

APPX CRYPTO TECHNOLOGIES INC.

Condensed consolidated interim financial statements

Six Month Period Ended June 30, 2018

(Expressed in Canadian dollars)

(unaudited)

APPx Crypto Technologies Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	(Restated – Note 15) June 30, 2018 \$	December 31, 2017 \$
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	1,466,744	—
Amounts receivable	84,686	—
Prepaid expenses and deposits	144,010	15,000
TOTAL CURRENT ASSETS	1,695,440	15,000
NON-CURRENT ASSETS		
Equipment (Note 6)	317,438	—
Assets held for sale (Note 5)	375,000	—
TOTAL ASSETS	2,387,878	15,000
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 11)	132,468	225,091
Due to related parties (Note 11)	—	61,799
TOTAL LIABILITIES	132,468	286,890
SHAREHOLDERS' EQUITY		
Share capital	2,439,317	150
Special warrants	1,580,059	—
Warrant reserve	132,583	—
Deficit	(1,897,515)	(272,040)
TOTAL APPX CRYPTO TECHNOLOGIES INC. SHAREHOLDERS' EQUITY	2,254,444	(271,890)
Non-controlling interest	966	—
TOTAL SHAREHOLDERS' EQUITY	2,255,410	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,387,878	15,000

Nature of operations (Note 1)
 Commitments (Note 11)
 Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board of Directors on September 21, 2018:

/s/ "Rahim Mohamed"

Rahim Mohamed, Director

/s/ "Jay Ruckenstein"

Jay Ruckenstein, Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

APPx Crypto Technologies Inc.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(unaudited)

	(Restated – Note 15) Three months ended June 30, 2018 \$	Three months ended June 30, 2017 \$	(Restated – Note 15) Six months ended June 30, 2018 \$	Six months ended June 30, 2017 \$
REVENUE	11	—	11	—
EXPENSES				
Advertising and marketing fees (Note 11)	52,582	—	76,961	—
Amortization (Note 5 and 6)	1,362	—	4,260	—
Consulting and management fees (Note 11)	76,817	—	94,688	—
General and administrative (Note 11)	74,560	—	83,769	—
Professional fees	83,109	—	121,826	—
Research and development costs (Note 11)	115,153	—	186,495	—
Transfer agent and filing fees	27,673	—	28,863	—
Travel	6,822	—	19,549	—
TOTAL EXPENSES	438,078	—	616,411	—
LOSS BEFORE OTHER INCOME	(438,067)	—	(616,400)	—
OTHER INCOME (LOSS)				
Forgiveness of related party debt (Note 11)	—	—	275,180	—
Write-down of assets held for sale	(33,589)	—	(33,589)	—
Impairment of goodwill	(1,260,962)	—	(1,260,962)	—
NET LOSS AND COMPREHENSIVE LOSS	(1,732,618)	—	(1,635,711)	—
Less: net loss attributable to the non-controlling interest	5,699	—	10,296	—
NET LOSS ATTRIBUTABLE TO APPX CRYPTO TECHNOLOGIES INC.	(1,726,919)	—	(1,625,475)	—
Loss per share attributed to APPx Crypto Technologies Inc., basic and diluted	(0.02)	—	(0.03)	—
Weighted average number of common shares outstanding	76,307,367	—	50,865,517	—

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

APPx Crypto Technologies Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars)
(unaudited)

	Number of common shares	Share capital \$	Special warrants \$	Warrant reserve \$	Deficit \$	Non-controlling interest \$	Total \$
Balance, August 22, 2017 (date of incorporation)	–	–	–	–	–	–	–
Issuance of founders' shares	150	150	–	–	–	–	150
Net loss for the period	–	–	–	–	(272,040)	–	(272,040)
Balance, December 31, 2017	150	150	–	–	(272,040)	–	(271,890)
Shares issued for share exchange agreement	73,382,217	2,146,667	–	–	–	11,262	2,157,929
Shares issued as finder's fees for acquisition	2,825,000	282,500	–	–	–	–	282,500
Special warrants issued for cash	–	–	1,930,000	–	–	–	1,930,000
Special warrants issuance costs	100,000	10,000	(217,358)	–	–	–	(207,358)
Finder's warrants issued	–	–	(132,583)	132,583	–	–	–
Net loss for the period	–	–	–	–	(1,625,475)	(10,296)	(1,635,771)
Balance, June 30, 2018 (Restated – Note 15)	76,307,367	2,439,317	1,580,059	132,583	(1,897,515)	966	2,255,410

