Globalive Technology Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019

(Expressed in Canadian dollars)

(Unaudited)

Notice:

The accompanying unaudited Condensed Interim Consolidated Financial Statements of Globalive Technology Inc. for the three months ended March 31, 2019 have been prepared by management and have not been reviewed by the external auditors of the Company.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

As at	Notes		March 31, 2019		December 31, 2018
Assets					
Current assets					
Cash		$	8,393,157	$	13,436,845
Other receivables			955,405		524,573
Prepaid expenses			163,885		607,912
Receivables from related parties			-		23,232
Assets classified as held for sale	5		63,920		-
Investments	6		14,516,954		14,578,112
Total current assets			24,093,321		29,170,674
Non-current assets					
Fixed assets (net of depreciation)	14		65,013		192,583
Long term investments	6		11,940,621		8,947,754
Total assets			**36,098,955**		**38,311,011**
Liabilities					
Current liabilities					
Accounts payables and accrued liabilities			652,311		1,046,334
Total current liabilities			652,311		1,046,334
Non-current liabilities					
Deferred income taxes			-		-
Total liabilities			652,311		1,046,334
Shareholders' equity					
Share capital	9		53,190,467		52,602,413
Share-based payment reserve	10 , 11		1,432,451		1,640,152
Retained earnings (deficit)			(19,104,404)		(16,931,476)
Total shareholders' equity			35,518,514		37,311,089
Non-controlling interest			(71,870)		(46,412)
			35,446,644		37,264,677
			36,098,955		**38,311,011**

Approved on behalf of the Board of Directors

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

Anthony Lacavera
Director

Kingsley Ward
Director

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

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

For the	Notes	three month period ended March 31, 2019	period from December 7, 2017 (commencement of operations) to February 28, 2018
Other income	16	540,125	-
Other losses	14	(18,902)	-
Realized / unrealized gain (loss) from investments held at fair value through profit or loss	6	(163,688)	6,888,890
		357,535	6,888,890
Expenses			
Marketing and public relations		92,444	-
Employee share based compensation	11	380,352	-
Office, general and administrative		217,970	60,573
Salary and wages		1,048,532	85,529
Professional fees		318,992	310,926
Depreciation of property and equipment	14	7,531	-
Total expenses		2,065,821	457,028
Net income (loss) before taxes for the period		(1,708,286)	6,431,862
Deferred tax recovery (expense)	12	-	(912,778)
Net income (loss) from continuing operations for the period		(1,708,286)	5,519,084
Net income (loss) from discontinued operation (attributable to equity holders of the company)	5	(490,100)	-
Net income (loss) and comprehensive income (loss) for the period		(2,198,386)	5,519,084
Net income (loss) and comprehensive income (loss) for the period attributable to:			
Globalive Technology Inc. shareholders		(2,172,928)	5,519,084
Non-controlling interests		(25,458)	-
Net income (loss) and comprehensive income (loss) for the period		(2,198,386)	5,519,084
Earnings (loss) per share from continuing operations for the period			
Basic	13	$ (0.012)	$ 0.146
Diluted	13	$ (0.012)	$ 0.133
Earnings (loss) per share			
Basic	13	$ (0.016)	$ 0.146
Diluted	13	$ (0.016)	$ 0.133

The accompanying notes are an integral part of these financial statements

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

For the	Notes	three month period ended March 31, 2019	period from December 7, 2017 (commencement of operations) to February 28, 2018
Number of common shares outstanding			
Outstanding at the beginning of the period		136,536,212	-
Shares issued	11	1,033,333	65,040,020
Balance at the end of the period		**137,569,545**	**65,040,020**
Share capital			
Balance at the beginning of the period		52,602,413	-
Issue of restricted shares	11	588,054	5,052,001
Balance at the end of the period		53,190,467	5,052,001
Share-based payment reserve			
Balance at beginning of period		1,640,152	-
Share based compensation	11	380,353	-
Issue of restricted shares	11	(588,054)	-
Balance at the end of the period		1,432,451	-
Retained earnings (deficit)			
Balance at beginning of period		(16,931,476)	-
Net income (loss) for the period		(2,172,928)	5,519,084
Balance at the end of the period		(19,104,404)	5,519,084
Total shareholders' equity		35,518,514	10,571,085
Non-controlling interests			
Balance at beginning of period		(46,412)	-
Net income (loss) for the period		(25,458)	-
Balance at the end of the period		(71,870)	-
Total		**35,446,644**	**10,571,085**

