Globalive Technology Inc.

(formerly Corporate Catalyst Acquisition Inc.)

Consolidated Financial Statements

For the ten-month period ended December 31, 2018 and the period from December 7, 2017 (commencement of operations) to February 28, 2018

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Globalive Technology Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Globalive Technology Inc. (formerly Corporate Catalyst Acquisition Inc.) and its subsidiaries (together, the Company) as at December 31, 2018 and February 28, 2018, and its financial performance and its cash flows for the period from March 1, 2018 to December 31, 2018 and for the period from December 7, 2017 (commencement of operations) to February 28, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and February 28, 2018;
- the consolidated statements of net and comprehensive income (loss) for the period from March 1, 2018 to December 31, 2018 and for the period from December 7, 2017 (commencement of operations) to February 28, 2018;
- the consolidated statements of changes in equity for the period from March 1, 2018 to December 31, 2018 and for the period from December 7, 2017 (commencement of operations) to February 28, 2018;
- the consolidated statements of cash flows for the period from March 1, 2018 to December 31, 2018 and for the period from December 7, 2017 (commencement of operations) to February 28, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

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 consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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 Neil Rostant.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
April 11, 2019

MANAGEMENT'S REPORT TO SHAREHOLDERS

The accompanying financial statements of Globalive Technology Inc. (the "**Company**") and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") as outlined in Part 1 of the Handbook of the Chartered Professional Accountants of Canada and include some amounts that are based on management's estimates and judgment.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, which has a majority of independent directors. The Audit Committee reviews the Company's annual financial statements and recommends its approval to the Board of Directors. The Company's auditors have had full access to the Audit Committee, with and without management being present. These financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants.

"Signed"	*"Signed"*
"Anthony Lacavera"	"Kingsley Ward"
Director	Director

Consolidated Statements of Financial Position

As at	Notes	December 31, 2018	February 28, 2018
Assets			
Current assets			
Cash		$ 13,436,845	$ 1,408,779
Other receivables		524,573	34,919
Prepaid expenses		607,912	-
Receivables from related parties		23,232	-
Investments	**7**	14,578,112	8,675,001
Total current assets		29,170,674	10,118,699
Non-current assets			
Other assets	**13**	-	314,200
Fixed assets (net of depreciation)	**17**	192,583	-
Long term investments	**7**	8,947,754	1,046,976
Investment in associates	**6**	-	1,000,000
Total assets		**38,311,011**	**12,479,875**
Liabilities			
Current liabilities			
Accounts payables and accrued liabilities		1,046,334	246,012
Promissory note		-	750,000
Total current liabilities		1,046,334	996,012
Non-current liabilities			
Deferred income taxes		-	912,778
Total liabilities		1,046,334	1,908,790
Shareholders' equity			
Share capital	**10**	52,602,413	5,052,001
Share-based payment reserve	**11 , 12**	1,640,152	-
Retained earnings (deficit)		(16,931,476)	5,519,084
Total shareholders' equity		37,311,089	10,571,085
Non-controlling interest		(46,412)	-
		37,264,677	10,571,085
		38,311,011	**12,479,875**

Approved on behalf of the Board of Directors

(SIGNED) *"Anthony Lacavera"* (SIGNED) *"Kingsley Ward"*

Anthony Lacavera Kingsley Ward

Director **Director**

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

Consolidated Statements of Net and Comprehensive Income (Loss)

For the	Notes	ten month period ended December 31, 2018	period from December 7, 2017 (commencement of operations) to February 28, 2018
Revenues	**5**	673,767	-
Other income		777,819	-
Equity pickup from investments in associates	**6**	(116,975)	-
Other losses	**19**	(3,457,032)	-
Change in unrealized gain (loss) from investments held at fair value through profit or loss	**7**	(10,598,541)	6,888,890
		(12,720,962)	6,888,890
Expenses			
Listing fees	**10**	602,423	-
Marketing and public relations		1,712,814	-
Employee share based compensation	**12**	1,640,152	-
Office, general and administrative		624,725	60,573
Salary and wages		2,758,895	85,529
Professional fees		3,335,419	310,926
Cost of sales	**5**	634,515	-
Depreciation of property and equipment	**17**	280,825	-
Other expenses		300,000	-
Total expenses		11,889,768	457,028
Net income (loss) before taxes for the period		(24,610,730)	6,431,862
Deferred tax recovery (expense)	**14**	912,778	(912,778)
Net income (loss) and comprehensive income (loss) for the period		(23,697,952)	5,519,084
Net income (loss) and comprehensive income (loss) for the period attributable to:			
Globalive Technology Inc. shareholders		(22,450,560)	5,519,084
Non-controlling interests		(1,247,392)	-
Net income (loss) and comprehensive income (loss) for the period		(23,697,952)	5,519,084
Earnings (loss) per share			
Basic	**15**	**$ (0.195)**	**$ 0.146**
Diluted	**15**	**$ (0.195)**	**$ 0.133**

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Changes in Equity

For the	Notes	ten month period ended December 31, 2018	period from December 7, 2017 (commencement of operations) to February 28, 2018
Number of common shares outstanding			
Outstanding at the beginning of the period		65,040,020	-
Shares issued		71,496,192	65,040,020
Balance at the end of the period		**136,536,212**	**65,040,020**
Share capital			
Balance at the beginning of the period		5,052,001	-
Shares issued	**10**	49,641,842	5,052,001
Share issue costs		(2,091,430)	-
Balance at the end of the period		52,602,413	5,052,001
Share-based payment reserve			
Balance at beginning of period		-	-
Share based compensation	**12**	1,640,152	-
Balance at the end of the period		1,640,152	-
Retained earnings (deficit)			
Balance at beginning of period		5,519,084	-
Net income (loss) for the period		(22,450,560)	5,519,084
Balance at the end of the period		(16,931,476)	5,519,084
Total shareholders' equity		37,311,089	10,571,085
Non-controlling interests			
Balance at beginning of period		-	-
Non-controlling interest on acquisition of subsidiary		1,200,980	-
Net income (loss) for the period		(1,247,392)	-
Balance at the end of the period		(46,412)	-
Total		**37,264,677**	**10,571,085**