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

APPx Crypto Technologies Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	(Restated – Note 15) Six months ended June 30, 2018 \$	Six months ended June 30, 2017 \$
OPERATING ACTIVITIES		
Net loss for the period	(1,635,771)	—
Items not involving cash:		
Amortization	4,260	—
Forgiveness of related party debt	(275,180)	—
Impairment of goodwill	1,260,962	—
Write-down of assets held for sale	33,589	—
Change in non-cash working capital items:		
Amounts receivable	(51,183)	—
Prepaid expenses	(40,810)	—
Accounts payable and accrued liabilities	(24,284)	—
Net cash used in operating activities	(728,417)	—
INVESTING ACTIVITIES		
Cash acquired on acquisition	806,319	—
Purchase of equipment	(318,800)	—
Net cash provided by investing activities	487,519	—
FINANCING ACTIVITIES		
Proceeds from issuance of special warrants	1,930,000	—
Special warrants issuance costs	(207,358)	—
Repayment of loan payable	(15,000)	—
Net cash provided by financing activities	1,707,642	—
Change in cash	1,466,744	—
Cash, beginning of period	—	—
Cash, end of period	1,466,744	—
Non-cash investing and financing activities:		
Reclassification of intangible assets to assets held for sale	408,589	—
Shares issued pursuant to reverse takeover transaction	2,146,667	—
Shares issued for finder's fee	10,000	—
Share purchase warrants issued as finder's fees	132,583	—

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

APPx Crypto Technologies Inc. (formerly Appature Mobile Applications Inc.) (the “Company” or “APPX”) is a private start-up technology incubator, specializing in launching, acquiring and vertically integrating technology companies. The Company incubates multiple mobile technologies internally while providing engineering, capital, executive management and strategic development services.

The Company was incorporated as CDN BVentures Ltd. on October 30, 2014 under the Business Corporations Act (British Columbia) as a wholly-owned subsidiary of a reporting issuer, Web Watcher Systems Ltd. (“Web Watcher”). On December 9, 2014, Web Watcher entered into an arrangement agreement (the “Arrangement Agreement”) with the Company. Under the terms of the Arrangement Agreement, Web Watcher was to complete a plan of arrangement which would divest Web Watcher of the asset consisting of a letter of intent, which would be divested to the Company for consideration of 1,440,351 common shares of the Company. Web Watcher received shareholder approval for the Arrangement Agreement at an annual general and special meeting of shareholders held on January 29, 2015 and received final approval to the Arrangement Agreement from the Supreme Court of British Columbia on February 5, 2015. The Arrangement Agreement was completed on October 24, 2017.

On October 26, 2017, the Company completed a share exchange agreement (the “Transaction”) with Appature Technologies Inc. (formerly Paraguay Minerals Corp.) (“ATI”). ATI was incorporated on December 31, 2007 under the laws of the province of British Columbia, Canada.

On March 2, 2018, the Company completed a share exchange agreement (the “Transaction”) with RewardDrop Software Inc. (“RSI”) was incorporated was incorporated under the Canada Business Corporation Act as a private company on August 22, 2017. The Company’s head office is located at Suite 310, 221 West Esplanade, North Vancouver, BC V7M 3J3.

Under the terms of the Transaction, the Company issued 50,000,000 common shares in exchange for 150 of issued and outstanding shares of RewardDrop Software Inc., which represents 100% ownership of RSI. As a result of the Transaction, the shareholders of RSI own 68.2% of APPX. Refer to Note 4.