The accompanying notes are an integral part of these financial statements

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

For the	Notes	three month period ended March 31, 2019	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		**$ (2,198,386)**	**$ 6,431,862**
Items not affecting cash:			
Change in unrealized (gain) loss from investments held at fair value through profit or loss		163,688	(6,888,890)
Unrealized loss on assets classified as held for sale	5	45,216	-
Other losses		18,902	-
Share based compensation	11	380,352	-
Depreciation of fixed assets	14	7,531	-
Changes in non-cash working capital:			
Other receivables		(430,832)	(34,919)
Prepaid expenses		444,027	-
Receivables from related parties		23,232	-
Accounts payables and accrued liabilities		(394,023)	246,012
Net cash used in operating activities		**(1,940,293)**	**(245,935)**
Investing Activities			
Purchase of investments		(253,776)	(1,825,000)
Purchase of long term investments		(3,000,000)	(1,007,840)
Purchase of investment in associates		-	(1,000,247)
Other assets		-	(314,200)
Sale of investments		158,380	-
Purchase of fixed assets		(7,999)	-
Net cash used in investment activities		**(3,103,395)**	**(4,147,287)**
Cash flows provided by (used in) financing activities			
Proceeds from promissory note		-	3,000,000
Proceeds from shares issued		-	2,802,001
Net cash provided by financing activities		**-**	**5,802,001**
Net increase in cash during the period		**(5,043,688)**	**1,408,779**
Cash - beginning of period		13,436,845	-
Cash - end of period		**8,393,157**	**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.

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 ("**GT 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.

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

2. BASIS OF PRESENTATION

a. Statement of compliance

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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the board of directors of GT (the "**Board of Directors**") on May 21, 2019.

b. New and amended standards adopted by the Company

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. The Company adopted IFRS 16 effective January 1, 2019. Given its current leasing arrangements, adopting IFRS 16 had no impact on its consolidated financial statements.

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 had no 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 had no impact on the Company's consolidated financial statements.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Company was particularly affected by the following events and transactions during the three-month period ended March 31, 2019 (the "**Reporting Period**"):

a. **Flexiti Financial Inc. ("Flexiti"):**

There were a number of significant developments relating to the Company's interest in Flexiti, a Canadian financial technology lender offering technology-enabled instant credit approvals for prime customers at the point-of-sale for big-ticket retailers, 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 2629331 Ontario Inc. ("**262**"), a related party to GT, under a put, call and right of first refusal agreement dated June 21, 2018 (the "**Put/Call Agreement**"), subject to certain conditions precedent, including the Company's satisfaction that adequate financing can be obtained to fund Flexiti and its parent, FLX Holding Corp. ("**FLX**"). The Company continues to work with the Flexiti and FLX to determine if these conditions can be satisfied.
- On February 22, 2019, FLX completed a pre-emptive rights 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 share of 1.5% ($225,000) and advanced a $3,000,000 loan to 262 to allow it to participate for its share of 41.4% of the rights offering ($2,635,000).

See note 4 and 7 for more details.

b. **Discontinuation of business venture:** During the Reporting Period, the Company decided to exit its mining-as-a-service business venture with HyperBlock Inc. ("**HyperBlock**") and initiated negotiations with HyperBlock to sell all of its cryptocurrency mining equipment to HyperBlock (see note 5 for more details).

c. **Sale of investments:** The Company sold all its common share investments held in CryptoStar Inc., Fastforward Innovations Limited and 1,774,000 shares from its holdings in HyperBlock (see note 6 for more details).

d. **Restricted share units ("RSUs"):** The Company issued 1,033,333 GT Shares in settlement of vested RSUs (see note 11 for more details).

4. PUT/CALL AND RIGHT OF FIRST REFUSAL AGREEMENT

On June 6, 2018, GT entered into a right of first refusal and put option agreement with 262, a wholly owned subsidiary of Globalive Capital Inc. ("**GCI**"), which owns a substantial interest in, and controls, FLX. That agreement was subsequently amended and restated by 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 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 (50% of which are currently held by GT) 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 (50% of which are currently held by GT) 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 was not 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 the 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.

The Company determined that there were no material events which occurred during the Reporting Period and, accordingly, there was no change in the estimated fair value of the underlying Flexiti Call.

5. DISCONTINUED OPERATION

a. Description

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

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, 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 unable to sell all of the available Hashrates, 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.