The accompanying notes are an integral part of these financial statements

Consolidated Statements of Cash Flows

For the	Notes	ten month period ended December 31, 2018	period from December 7, 2017 (commencement of operations) to February 28, 2018
Cash flows from operating activities			
Net income (loss) before taxes for the period		**$ (24,610,730)**	**$ 6,431,862**
Items not affecting cash:			
Change in fair value of investments		10,598,541	(6,888,890)
Equity pickup from investments in associates	6	116,975	-
Other losses	19	3,457,032	-
Share based compensation	12	1,640,152	-
Listing fees	10	602,423	-
Depreciation of fixed assets	17	280,826	-
Changes in non-cash working capital:			
Other receivables		(489,654)	(34,919)
Prepaid expenses		(607,912)	-
Receivables from related parties		(23,232)	-
Accounts payables and accrued liabilities		800,322	246,012
Net cash used in operating activities		**(8,235,257)**	**(245,935)**
Investing Activities			
Payment for investment in a subsidiary		(1,250,000)	-
Purchase of investments		(4,166,520)	(1,825,000)
Purchase of long term investments		(8,902,605)	(1,007,840)
Purchase of investment in associates		-	(1,000,247)
Other assets		-	(314,200)
Purchase of fixed assets		(1,532,285)	-
Net cash used in investment activities		**(15,851,410)**	**(4,147,287)**
Cash flows provided by (used in) financing activities			
Proceeds from promissory note		-	3,000,000
Issue expenses		(2,091,468)	-
Proceeds from shares issued		38,206,201	2,802,001
Net cash provided by financing activities		**36,114,733**	**5,802,001**
Net increase in cash during the period		**12,028,066**	**1,408,779**
Cash - beginning of period		1,408,779	-
Cash - end of period		**13,436,845**	**1,408,779**

The accompanying notes are an integral part of these financial statements

1. REPORTING ENTITY

The Company

Globalive Technology Inc. ("**GT**" or the "**Company**") was formed on June 8, 2018, by the amalgamation of Globalive Technology Partners Inc. ("**GTP**") and Corporate Catalyst Acquisition Inc. ("**CCA**"). Its registered and records offices are located at East Tower, Bay Adelaide Centre, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, M5H 4E3, and its head office is located at 48 Yonge Street, Suite 1200, Toronto, Ontario, M5E 1G6.

Corporate History

GTP was incorporated under the Business Corporations Act (Ontario) on December 7, 2017, with the goal of commercializing technologies, including those based on artificial intelligence and machine learning, blockchain and the internet of things. This strategy included entering into business ventures with third parties ("**Collaborators**") who had existing customers for these technologies and co-developing new software applications and technology platforms for use in the Collaborators' businesses and for licensing to third-parties. In appropriate cases, in furtherance of its core business, GTP would also provide capital support to its Collaborators and business ventures**.**

On June 8, 2018, GTP completed a reverse takeover transaction (the "**RTO Transaction**") with CCA, a capital pool company listed on the NEX Exchange, resulting in the formation of GT. On June 13, 2018, following the completion of the RTO Transaction, GT's common shares commenced trading on the TSX Venture Exchange ("**TSX-V**"). GT is the successor of GTP and carries on its business of building and commercializing software solutions using optimal technology stacks, but with a focus on the fintech sector, including retail consumer finance and billing solutions.

Upon completing the RTO Transaction, the GT financial year end was changed from February 28th to December 31st.

During the financial year ended December 31, 2018, the Company was unable to arrive at mutually-agreeable business terms in respect of its potential business venture with Coinsquare Inc. ("**Coinsquare**") to develop a multi-asset trading platform, experienced lower than anticipated revenues generated by its business ventures with HyperBlock Inc. ("**HyperBlock**") and Business Instincts Group Inc. ("**BIG**"), and experienced a loss of its investments in VIDL News Corp. ("**VIDL**") and Mantle Technology Inc. ("**Mantle**"). These events, together with a decline in the blockchain and cryptocurrency markets during the financial year (from March 1, 2018 to December 31, 2018, the market price of benchmark cryptocurrencies declined significantly, including a drop in the value of Bitcoin from USD $10,989.50 to USD $3,824.54, and Ethereum from USD $873.38 to USD $136.63) have contributed to the Company's shift in focus towards the fintech sector and the Company does not anticipate that its blockchain and cryptocurrency investments and business ventures will form a significant part of its business plan in the foreseeable future

2. BASIS OF PRESENTATION

a. Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

The consolidated financial statements were authorized for issue on April 11, 2019 by the directors of the Company.

b. Basis of measurement

These audited 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 audited consolidated financial statements are presented in Canadian Dollars, which is the Company's functional currency

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

Subsidiaries are entities controlled by a company and results are consolidated into the financial results of the controlling company from the effective date of acquisition up to the effective date of disposition or loss of control.

The Company financials are consolidated and the subsidiaries of the Company that have been consolidated are as follows:

The Company financials are consolidated with the following subsidiaries of the Company:

i. **Globalive BIG Dev Inc. ("GBD"):** GBD is a subsidiary of the Company formed for the purpose of implementing a business venture between the Company and BIG to develop software to support decentralized and intelligent business frameworks. GBD was intended to provide customers with access to a library of software stacks and customizable solutions featuring blockchain and machine learning technology. On May 24, 2018, the Company completed the initial organization and set-up of GBD. The Company contributed $1,250,000 to acquire 510,000 shares or 51% of the issued and outstanding common shares of GBD and also entered into a Master Service Agreement among the Company, GBD and BIG to potentially provide certain services to the business venture. It was the intention of the Company and BIG that any appropriate software development opportunities identified by either of them would also be offered first to GBD.

   The transactions and balances of the Company and GBD are included in financial statements from the effective date of the acquisition on May 24, 2018.

ii. **Neighbor Billing Inc. ("Neighbor")**: Neighbor is a subsidiary of the Company formed for the purpose of implementing a business venture between the Company and Sponsor Energy Inc. ("Sponsor") to develop a utility commerce management platform that bundles the billing for utility services and other similar household bills into a single consolidated invoicing and payment regime.

   On September 17, 2018, the Company completed the initial organization and set-up of Neighbor. The Company and Sponsor each own 50% of the issued and outstanding common shares of Neighbor, but the Company has the right to appoint 2/3 directors to its board of directors, giving the Company control of Neighbor. The Company has also entered into a software development services agreement with Neighbor under which the Company provides the software development services required to build the platform in exchange for future compensation. Neighbor will own the intellectual property associated with the platform and will have the right to commercialize its use in utilities markets.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Changes in the Non-Controlling Interest ("**NCI**") are accounted for at the time they occur during any financial reporting period. Any net and comprehensive income (loss) realized from the operations of the Company independently from its subsidiaries is fully attributable to the shareholders of the Company.

b. Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates, judgments and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. Estimates where management has made subjective judgments and where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments (see note 7 for more details), useful lives and impairment of non-financial assets (property and equipment and intangible assets), assessment of the Company's ability to continue as a going concern and fair value measurements for assets and liabilities acquired in business acquisition.

c. Earnings (losses) per share

Basic earnings (losses) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (losses) per share is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as warrants and stock options granted to employees, directors and consultants of the Company.

d. Changes in Accounting Policies

IFRS 9 "Financial Instruments"

The Company has applied IFRS 9 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. Financial instruments are measured at fair value on initial recognition of the instrument. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Measurement in subsequent periods depends on whether the financial instrument has been classified as: (i) financial asset at fair value through profit or loss, (ii) financial assets at fair value through other comprehensive income, (iii) financial assets at amortized cost, (iv) financial liabilities at fair value through profit or loss, or (v) financial liabilities at amortized cost.

