 30, 2018
Risk-free interest rate	2.14%
Annualized volatility	65.00%
Dividend rate	0.00%
Expected weighted average life (years) for options granted to Wallace	1.36 years
Expected weighted average life (years) for options granted to employee	6.76 years

The Company had the following RSUs outstanding at June 30, 2018:

	Grant date	Number Outstanding
RSUs granted to employees	June 8, 2018	5,350,000
RSUs granted to Wallace	June 8, 2018	1,900,000

RSUs issued to the senior management and employees of GT will be vested over three equal amounts on April 1, 2019, 2020 and 2021. Options issued to Wallace will be vesting over four equal amounts with the first 25% occurring six months following the grant date and subsequent vestings of 25% to occur every six months thereafter.

The fair value of the Options and RSUs are based on the market value of the shares on the date of the grant minus an estimated forfeiture rate of 10%.

11. OTHER ASSETS

The Company has pre-purchased 1,000,000 KODAKCoins from WENN Digital, Inc., a company developing a disintermediated solution to intellectual property licensing for photographs, using blockchain and initial coin offering infrastructure developed by Business Instincts Group ("BIG DEV"), for consideration of USD $250,000 or CAD $314,200. Using the blockchain, a digital ledger of rights ownership will be maintained for photographers to register both new and archival works that they can then license within the platform, using the new KODAKCoin cryptocurrency to receive payment for use. The platform will incorporate an AI-based web-crawling feature to monitor and protect the intellectual property of photographs registered through the system. The KODAKCoins will be delivered upon launch of the platform, currently anticipated to be sometime in 2019.

12. INCOME TAXES

a. Income tax expense:

	For the four-month period ended June 30, 2018
Income before income taxes	(10,117,783)
Income tax rate	26.50%
Expected income tax (recovery)	(2,681,212)
Impact of permanent differences	1,055,475
Tax benefits of current losses not recognized	278,253
Deferred tax recovery	912,778
Change in deferred tax assets not recognized	434,708
Income tax expense	-

b. Deferred Income Taxes: At June 30, 2018, the Company reversed a deferred tax liability of $912,778 because of an unrealized capital loss of $7,965,849.

c. Losses Carried Forward: The Company has a non-capital losses balance of $457,027 available for deduction against future taxable income. This balance will be expiring in 2038.

13. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share represents net income (loss) for the year divided by the weighted average number of shares outstanding during the year.

Diluted (earnings) loss per share is calculated by dividing the applicable net loss by the sum of the weighted average number of shares outstanding and all additional shares that would have been outstanding if potentially dilutive shares had been issued during the reporting period. The options and RSUs granted by the Company as described in note 10 (Omnibus Equity Incentive Compensation Plan) are anti-dilutive and therefore have not been included in the calculation of diluted earnings per share for the period. However, they may be dilutive in the future.

For the four-month period ended June 30, 2018, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the dilutive securities.

	Basic	Diluted
Numerator:		
Net comprehensive income for the period	$(9,205,005)	$(9,205,005)
Denominator:		
Weighted average number of common shares	83,447,949	83,447,949
Earnings per share	**$(0.110)**	**$(0.110)**

14. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management personnel during the four-month period ended on June 30, 2018 were as follows:

	Amount $
Management salaries and fees	468,269
Share-based payments (Omnibus Equity Incentive Compensation Plan)	308,062
Total	**776,331**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

15. Intangible assets and goodwill

As mentioned in note 3(a), on May 24, 2018, the Company obtained a 51% controlling interest in a business that develops software to support decentralized and intelligent business framework for third party customers. BIG contributed a previously unincorporated business to GBD, a subsidiary of the Company, in exchange for a 49% interest in GBD. Concurrently, the Company contributed $1,250,000 of cash into GBD.

Acquisitions of businesses are accounted for using the purchase method of accounting whereby all identifiable assets and liabilities are recorded at their fair values as at the date of acquisition. Any excess purchase price over the aggregate fair value of net assets is recorded as goodwill. Goodwill is not amortized. Any excess of the aggregate fair value of net assets over the purchase price is recognized in the consolidated statements of net and comprehensive income (loss).

Goodwill is identified and allocated to GBD or any cash-generating units ("CGU"), that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment at least annually or when events or circumstances indicate that an assessment for impairment is required. For goodwill arising on an acquisition in a financial year, the CGU to which the goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the CGU is less than the carrying amount of that CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to that CGU first, and then to the other assets of that CGU on the pro rata basis of the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in the consolidated statements of net and comprehensive income (loss). An impairment loss for goodwill is not reversed in subsequent periods. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

The identifiable assets of the business consist of various customer contracts and customer relationships. The Company is currently obtaining sufficient information to determine the fair value of the intangible assets acquired, and amendments to the purchase price allocation will be made as the fair value of the intangible assets are determined. Once determined, if the fair value of the intangible assets is less than $1,200,931 (as shown below), the differenced will be allocated to Goodwill. Goodwill may be attributable to the technological expertise of the BIG'S management team or the know- how acquire future customer relations. Goodwill is not deductible for tax purposes.

The consideration paid, and non-controlling interest was measured based on the estimated fair value of shares issued to BIG.

Consideration transferred:	
Fair value of shares of subsidiary issued to non-controlling interests	1,200,980
Less: Cash received	(49)
Intangible assets and goodwill on acquisition	**$1,200,931**

16. FIXED ASSETS

Depreciation of fixed assets is an estimate of the expected useful life. In order to determine the useful life for the mining servers, assumptions are required and may range depending on market conditions and technology changes, availability of hardware and production costs.

The following table shows the breakdown of the Company's fixed assets including the estimated expected useful life and amount of depreciation for each category during the reporting period:

	February 28, 2018	Additions	Expected Useful Life (Years)	Depreciation	June 30, 2018
Office computers and equipment	-	29,760	2	(2,270)	27,490
Furnitures and other fixtures	-	24,566	5	(1,098)	23,468
Mining servers and electrical infrastructure	-	1,445,792	3	(20,080)	1,425,711
	-	1,500,118		(23,448)	1,476,669

17. SUBSEQUENT EVENTS

The Company entered into an agreement to purchase Preferred Shares from ACORN Biolabs Inc. in the amount of $625,000. During July 2018, the Company funded $312,500 of this commitment with the remaining balance expected to be funded during the third quarter in 2018.

During July 2018, the Company also invested $100,000 in the common shares of Xtreme Blockchain Labs. The Company will also be entitled for free warrants to buy additional common shares of Xtreme Blockchain Labs subject to certain conditions.