During the Reporting Period, the Company decided to exit the MaaS Segment and initiated negotiation with HyperBlock to sell all of its Mining Servers.

b. Financial performance and cash flow of the discontinued MaaS Segment

The table below shows the segment financial information during the three-month periods ended March 31, 2019:

	Three month period ended **March 31, 2019**
Add: Hashrate sales	-
Add: mining digital currencies (USD 151,593)	202,801
Less: Cost of sales	
Management fees	(20,067)
Cost of electricity and maintenance	(181,899)
Segment profit (loss) during the period	**835**
Deduct:	
Unamortized portion of the prepaid management fees paid to HyperBlock	(445,719)
Loss on valuation of Mining Servers	(45,216)
Net income (loss) from discontinued operation (attributable to equity holders of the company)	**(490,100)**
Cash flow from operations	29,733

6. 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 March 31, 2019:

Investment name	$	Cost	Estimated Fair Market Value	
(a) Puplicly listed investments:				
Equity shares:				
HyperBlock Inc.	CAD	1,688,855	107,494	(i)
(b) Privately held investments:				
Debt investments	USD	1,660,265	690,440	(i)
Debt investments	CAD	11,250,181	11,250,181	(ii)
Equity investments	CAD	8,046,767	7,749,984	(iii)
Equity investments	USD	6,055,630	6,398,918	(iii)
Warrants to acquire equity investments	CAD	322,138	84,000	(iv)
Warrants to acquire equity investments	USD	197,154	176,558	(iv)
Total Investments		**29,220,990**	**26,457,575**	
Investments classified as current (1)		**16,310,544**	**14,516,954**	
Long term Investments (2)		**12,910,446**	**11,940,621**	

As at December 31, 2018, the financial details of the Company's investments are described in detail below:

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**	

a. Publicly-listed investments:

i. **HyperBlock:** During the Reporting Period, the Company sold 1,774,000 shares for $50,765 realizing a loss of $785,380.

The market price for HyperBlock shares as at March 31, 2018 and December 31, 2018 was $0.03 per share.

ii. **CryptoStar Inc. ("CryptoStar"):** During the Reporting Period, the Company sold all 600,000 shares for $6,000 realizing a loss of $294,000.

iii. **Fastforward Innovations Limited ("Fastforward")**: During the Reporting Period, the Company sold all 585,954 shares for a Canadian equivalent of $101,618 realizing a loss of $30,252.

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 March 31, 2019, using a “with” and “without” valuation approach, the fair value of the convertible debentures, is USD $516,102, or the Canadian equivalent of $690,441 (December 31, 2018 - USD $511,343, or the Canadian equivalent of $697,574).

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 bear 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 March 31, 2019 and December 31, 2018, The Company determined that there were no material events which occurred during the 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 invests in a variety of private equity investments, 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. 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 March 31, 2019 resulting in an unrealized loss of CAD $152,612 during the three-month period ended March 31, 2019 ($nil during the period from December 7, 2017 (commencement of operations) to February 28, 2018).

The Company determined that there were no material events which occurred during the reporting period, and accordingly, there were no changes in the estimated fair value of the underlying equity securities during the three-month period ended March 31, 2019.

iv. Warrants to acquire equity investments:

As part of the Vend-in Assets, 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 March 31, 2019, the estimated fair value of the warrants denominated in CAD was $84,000 for warrants denominated in CAD and CAD $176,558 for warrants denominated in USD (December 31, 2018 - $84,000 and $188,658, respectively), as such, the Company recognized an unrealized loss of CAD $12,100 during the three month periods ended March 31, 2019.

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	1.61%
Annualized volatility	65.00%
Dividend rate	0.00%
Expected weighted average life (years)	3.40 years

7. FAIR VALUE MEASUREMENT

The Company's financial assets and financial liabilities at March 31, 2019 and December 31, 2018 were as follows:

March 31, 2019:

	Assets at fair value through profit or loss	Amortized cost	Other financial liabilities	Total
Cash		8,393,157		**8,393,157**
Other receivables		955,405		**955,405**
Investments	14,516,954			**14,516,954**
Long term investments	11,940,621			**11,940,621**
Accounts payables and accrued liabilities			652,311	**652,311**

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**
Long term investments	8,947,754			**8,947,754**
Accounts payables and accrued liabilities			1,046,334	**1,046,334**

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 March 31, 2019 and December 31, 2018:

March 31, 2019:

		Fair value measurement used			
	Fair Value	Level 1	Level 2	Level 3	Total
FVTPL					
Investments	14,516,954	107,494	14,148,903	260,557	14,516,954
Long term investments	11,940,621	-	11,250,181	690,440	11,940,621

December 31, 2018:

		Fair value measurement used			
	Fair Value	Level 1	Level 2	Level 3	Total
FVTPL					
Investments	14,578,112	269,242	14,036,213	272,657	14,578,112
Long term investments	8,947,754	-	8,250,181	697,573	8,947,754

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 March 31, 2019 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	$ 690,440	"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.	($655,000)
Warrants	$260,557	Black-Scholes option pricing model	Volatility	+50%	$77,000
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 December 31, 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 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 is a reconciliation of investments in which significant unobservable inputs (level 3) were used in determining their fair value:

	Total
Balance as of December 31, 2018	970,230
Purchases	-
Change in FMV	(19,233)
Balance as at March 31, 2019	950,997

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 March 31, 2019 the Company had $8,393,157 of cash available to settle $652,313 of financial liabilities (as at December 31, 2018 the Company had $13,436,845 of cash available to settle $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 March 31, 2019, 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 $2,646,000 (December 31, 2018 - $2,353,000).

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 March 31, 2019, 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 $78,000 respectively (December 31, 2018 - $128,000).

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

As at March 31, 2019, the approximate impact on the Company if the CAD weakened by 5% in relation to USD and GBP would be a gain of $377,000 and $nil respectively (December 31, 2018 - $383,000 and $5,000 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.

8. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of its share capital. The Company manages its capital structure and makes adjustments based on the funds available to support new 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.

9. SHARE CAPITAL

As at March 31, 2019, the Company's authorized number of GT Shares was unlimited without par value, while the Company's number of issued GT Shares as of same date was 137,569,545 shares (December 31, 2018 – 136,536,212).

GCI owns approximately 57,781,402 common shares of GT, which represents approximately 42% of the issued and outstanding common shares of GT (56,956,402 common shares or 41.4% of the outstanding common shares of the Company as at December 31, 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.

10. 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 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, prior to the issue of the Company's annual financial statements, the Company terminated the Digital Marketing Agreement. While the event was considered a subsequent one for the annual financial statements dated December 31, 2018, the Company reflected 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 it had issued to Wallace, which resulted in a subsequent reduction of $416,663 in the related expense and share-based payment reserve (see note 11).

11. 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 March 31, 2019, the Company had granted 7,325,000 options and 7,250,000 RSU's to the Company's officers, employees and consultants. During the period from the Granting date to March 31, 2019, the Company canceled 1,775,000 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 10). On January 1, 2019 there were 1,033,333 RSUs and 891,667 Options that were vested.

The following table shows the movement of the share-based payment reserve during the three-month period ended March 31, 2019.

	Share purchase options	Restricted Share units	Total
Expensed during the three-month period ended March 31, 2019	64,680	315,672	380,352
Total	**64,680**	**315,672**	**380,352**

The Company had the following Options outstanding at March 31, 2019:

	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	-	6.01	April 1, 2025	697,080

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	1.55%
Annualized volatility	42.00%
Dividend rate	0.00%
Expected weighted average life (years) for options granted to employee	6.01 years

12. INCOME TAXES

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

	March 31, 2019	December 31, 2018
Current tax expense (recovery)	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	(912,778)
Change in unrecognized tax assets	-	-
Income tax expense (recovery)	-	(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:

	Three-month period ended March 31, 2019	For the period from (commencement of operations) on December 7, 2017 to February 28, 2018
	$	$
Net Income (loss) before of income taxes	(1,708,286)	6,431,862
Tax rate	26.5%	26.5%
Income tax expense (recovery) based on combined statutory income tax rate	(452,663)	1,704,443
Change in tax benefit not recognized	15	121,113
Non deductible expenses	452,648	(912,778)
Income tax expense (recovery)	-	912,778

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

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

	March 31, 2019	December 31, 2018
Deferred tax assets:	$	
Taxable non-capital losses carried forward	2,046,663	2,055,460
Unrealized losses from investments carried at FVTPL	125,338	1,532,141
Fixed assets	272,786	290,785
Share issuance costs	420,511	473,893
Other	39,750	81,382
Total	2,905,047	4,433,660

As at December 31, 2018 and March 31, 2019, amounts and expiry dates of tax attributes to be deferred for which no deferred tax asset was recognized were as follows:

Year expired	March 31, 2019	December 31, 2018
	$	$
2038	6,923,731	6,923,731
2037	60,935	60,935
2036	67,768	67,768
2035	242,109	242,109
2034	334,274	334,274
2033	81,327	81,327
2032	46,310	46,310
	7,756,454	**7,756,454**

Globalive BIG Dev Inc. (“**GBD**”) has unrecognized tax assets in respect of operating losses to be carried forward in the United States of $276,605 which will expire in 2028. The Company owns a 51% interest in GBD.