Management has determined that this standard has no material impact on the consolidated financial statements.

Classification and Measurement

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

- those to be measured subsequently at FVTPL;
- those to be measured at amortized cost; and
- those to be measured at fair value through other comprehensive income ("FVOCI").

Assets that have cash flows that are solely payments of principal and interest but are held either to collect contractual cash flows or for sales are classified as FVOCI. Currently, the Company does not have any instruments that are classified as FVOCI.

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 two 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 or FVOCI.

The Company's financial assets include other receivables and cash, which are measured at amortized cost. 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.

The Company's financial assets also include investments, long term investments and derivative assets which are measured at fair value through profit and loss.

Financial Instrument	**IAS 39**	**IFRS 9 (1)**
Cash	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Investments	FVTPL	FVTPL
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost	Amortized cost
Promissory note	Financial liabilities measured at amortized cost	Amortized cost

(1) There were no adjustments to the carrying amounts of financial instruments as a result of the change in classification from IAS 39 to IFRS 9.

The adoption had no impact on the carrying value of the Company's investments, amounts receivable, accounts payable and accrued liabilities, promissory note 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 Statement of Net and Comprehensive Income (loss).

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

IFRS 15 – "Revenue from Contracts with Customers":

This standard specifies how and when revenue should be recognized to all contracts with customers based on a five-step model. The Company's only source of revenue during this period came from its mining-as-a-service business venture with HyperBlock as described in note 5. The Company did not sell any hashrates and therefore realized revenues directly from the mining of digital currencies which were settled in United States Dollars on a monthly basis.

As a result of the adoption of IFRS 15 there was no impact on the Company's financial statements.

e. Investments in associates

An associate is an entity over which the Company has significant influence, but not control, and is neither a subsidiary, nor an interest in a joint venture. Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the investee as if the investee had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income, and for accounting changes that relate to periods subsequent to the date of acquisition. Where there is objective evidence that the investment in associates is impaired, the amount of impairment, calculated as the difference between the recoverable amount of the associate and its carrying value, is deducted from the carrying value and recognized as a loss in the Consolidated Statement of Net and Comprehensive Income (loss).

f. Capital stock

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

g. Income tax

Income tax expense represents the sum of the tax currently paid or payable for the period and deferred tax. The tax currently paid or payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the annual Consolidated Statement of Net and Comprehensive Income (Loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized on 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 profit. Deferred tax liabilities are generally recognized for taxable temporary differences, except as noted below. Deferred tax assets are generally recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

h. Omnibus Equity Incentive Compensation Plan

The Company operates an omnibus equity incentive compensation plan. The fair value determined at the grant date of the equity-settled share-based compensation 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.

Equity-settled share-based compensation 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).

i. Foreign currency translation

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

Assets and liabilities of the Company which are denominated in foreign currencies are translated at the year-end exchange rate. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in the Consolidated Statement of Net and Comprehensive Income (Loss)..

j. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When major components of an item of property and equipment have different useful lives, they are accounted for separately.

The cost of replacing a component is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Consolidated Statement of Net and Comprehensive Income (loss)during the financial period in which they are incurred.

The Company provides for depreciation using the following methods at rates designed to depreciate the cost of the property and equipment over their estimated useful lives. The annual depreciation rates and methods are as follows:

Asset	Method	Rate
Furniture and fixtures	Straight-line	5 years
Computer equipment and mining servers	Straight-line	2 years
Leasehold improvements	Straight-line	Term of lease

k. Impairment of fixed assets and the mining servers

Fixed assets and the cryptocurrency mining servers are subject to impairment testing whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At each reporting date, the Company conducts an internal review of asset values which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future digital currency prices, and other market factors are also monitored to assess for indicators of impairment. If any indications of impairment exist, an estimate of the asset's recoverable amount is calculated, being the higher of fair value less costs to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount based on the Company's calculations, then an impairment charge is recorded to the Consolidated Statement of Net and Comprehensive Income (loss) and the carrying amount of the asset on the consolidated statement of financial position is reduced to its recoverable amount.

A previously recognized impairment loss on fixed assets and mining servers is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in impairment. This reversal is recognized in the Consolidated Statement of Net and Comprehensive Income (loss) and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

l. Leases

Leases where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Company are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

m. Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

n. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

o. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

p. New and amended standards issued but not yet effective

The following new standards and amendments have been issued by the IASB and were not yet effective for the fiscal year beginning January 1, 2018. The Company does not expect to adopt any of them in advance of their respective effective dates.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (''IFRIC 23''):

In June 2017 the IASB issued IFRIC 23 to clarify how the requirements of IAS 12 Income Taxes should be applied when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019, with modified retrospective or retrospective application. Adoption of IFRIC 23 is not expected to have a significant impact on the Company's consolidated financial statements.

IFRS Annual Improvements 2015-2017:

In December 2017 the IASB issued amendments to clarify the requirements of four IFRS standards. The amendments are effective for annual periods beginning on or after January 1, 2019, primarily with prospective application. Adoption of the amendments is not expected to have a significant impact on the Company's consolidated financial statements.

Conceptual Framework for Financial Reporting (''Conceptual Framework''):

On March 29, 2018 the IASB published a revised Conceptual Framework that includes revised definitions of an asset and a liability as well as new guidance on measurement, derecognition, presentation and disclosure. The revised Conceptual Framework does not constitute an accounting pronouncement and will not result in any immediate change to IFRS, but the IASB and IFRS Interpretations Committee will use it in setting future standards. The revised Conceptual Framework is effective for the Company beginning on January 1, 2020 and will apply when developing an accounting policy for an issue not addressed by IFRS.

Definition of Material (Amendments to IAS 1 and IAS 8):

On October 31, 2018 the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of ''material''. The amendments are applied prospectively on or after January 1, 2020 and are not expected to have a significant impact on the Company's consolidated financial statements.

Definition of a Business (Amendments to IFRS 3):

On October 22, 2018 the IASB issued amendments to IFRS 3 Business Combinations to narrow the definition of a business and clarify the distinction between a business combination and an asset acquisition. The amendments are applied prospectively to all business combinations and asset acquisitions on or after January 1, 2020 and are not expected to have a significant impact on the Company's consolidated financial statements.

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. Given its current leasing arrangements, the Company believes the impact of adopting IFRS 16 is going to be immaterial but will keep reassessing the impact of adopting IFRS 16 on its consolidated financial statements.

4. PUT/CALL AND RIGHT OF FIRST REFUSAL AGREEMENT

Flexiti Financial Inc. ("**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 FLX Holding Corp. (formerly Wellspring Holding Corporation. "**FLX**"). As previously announced, the Company has entered into a technology development agreement with Flexiti, and expects to leverage Flexiti's loan portfolio, customer base and related historical loan data to build technology platforms to optimize consumer financing at the point-of-sale.

On June 6, 2018, GT entered into a right of first refusal and put option agreement with 2629331 Ontario Inc. ("**262**"), a wholly owned subsidiary of Globalive Capital Inc. ("**GCI**"), which owns a substantial interest in, controls FLX, and is a related party to GT. That agreement was subsequently amended and restated by a put, call and right of first refusal agreement on June 21, 2018 (the "**Put/Call Agreement**"), and certain terms affecting the Put/Call Agreement were further amended in October and November of 2018 in connection with the purchase and sale of certain debentures of 262. Following these amendments, the Put/Call Agreement provides for the following:

i. 262 grants GT a right of first refusal in respect of a change of control of 262, or a sale of its ownership interest in FLX, that occurs within 1 year of the date of the agreement;

ii. GT grants 262 and its shareholders a put option (the "**Flexiti Put**") which may be exercised for up to 2 years following the date of the agreement. If exercised, the Flexiti Put would require GT to:

   a. acquire all issued and outstanding common shares of 262 for an aggregate purchase price of up to 5,000,000 common shares of GT ("**GT Shares**");

   b. vertically amalgamate with 262, therefore inheriting the obligations of 262 which include senior secured debentures in the aggregate principal amount of $15 million which would remain outstanding (but cease accruing fees/interest) and be convertible into GT Shares at a conversion price of $1.00 per share (amended from $1.50/share in Q4 2018), and junior secured debentures in the aggregate principal amount of $6 million;

   c. pay all outstanding principal and interest accrued on the junior secured debentures; and

   d. pay a make-whole payment to the holders of the senior secured debentures, one year following the amalgamation, in lieu of the interest and fees that would accrue over the lifetime of those debentures;

iii. 262 and its shareholders grant GT a call option (the "**Flexiti Call**") which may be exercised for up to 2 years following the date of the agreement. If exercised, the Flexiti Call would require GT to:

   a. acquire all issued and outstanding common shares of 262 for an aggregate purchase price of 13,333,333 GT Shares;

   b. vertically amalgamate with 262, therefore inheriting the obligations of 262 which include senior secured debentures in the aggregate principal amount of $15 million which would remain outstanding (but cease accruing fees/interest) and be convertible into GT Shares at a conversion price of $1.00 per share (amended from $1.50/share in Q4 2018); and

c. pay all outstanding principal and interest accrued on the junior secured debentures; and

d. pay a make-whole payment to the holders of the senior secured debentures, in lieu of the interest and fees that would accrue over the lifetime of those debentures.

Each of the foregoing rights and options are limited by and subject to certain terms and conditions including GT obtaining approval of its disinterested minority shareholders.

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

1. The Flexiti Call'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. A change of control of 262 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 the 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. The number of shares outstanding for both 262 and GT at the time of valuation will not change during the life of the options.
7. The Bank of Canada's 2-year T-bill rate was used as the risk-free rate.

As of December 31, 2018, the Company obtained an updated valuation model from the same third-party valuator. The valuation approach used for updating the fair values as at December 31, 2018 is consistent with the ones obtained as of the Valuation Date, with the exception of change in the starting value of 262. The updated valuation is based on 262's consolidated equity value as per the audited consolidated financial statements of 262 and Flexiti which were not available at the time of the initial fair valuation.

Based upon the above assumptions and available information as of the date of these financials, it was calculated that the fair value for the Flexiti Call has a $nil value.

5. SEGMENT AND REVENUE INFORMATION

a. Description of segments

On June 11, 2018, the Company entered into a mining-as-a-service agreement with HyperBlock.

HyperBlock has brokered the acquisition of 800 miner servers with power supply units ("**Mining Servers**") for the Company, which HyperBlock is operating and maintaining in a business that is intended to rent the computation power ("**Hashrate**") of these Mining Servers to third parties interested in mining digital currencies.

On June 15, 2018 ("**Segment Inception of Operations**"), the Company paid USD $1,571,840 to acquire the 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 also collects a sale commission based on the revenue generated from the Hashrate sales. Once the Company has 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 at a predetermined rate.

When HyperBlock is not able to sell all the available Hashrate, the Company realizes revenues directly from the mining of digital currencies sold to Hyperblock at the point of mining. The sales price is based on the monthly average market rate for the applicable digital currency in United States Dollars, and payment is received in United States Dollars.

b. Segment financial information

During the period from Segment Inception of Operations to December 31, 2018, the Company did not sell any Hashrates and the Company realized revenues from the mining of digital currency which were sold for United States Dollars.

The table below shows the segment financial information during the ten-month periods ended December 31, 2018 and the basis on which revenue is recognised:

Segment Revenue

	Ten month period ended December 31, 2018
Add: Hashrate sales	-
Add: mining digital currencies (USD 508,471)	673,767
Less: Cost of sales	
Management fees	(52,507)
Cost of electricity and maintenance	(433,435)
Segment profit and loss	**187,825**

A reconciliation of the segment profit and loss to Net income (loss) before taxes for the period is provided as follows:

Segment profit and loss	**187,825**
Other Income and revenues	777,819
Other losses	(3,457,032)
Equity pickup from investments in associates	(116,975)
Change in unrealized loss from investments held at fair value through profit or loss	(10,598,541)
Listing fees	(602,423)
Marketing and public relations	(1,712,814)
Employee share-based compensation	(1,640,152)
Office, general and administrative	(624,725)
Salary and wages	(2,758,895)
Professional fees	(3,335,419)
Depreciation of property and equipment	(280,825)
Amortization of prepaid management fees	(148,573)
Other expenses	(300,000)
Net income (loss) before taxes for the period	**(24,610,730)**

6. INVESTMENT IN ASSOCIATES

The investment in associate balance consists of:

	December 31, 2018	February 28, 2018
Investment in the common shares of VIDL	-	247
Investment in the class A shares of Mantle	-	1,000,000

VIDL: During the period VIDL was a news service that was 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 also invested USD $800,000 (CAD $1,007,840) in a convertible debenture issued by VIDL with up to a 20% discount privilege on conversion (see note 7 for more details). The Company also occupies one of three board of directors' seats. As of the date of these financials, VIDL is in the process of winding up and as a result has been recorded at $nil value in the financial statements.