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.

13. EARNINGS (LOSS) PER SHARE

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

Diluted (earnings) loss per share is calculated by dividing the applicable net loss by the sum of the weighted average number of shares outstanding and all additional shares that would have been outstanding if potentially dilutive shares had been issued during the reporting period. The options and RSUs granted by the Company as described in note 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 three-month period ended March 31, 2019 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.

Earnings per share for net income (loss) from continuing operations for the period attributable to the company's shareholders:	**Three month period ended March 31, 2019**		**The period from December 7, 2017 (commencement of operations) to February 28. 2018**	
	Basic	**Diluted**	**Basic**	**Diluted**
Numerator:				
Net income (loss) from continuing operations for the period	(1,682,828.00)	(1,682,828.00)	$5,519,084	5,519,084.00
Denominator:				
Weighted average number of common shares	137,569,545	137,569,545	37,758,313	41,477,590
Earnings per share	(0.012)	(0.012)	0.146	0.133

Earnings per share for net income (loss) and comprehensive income (loss) for the period ttributable to the company's shareholders:	**Three month period ended March 31, 2019**		**The period from December 7, 2017 (commencement of operations) to February 28. 2018**	
	Basic	**Diluted**	**Basic**	**Diluted**
Numerator:				
Net income (loss) and comprehensive income (loss) for the period	(2,172,928.00)	(2,172,928.00)	$5,519,084	5,519,084.00
Denominator:				
Weighted average number of common shares	137,569,545	137,569,545	37,758,313	41,477,590
Earnings per share	(0.016)	(0.016)	0.146	0.133

14. 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 three month period ended March 31, 2019	Expected Useful Life (Years)	March 31, 2019	Additions	Depreciation	Impairment	December 31, 2018
Office computers and equipment	2	57,965	-	(6,540)	-	51,425
Furnitures and other fixtures	5	25,482	7,999	(991)	(18,902)	13,588
		83,447	7,999	(7,531)	(18,902)	65,013

15. 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:

	Three-month period ended March 31, 2019	The period from December 7, 2017 (commencement of operations) to February 28, 2018
Management salaries and fees	489,250	85,529
Share-based compensation (Omnibus Equity Incentive Compensation Plan)	505,931	-
Total	**995,181**	**85,529**

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.

Payments to Globalive Media Inc.: On March 31, 2018, Globalive Media Inc. entered into service agreements with the Company to provide the Company with certain functions and supporting roles, resulting in payments of $41,000 during the Reporting Period. Anthony Lacavera, the Company's Chief Executive Officer and one of its Directors, controls Globalive Media Corp. After the Reporting Period the Company terminated the service agreement with Globalive Media Inc. and does not expect to incur additional expenses under that agreement beyond Q2 2019.

Loan to 262: 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.

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.

16. OTHER INCOME

The following table shows the breakdown of this balance:

	$
Interest income - Senior debenture of 262	439,402
Interest income - bank deposits	64,379
Dividend income - equity investments	36,986
Foreign exchange gain (loss)	(642)
Total	**540,125**

17. COMMITMENTS

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

18. SUBSEQUENT EVENTS

The following events took place after March 31, 2019 but prior to the completing of the financial statements of the Company:

- On April 17, 2019, the Company announced that it is ending its business venture, Neighbor Billing Inc., following a thorough consideration of market conditions and strategic alternatives. Separately, the Company also announced that Chief Technology Officer Bhavin Shah and Chief People Officer Sarah Redford have departed from the Company to pursue other opportunities.
- On April 16, 2019, the Company sold its digital currency mining equipment which was hosted at a HyperBlock's facility for $80 a server to HyperBlock on an "As-Is Where-Is" basis, and discontinued its mining-as-a-service business venture with HyperBlock (see note 5 for more details).
- On or about May 1, 2019, the Company terminated its services agreement with Globalive Media Inc.