Mantle: The Company has partnered with Mantle, the creator of a virtual blockchain-as-a-service platform that enables companies to quickly test and deploy blockchain applications in much the same way Wix and Wordpress allow a company to build a website. The Company currently holds a 14.1% interest in Mantle on a 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 following are selected financial information for both Mantle and VIDL as of December 31, 2018:

	Mantle	VIDL
Total assets	473,239	804
Total liabilities	302,101	1,113,247
Revenues	12,787	-
Net profit (loss)	(828,168)	(1,113,261)

The carrying amount of equity-accounted investments has changed as follows during the ten-month period ended December 31, 2018:

	December 31, 2018	February 28, 2018
Investment in associates, opening balance	1,000,000	1,000,247
GT's share of net gain (loss) (1) (2)	(116,975)	(247)
Impairment loss (3)	(883,025)	-
Investment in associates, closing balance	**-**	**1,000,000**

(1) VIDL had a loss of USD $816,054 (an equivalate to $1,057,362) during the ten-month period ended December 31, 2018. Based on a 32% ownership, the Company's share in these loses is estimated to be USD $261,137. 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 $828,168 during the ten-month period ended December 31, 2018. Based on a 14.12% ownership, the Company's share in these loses is estimated to be $116,975.

(3) The Company has written-off the remaining value of this investment due to Mantle significantly reducing its employees and operations. As a result, this investment has been recorded at $nil value in the Company's financial statements (see note 19).

7. INVESTMENTS

The Company has made and continues to make strategic investments in existing and potential future Collaborators and other strategic partners. The Company carried the following investments in certain technology companies as at December 31, 2018:

Investment name	$	Cost	Estimated Fair Market Value	
(a) Puplicly listed investments:				
Equity shares:				
HyperBlock Inc.	CAD	2,525,000	160,714	(i)
CryptoStar Inc.	CAD	300,000	9,000	(ii)
Fastforward Innovations Limited	GBP	131,870	99,528	(iii)
(b) Privately held investments:				
Debt investments	USD	1,660,265	697,573	(i)
Debt investments	CAD	8,250,181	8,250,181	(ii)
Equity investments	CAD	7,792,991	7,511,018	(iii)
Equity investments	USD	6,055,630	6,525,194	(iii)
Warrants to acquire equity investments	CAD	322,138	84,000	(iv)
Warrants to acquire equity investments	USD	197,154	188,658	(iv)
Total Investments		**27,235,229**	**23,525,866**	
Investments classified as current (1)		**17,324,783**	**14,578,112**	
Long term Investments (2)		**9,910,446**	**8,947,754**	

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	
(a) Puplicly listed investments:				
Equity shares:				
HyperBlock Technologies Corp.	CAD	1,525,000	8,375,001	(i)
(b) Privately held investments:				
Debt investments	USD	1,007,840	1,046,976	(i)
Equity investments	CAD	300,000	300,000	(iii)
Total Investments		**2,832,840**	**9,721,977**	
Investments classified as current (1)		**1,825,000**	**8,675,001**	
Long term Investments (2)		**1,007,840**	**1,046,976**	

a. Publicly-listed investments:

i. **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.

On July 11, 2018, HyperBlock was listed on the Canadian Securities Exchange. The market price for HyperBlock shares as at December 31, 2018 was $0.03 per share. As a result, the Company revalued its common share holdings and recognized an unrealized loss of $9,214,286 during the ten-month period ended December 31, 2018 (unrealized gain of $6,850,001 during the period from December 7, 2017 (commencement of operations) to February 28, 2018).

ii. **CryptoStar Inc. ("CryptoStar"):** CryptoStar operates in the distributed ledger technology space, utilizing specialized equipment to perform computationally intensive cryptographic operations to validate transactions on the blockchain, receiving digital currencies (primarily Bitcoin). The business has been operating since June 2016. The Company participated in CryptoStar's private placement dated January 4, 2018 and acquired 600,000 common shares at a price of $300,000.

On October 2, 2018, CryptoStar was listed on the TSX Venture Exchange. The market price as December 31, 2018 was $0.015 per share. As a result, the Company revalued its common share holdings and recognized an unrealized loss of $291,000 during the ten-month period ended December 31, 2018 ($nil during the period from December 7, 2017 (commencement of operations) to February 28, 2018).

iii. **Fastforward Innovations Limited ("Fastforward")**: Fastforward was established to invest in early stage visionary entrepreneurs developing innovative technologies that solve problems in their industries. These investment opportunities are often reserved for the private market of venture capital firms and access to these companies is usually out of reach of the average investor. Its ordinary shares are traded on AIM Stock Exchange (a sub-market of the London Stock Exchange) under the symbol "FFWD".

On August 7, 2018, the Company subscribed for 585,954 ordinary shares of FFWD for a subscription price of USD $100,000. The market price of Fastfoward shares as December 31, 2018 was GBP 0.10 per share and the Company revalued this investment using the GBP exchange rate as of same date resulting in an unrealized loss of $32,342 during the ten-month period ended December 31, 2018 ($nil during the period from December 7, 2017 (commencement of operations) to February 28, 2018).

b. Privately held investments

i. **Debt investments in USD:**

The Company made two investments in convertible debentures denominated in USD with certain discount privileges 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 December 31, 2018, using a “with” and “without” valuation approach, the fair value of the convertible debentures, is USD $511,343 ($697,574), resulting in an unrealized loss of $1,001,827 during the ten-month period ended December 31, 2018 (unrealized gain of CAD $39,136 during the period from December 7, 2017 (commencement of operations) to February 28, 2018). Of the balance of these losses, a loss of $1,046,976 relates to the Company’s investment in the convertible debenture of VIDL, which is in the process of winding-up.

The significant assumptions used in the valuation of the convertible debentures were:

1. cash burn projections;
2. the date of new financing which will trigger the conversion feature of both debt investments;
3. the probabilities of completing a qualified financing, completing a non-qualified financing and liquidation, respectively; and
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. Debt investments in CAD:

Senior debenture of 262:

On October 10, 2018 and November 9, 2018, the Company acquired senior secured convertible debentures of 262 (the “**Senior Debentures**”) in the aggregate principal amount of $7,500,000. The Company acquired the debentures in an arm’s length transaction at a value that was approved by both 262’s and GT’s boards of directors, however, the result is that the Company now holds debentures in 262, an entity that is considered to be related party. The Senior Debentures bore interest at 17.5% per annum, compounded and calculated monthly, in arrears and will mature on May 1, 2020.

Under the terms of the Senior Debenture, the holder will receive a risk premium charge (the "**Risk Premium Charge**") which is an amount equal to 10% of the principal due under the Senior Debentures. 50% of this charge was paid upon issue and the remaining 50% will be payable on the earlier of (i) the time that the Senior Debentures are converted, (ii) the time that the Senior Debentures are repaid on maturity or redemption, (iii) the time that a Flexiti Put or Flexiti Call transaction is completed (see note 4 for more details), and (iv) upon completion of any change of control of 262 Ontario. Interest accrues on the Risk Premium Charge commencing on the date they were issued (May 1, 2018) at the same rate as on the Senior Debentures and any interest so accrued shall be compounded and considered as part of such amount.

Automatic Conversion: Subject to certain conditions, the Senior Debenture outstanding principal owing can be automatically converted into common shares of 262 at a predetermined pricing if (i) the common shares are listed on a nationally recognized stock exchange (which includes the TSX Venture Exchange) and (ii) the current market price of the common shares on such nationally recognized stock exchange is equal to or greater than $3.00 with average daily trading volume of not less than 250,000 shares, and upon payment in full of all accrued and unpaid interest, if any.

Optional Conversion: At the option of the holder, the Senior Debentures are convertible, in whole or in part, as to principal, at the applicable predetermined conversion price, subject to adjustment in certain events, at any time following the exercise of the Flexiti Put or the Flexiti Call in accordance with the Put/Call Agreement and prior to the close of business on the earlier of: (i) the last business day immediately preceding their maturity date, and (ii) the date fixed for redemption, into common shares of 262 or any successor to 262.

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 December 31, 2018, The Company determined that there were no material events which occurred during the reporting period since acquiring this investment, and accordingly, there was no change in the estimated fair value of the underlying debenture during the same periods

iii. Equity investments:

The Company invested in a variety of private equity investments during the ten-month period ended December 31, 2018. These investments are mainly in common shares or preferred shares with liquidity and/or dividend priority advantages.

The Company also acquired certain assets (the "**Vend-In Assets**") from GCI and 2330573 Ontario Inc. in exchange for 19,914,894 GT Shares (see note 10 (d) for more information). On acquisition the Vend-In Assets were measured at a fair value of $11,333,261. The Vend-In Assets included both Canadian and USD equity securities. All acquired securities were classified as FVTPL.

The Company revalued the USD denominated equity securities using the related exchange rate as of December 31, 2018 resulting in an unrealized gain of CAD $469,564 during the ten-month period ended December 31, 2018 ($nil during the period from December 7, 2017 (commencement of operations) to February 28, 2018).

Using the share price of a recent financing, the Company also reduced the value of one of these investments by the amount $281,973. As for the remaining investments, the Company determined that there were no material events which occurred during the reporting period since acquiring the investments, and accordingly, there were no changes in the estimated fair value of the underlying equity securities during the ten-month period ended December 31, 2018.

iv. Warrants to acquire equity investments:

As part of the Vend-in Assets mentioned in note 10(d), the Company acquired warrants with each warrant entitling the Company to acquire some of the equity investments mentioned in section (iii) 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. As of December 31, 2018, the estimated fair value of the warrants denominated in CAD was $84,000 for warrants denominated in CAD and CAD $188,658 for warrants denominated in USD, accordingly, the Company recognized an unrealized loss of CAD $246,634 during the ten-month and three month periods ended December 31, 2018.

The Company used the Black-Scholes option pricing model to estimate fair market value, listed below are the weighted average assumptions used as of December 31, 2018:

Average risk-free interest rate	1.87%
Annualized volatility	65.00%
Dividend rate	0.00%
Expected weighted average life (years)	2.96 years

8. FAIR VALUE MEASUREMENT

The Company's financial assets and financial liabilities at December 31, 2018 and February 28, 2018 were as follows:

December 31, 2018:

	Assets at fair value through profit or loss	Amortized cost	Other financial liabilities	Total
Cash		13,436,845		**13,436,845**
Other receivables		524,573		**524,573**
Investments	14,578,112			**14,578,112**
Put/call agreement	-			-
Long term investments	8,947,754			**8,947,754**
Accounts payables and accrued liabilities			1,046,334	**1,046,334**

February 28, 2018:

	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 December 31, 2018 and February 28, 2018:

December 31, 2018:

		Fair value measurement used			
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Total**
FVTPL					
Investments	14,578,112	269,242	14,036,212	272,657	14,578,111
Long term investments	8,947,754	-	8,250,181	697,573	8,947,754

February 28, 2018:

		Fair value measurement used			
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Total**
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 December 31, 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 USD	$ 697,574	"with" and "without" valuation approach	Assign 50%, 30% and 20% 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.	($662,000)
Warrants	$272,657	Black-Scholes option pricing model	Volatility	+50%	$107,000
Flexiti Call	$nil	Monte Carlo simulation method	0.50 correlation, and $109,000 equity value of 262	+/- 0.50 correlation, and +/- $2,891,000 change in 262's equity	$485,000/ $nil 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 of February 28, 2018	1,046,976
Purchases	1,171,717
Change in FMV	(1,248,463)
Balance as at September 30, 2018	970,230

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, other receivables and investments in debt instruments 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 currently satisfactory. 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. As at December 31, 2018 the Company had $13,436,845 of cash available to settled $1,046,332 of financial liabilities.

The Company's accounts payable and accrued expenses are non-interest bearing and are due in less than 90 days.

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 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 December 31, 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 $2,353,000 (February 28, 2018 - $972,000).

ii. Interest rate risk:

The Company's interest rate risk arises from investments in debt instruments carried at FVTPL and cash balances with variable rates of interest as fair value of these financial instruments can fluctuate because of changes in market interest rates.

As at December 31, 2018, the approximate impact on the Company if the changes in the prevailing levels of market interest rates strengthened or weakened by 1% would be a gain or a loss of $128,000 respectively (February 28, 2018 - $nil).

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") and Great Britain Pounds ("GBP") are marked accordingly in the schedule of investments included in note 6 above.

As at December 31, 2018, the approximate impact on the Company if the CAD weakened by 5% in relation to USD and GBP would be a gain of $383,000 and $5,000 respectively (February 28, 2018 - $52,000 and $nil respectively). 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.

9. 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 business 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.

10. SHARE CAPITAL

Shares outstanding

As at December 31, 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	71,360,020	5,368,001	a
Non-brokered private placement Convertible Debentures	14,537,508	7,268,791	b
Brokered Private Placement (net of $2,091,430 issue cost)	30,000,000	27,908,570	c
GCI Vend-In assets	19,914,894	11,333,261	d
Issuance of the new GT shares to CCA shareholders	723,790	723,790	e
Total	**136,536,212**	**52,602,413**	

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 $7,268,791 aggregate principal amount of convertible debentures (the "**Convertible Debentures**") funded through the payment of $6,618,791 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 RTO 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 $2,116,430 representing all the issuance costs associated with the whole share offering.

d. Vend-In Assets

The Company entered into an agreement with 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 Vend-In Assets and the issuance of the shares occurred immediately prior to, and was conditioned on, the completion of the RTO 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 RTO 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 statements of net and comprehensive income (loss):

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**

GCI owns approximately 56,956,402 common shares of GT, which represents approximately 41.4% of the issued and outstanding common shares of GT (34,655,000 common shares or 53.28% of the outstanding common shares of the Company as at February 28, 2018). GCI also has voting control over an additional approximately 41,672,528 common shares pursuant to voting agreements entered into with certain shareholders of GT, which represents an additional approximately 30.3% of the issued and outstanding common shares of GT.

11. SHARE BASED PAYMENT FOR SERVICE

In May 2018, GT entered into a digital marketing agreement (the "Digital Marketing Agreement") with Wallace Hill Partners Ltd. ("Wallace"), pursuant to which Wallace was providing financial publishing and digital marketing services to GT. Those services included the creation of landing pages and other forms of digital marketing. It was expected that Wallace would also promote the landing pages created and drive internet traffic for the benefit of GT. Wallace was to be compensated for the services it provided 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 grant of 800,000 stock options and 1,900,000 restricted share units ("RSUs") was made on June 8, 2018 as a further fee for the services. The prepaid fees cover a period of two years.

During March 2019 (see note 22) and before the issue of these financial statements, the Company terminated the Digital Marketing Agreement. While the event is considered a subsequent one for these financial statements, the Company decided to reflect the financial impact of this event by expensing the remaining balance of the prepaid amount of $824,193. The Company also cancelled all the Options and RSUs as mentioned in note 12, which resulted in a subsequent reduction of $416,663 in the related expense and share-based payment reserve.

12. OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN

The 2018 Omnibus Equity Incentive Compensation Plan (the "**Plan**") permits the grant of Options, Share Appreciation Rights ("**SAR**"), RSUs, Deferred Share Units ("**DSU**") and Performance Share Units ("**PSU**"). The Plan was approved by the Company's board of directors on June 8, 2018 ("**Granting Date**") and shareholders of the Company on May 22, 2018 and is effective from the date of completion of the RTO 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 Plan 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 GT Shares as long-term investments.

The number of GT Shares reserved for issuance under the Plan upon the exercise of 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 compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

As of December 31, 2018, the Company has granted 7,350,000 options and 7,250,000 RSU's to the Company's officers, employees and consultants. During the period from the Granting date to December 31, 2018, the Company canceled 1,775,000 Share Purchase Options and 666,667 RSUs due to employee departures. The Company also canceled the 800,000 options and the 1,900,000 RSUs which were issued to Wallace (see note 11).

The following table shows the movement of the share-based payment reserve during the ten-month period ended December 31, 2018.

	Share purchase options	Restricted Share units	Total
Balance, February 28, 2018	-	-	-
Expensed during the ten-month period ended December 31, 2018	338,903	1,301,249	1,640,153
Total	**338,903**	**1,301,249**	**1,640,153**

The Company had the following stock options outstanding at December 31, 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	4,750,000	-	6.25	April 1, 2025	738,197

Options and RSUs issued to senior management and employees of GT will be vesting in 2019, 2020 and 2021 based on this schedule:

Options issued to:	Number	Vesting date	RSUs issued to:	Number	Vesting date
Employees	891,667	January 1, 2019	Employees	1,033,333	January 1, 2019
Employees	891,667	January 1, 2020	Employees	783,334	January 1, 2020
Employees	891,667	January 1, 2021	Employees	783,334	January 1, 2021
Employees	358,333	April 1, 2019	Employees	416,667	April 1, 2019
Employees	358,333	April 1, 2020	Employees	333,333	April 1, 2020
Employees	358,334	April 1, 2021	Employees	333,333	April 1, 2021
Employees	333,333	June 8, 2019	Employees	333,333	June 8, 2019
Employees	333,333	June 8, 2020	Employees	333,333	June 8, 2020
Employees	333,333	June 8, 2021	Employees	333,333	June 8, 2021
Total	**4,750,000**			**4,683,333**	

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

	December 31, 2018
Average risk-free interest rate	1.90%
Annualized volatility	42.00%
Dividend rate	0.00%
Expected weighted average life (years) for options granted to employee	6.25 years

13. OTHER ASSETS

The Company had pre-purchased 1,000,000 KODAKCoins, a blockchain based disintermediated solution to intellectual property licensing for photographs, for consideration of USD $250,000 or CAD $314,200 from WENN Digital, Inc. Due to current market conditions in regard to blockchain and cryptocurrency, the Company determined that these assets were impaired and consequently the full value was written off.

14. INCOME TAXES

Significant components of current and deferred income tax expense (recovery) are as follows:

	December 31, 2018	February 28, 2018
Current tax (expense) recovery	-	-
Deferred tax:		
Origination and reversal of temporary differences	(912,778)	912,778
Change in unrecognized tax assets	-	-
Income tax (recovery) expense	(912,778)	912,778

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.50% to the effective tax rates is as follows:

	March 1 to December 31, 2018	For the period from (commencement of operations) on December 7, 2017 to February 28, 2018
	$	$
Net Income (loss) before of income taxes	**(24,610,729)**	**6,431,862**
Tax rate	**26.5%**	**26.5%**
Income tax (expense) recovery based on combined statutory income tax rate	(6,506,630)	1,704,443
Change in tax benefit not recognized	2,706,699	121,113
Non deductible expenses	2,887,153	(912,778)
Income tax (recovery) expense	**(912,778)**	**912,778**

The Company's incomed tax (recovery) is allocated as follows:

	$	$
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	(912,778)	912,778
Total	**(912,778)**	**912,778**

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through reversal of temporary differences and future taxable profits is probable.

Significant components of unrecognized deferred tax assets are as follows:

	December 31, 2018	February 28, 2018
Deferred tax assets:		
Taxable non-capital losses carried forward	2,055,460	121,113
Unrealized losses from investments carried at FVTPL	1,532,141	-
Fixed assets	290,785	-
Share issuance costs	473,893	-
Other	81,382	-
Total	**4,433,660**	**121,113**

As at February 28 and December 31, 2018, amounts and expiry dates of tax attributes to be deferred for which no deferred tax asset was recognized were as follows:

Year expired	December 31, 2018	February 28, 2018
	$	$
2038	6,923,731	387,438
2037	60,935	-
2036	67,768	-
2035	242,109	-
2034	334,274	-
2033	81,327	-
2032	46,310	-
	7,756,454	**387,438**

GBD has unrecognized tax assets in respect of operating losses to be carried forward in the United States of $276,605 expires in 2028, the Company's ownership in GBD is 51%.

The operating loss carry forwards are subject to review, and potential adjustment, by tax authorities. Other deductible temporary differences for which tax assets have not been booked are not subject to a time limit, except for share issuance expenses which are amortizable over five years.

15. 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 11 (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 ten-month period ended December 31, 2018 and the period from December 7, 2017 (commencement of operations) to February 28. 2018, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the dilutive securities.

	Ten month period ended December 31, 2018		The period from December 7, 2017 (commencement of operations) to February 28. 2018	
	Basic	**Diluted**	**Basic**	**Diluted**
Numerator:				
Net comprehensive income (loss) for the period	(22,450,560.00)	(22,450,560.00)	$5,519,084	5,519,084.00
Denominator:				
Weighted average number of common shares	115,370,303	115,370,303	37,758,313	41,477,590
Earnings per share	(0.195)	(0.195)	0.146	0.133

16. INTANGIBLE ASSETS AND GOODWILL

On May 24, 2018, the Company obtained a 51% controlling interest in GBD, a business that develops software to support decentralized and intelligent business framework for third party customers. BIG holds the remaining 49% interest in GBD. The Company contributed $1,250,000 of cash into GBD for its 51% interest.

On acquisition, the Company determined that the identifiable assets of the business consist of various intangible assets relate to customer contracts and customer relationships and, until the Company can obtain sufficient information to determine the fair value of the intangible assets acquired, the purchase price allocation is as following:

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**

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

During the fourth quarter of 2018, the Company determined that GBD may not be able to sustain its business and was not able to find a reliable way to determine the fair value of intangible assets and goodwill on acquisition. Furthermore, and based on the current cash burn for GBD, the Company has decided to write off any intangibles or goodwill that was previously recognized (see note 19).

17. 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 tables show the breakdown of the Company's fixed assets including the estimated expected useful life, amount of depreciation and impairment for each category during the reporting periods:

During the ten month period ended December 31, 2018	Expected Useful Life (Years)	February 28, 2018	Additions	Depreciation	Impairment	December 31, 2018
Office computers and equipment	2	-	74,668	(16,703)	-	57,965
Furnitures and other fixtures	5	-	29,037	(3,555)	-	25,482
Mining servers and electrical infrastructure	3	-	1,428,580	(260,568)	(1,058,876)	109,136
			1,532,285	(280,826)	(1,058,876)	192,583

18. RELATED PARTY TRANSACTIONS

Key Management Remuneration

The remuneration of directors and other members of key management personnel during the three month and ten-month periods ended on December 31, 2018 were as follows:

	The period from December 7, 2017 (commencement of operations) to February 28, 2018	Ten-month period ended December 31, 2018
Management salaries and fees	85,529	1,607,620
Share-based compensation (Omnibus Equity Incentive Compensation Plan)	-	1,506,077
Total	**85,529**	**3,113,697**

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.

Put/Call Agreement (Flexiti)

On July 21, 2018, the Company negotiated the Put/Call Agreement, which was an amendment and restatement of a previous right of first refusal and put option agreement dated June 6, 2018, with two related parties, GCI and 262 Ontario, as described in note 4.

Payments to Globalive Media Inc. / Globalive Capital Inc./ VRG Capital Corp.: On January 1, 2018, March 31, 2018 and April 1, 2018, respectively, GCI, Globalive Media Inc. and VRG Capital Corp. entered into service agreements with the Company to provide the Company with certain functions and supporting roles, resulting in payments of $40,000 to GCI, $184,500 to Globalive Media Inc. and $48,000 to VRG Capital Corp during the Financial Period. The service agreements with GCI and Globalive Media Inc. ongoing commitments and will remain in effect for the foreseeable future. Anthony Lacavera, the Company's Chief Executive Officer and one of its Directors, controls Globalive Media Corp. and Globalive Capital Inc., while J.R. Kingsley Ward, the Company's Chairman and one of its Directors, is a Managing Partner of VRG Capital Corp.

Senior Secured Debentures of 262: The acquisition of $7,500,000 senior secured convertible debentures of 262 was completed through a series of arm's length transactions, however, the result is that the Company now holds debentures of 262, a related party which is controlled by GCI.

Loan to 262: following year end December 31, 2018 but prior to the issuance of these financial statements, the Company made a loan of $3,000,000 to 262, a related party which is controlled by GCI, to allow it to participate for its pro rata share ($2,635,000) of the Series 2 Class B Preferred Shares of FLX. The loan is secured by a first ranking charge over the shares acquired using the loan proceeds.

Vend-In Assets: refer to note 10d for more details.

Flexiti preferred shares: the Company receives 15% dividends calculated annually and paid monthly from a $1,000,000 investment in the preferred shares of Flexiti.

GT Subscription Receipts: out of a total of $30 million received from the GT Subscription Receipts (see note 10 for more details), $1.7 million were from related party individuals.

P**ayment of an audit associated with FLX acquisition of a loan portfolio from a Canadian chartered bank:** In June 2018, FLX acquired a portfolio of consumer debt from a Canadian chartered bank. In the event the Call Option is exercised, and consequently financial information is needed for regulatory filing requirements, the Management of the Company decided to obtain carve-out audited financial statements for the previous three years. The cost of this audit was $236,498 and the amount was reimbursed to FLX.

19. OTHER LOSSES

The following table shows the breakdown of this balance:

	$	Note
Impairment loss - fixed assets	1,058,876	17
Impairment loss - intangible assets and goodwill	1,200,931	16
Impairment loss - investment in associates	883,025	6
Impairment loss - other assets	314,200	13
Total	**3,457,032**	

20. OTHER INCOME

The following table shows the breakdown of this balance:

	$
Interest income - Senior debenture of 262	408,239
Interest income - bank deposits	283,685
Dividend income - equity investments	85,069
Foreign exchange gain	826
Total	**777,819**

21. COMMITMENTS

The Company has a U.S. $250,000 investment commitment to the Blockchain and Artificial Intelligence Fund established by Creative Destruction Labs at the University of Toronto.

22. SUBSEQUENT EVENTS

The following events took place after December 31, 2018 but prior to the completing of the audited financial statements of the Company:

a. **Flexiti:** there were a number of other significant developments relating to the Company's interest in the Flexiti including:

   - On January 1, 2019, the Company and Flexiti entered into a services agreement which provided that the Company's Chief Technology Officer and Chief People Officer would dedicate a portion of their working time to delivering management services to Flexiti.

   - On January 9, 2019 and February 20, 2019, the Company announced it is exercising the call right to acquire 262 Ontario under the Put/Call Agreement, subject to certain conditions precedent, including the Company's satisfaction that adequate financing can be obtained to fund the Flexiti Group. The Company continues to work with the Flexiti Group to see if these conditions can be satisfied.

   - On February 22, 2019, FLX completed a right offering for Series 2 Class B Preferred Shares of FLX, convertible into common shares of FLX, which was made available to FLX shareholders pro rata according to their existing interests in the company. The Company participated in the FLX rights offering directly for its pro rata share of 1.5% ($225,000) and advanced a $3,000,000 loan to 262 Ontario to allow it to participate for its pro rata share of 41.4% of the rights offering ($2,635,000).

b. **Mantle**: the Company learned that Mantle has significantly reducing its employees and operations (see note 6 for more details) and consequently decided to write down the remaining balance of the related investment.

c. **Wallace:** the Company terminated the Digital Marketing Agreement (see note 11 for more details).

d. **RSUs**: the Company issued 1,033,333 shares in settlement of outstanding RSUs (see note 12 for more details).