These condensed consolidated interim financial statements have been prepared on the assumption the the Company will continue as a going concern. As at June 30, 2018, the Company has minimal revenue, negative cash flows from operations, and an accumulated deficit of \$1,897,515. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuances. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These factors indicate existence of a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed consolidated interim 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. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements for the fiscal period ended December 31, 2017.

2. BASIS OF PRESENTATION (continued)

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

(b) Basis of Presentation

These condensed consolidated interim financial statements include the accounts of the Company and its 90.56% owned subsidiary, ATI and ATI's wholly-owned subsidiary, Appature Technologies Inc. ("Appature AB") and wholly owned subsidiary RewardDrop Software Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information and are presented in Canadian dollars, which is the Company's functional and reporting currency.

(c) Significant Accounting Judgments and Estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that effect the amounts reported in the condensed consolidated interim financial statements and notes thereto. Actual amounts could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes to estimates are recognized in the year estimates are revised and may impact future periods.

Critical Accounting Judgments:

Categories of Financial Instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy, which involves judgments or assessments made by management.

Going Concern Assumption

Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

Critical Accounting Estimates:

Unrecognized Deferred Income Tax Assets

Unrecognized deferred income tax assets are made using the best estimate of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the condensed consolidated interim financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Fair Values of Assets and Liabilities Acquired in Business Combinations

The Company is required to recognize separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques, which require considerable judgment in forecasting future cash flows and developing other assumptions.

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

2. BASIS OF PRESENTATION (continued)

(c) Significant Accounting Judgments and Estimates (continued)

Fair Values of Share-based Compensation

The Company is required to recognize at the acquisition date the fair values of share-based compensation for assets acquired based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable and which involves estimates.

Useful Life of Intangible Assets

Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate on the useful life of the intangible assets. The Company reviews its estimate of the useful life of depreciable assets at each reporting date.

Recoverability of Intangible Assets

The Company assesses the carrying values of its intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of the assets cannot be recovered, the unrecoverable amounts are charged against net loss. Recoverability is dependent upon assumptions and judgments regarding market conditions, costs of production, and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, future cash flows and profit margins. A material change in assumptions may significantly impact the potential impairment of these assets.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal period ended December 31, 2017 except for the following policy adopted in the current fiscal year:

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following rates:

Computer equipment	2 years straight-line
Furniture and fixtures	5 years straight-line
Leasehold improvements	5 years straight-line

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the statement of operations.

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, prior to or effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions and did not impact the Company's condensed interim consolidated financial statements.

- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACQUISITION OF REWARDDROP SOFTWARE INC.

On March 2, 2018, the Company completed the Transaction with RSI. Upon closing of the Transaction, the former shareholders of RSI owned 68.2% of the combined entity, APPX's board of directors and senior management were reconstituted and consist of the directors and senior management of RSI. Given the majority ownership of the common shares of the Company and the representation on the Company's Board of Directors and senior management are held by the former shareholders of RSI, RSI has the power to govern the financial and operating policies so as to obtain benefits from the activities of the Company. The Transaction constitutes a reverse acquisition where RSI is considered the accounting acquirer of APPX.

The acquisition is constituted a reverse takeover ("RTO") under IFRS 3, *Business Combinations* by RSI for the net assets of the APPX. As a result of reverse acquisition accounting, these condensed consolidated interim financial statements represent a continuation of RSI's financial statements and the acquisition of the Company.

The fair value of the 70 common shares of the Company that were deemed to have been issued and retained by the former shareholders of the Company was \$2,146,667 which was determined based on the fair value of RSI as determined by a third-party valuator on the date of the Transaction as follows:

	\$
Fair value of RSI, at date of acquisition	4,600,000
Number of shares issued and outstanding of RSI, at date of acquisition	150
Per share value of RSI, at date of acquisition	30,667
Number of RSI shares issued to former shareholders of APPX	70
<u>Fair value of RSI shares issued to former shareholders of APPX</u>	<u>2,146,667</u>

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

4. ACQUISITION OF REWARDDROP SOFTWARE INC. (continued)

The fair value of all consideration given up to acquire APPX is as follows:

	\$
Fair value of RSI shares issued to former shareholders of APPX	2,146,667
Finders Shares 2,825,000 shares at \$0.10 cents	282,500
Fair value of RSI shares issued to former shareholders of APPX	2,429,167
Plus: Non-controlling interest held in APPX	11,262
Fair value of consideration given up to acquire APPX	2,440,429
Less fair value of identifiable assets and liabilities of APPX acquired:	
Cash and cash equivalents	806,319
Amounts receivable	10,107
Prepaid expenses	88,200
Intangible assets	411,487
Loan receivable	23,396
Accounts payable and accrued liabilities	(145,042)
Loan payable	(15,000)
Net assets acquired	1,179,467
Goodwill on acquisition	1,260,962

During the six months ended June 30, 2018, the Company recognized a \$1,260,962 impairment of goodwill due to the uncertainty of recoverability.

5. INTANGIBLE ASSETS

A continuity of the intangible assets is as follows:

	SweetrLife Application \$	Tinderama Application \$	SWIPE Application \$	PRIDE Application \$	Total \$
Balance, December 31, 2017	—	—	—	—	—
Additions	183,707	100,000	77,780	50,000	411,487
Amortization	(2,898)	—	—	—	(2,898)
Reclassification to assets held for sale	(180,809)	(100,000)	(77,780)	(50,000)	(408,589)
Balance, June 30, 2018	—	—	—	—	—

The SweetrLife application is a mobile application with a proprietary open person-to-person exchange that is ideally suited for personal social media and personal communication. The SWIPE application is a mobile application that allows its users to discover venues in real time. The Pride application is a mobile application intended for the LGBT++ community and may be incorporated into the SweetrLife application as a brand expansion in the future.

During the six months ended June 30, 2018, the Company has reclassified these intangible assets to assets held for sale as the Company intends to sell these applications. The Company has recorded a write-down of assets held for sale of \$33,589, reducing the carrying value of the assets to \$375,000, or management's estimation of fair value.

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

6. EQUIPMENT

	Computer equipment \$	Office furniture and equipment \$	Leasehold improvements \$	Total \$
Balance, December 31, 2017	–	–	–	–
Additions	269,243	33,171	16,386	318,800
Amortization	–	(912)	(450)	(1,362)
Balance, June 30, 2018	269,243	32,259	15,936	317,438

As at June 30, 2018, equipment included computer equipment that has not yet been placed in use. As a result, no amortization of these assets has been recorded.

7. SHARE CAPITAL

- (a) On March 2, 2018, RSI was deemed to have issued 73,382,217 common shares pursuant to the merger with the Company. The Company issued 2,825,000 common shares with a fair value of \$282,500 as a finder's fee on the transaction. Refer to Note 4.
- (b) On March 13, 2018, the Company issued 100,000 common shares with a fair value of \$10,000 pursuant to an agency agreement.

Shares issued by the Company prior to the reverse takeover acquisition:

- (c) On January 10, 2018, the Company issued 900,391 common shares to settle accounts payable of \$90,039.

Shares issued by the Company prior to the reverse takeover acquisition:

- (d) On February 27, 2018, the Company completed a non-brokered private placement of 7,511,000 special warrants in the capital of the Company at a price of \$0.10 per special warrant for proceeds of \$751,100, of which \$64,045 was received as at December 31, 2017. The special warrants are exercisable by the holders thereof at any time after February 27, 2018 for no additional consideration and all unexercised special warrants will be deemed to be exercised without any further action on the part of the holder on the earlier of: (a) June 28, 2018, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each of the provinces of Canada where the special warrants are sold, qualifying the common shares to be issued upon the exercise or deemed exercise of the special warrants. In connection with this private placement of special warrants, the Company issued 463,820 common shares and 200,000 share purchase warrants with each warrant entitling the holder to purchase one additional common share exercisable at \$0.25 per share until February 28, 2019.
- (e) On February 27, 2018, the Company issued 616,612 common shares to settle debt of \$61,661.

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

8. SPECIAL WARRANTS

Special warrants transactions after the reverse asset acquisition:

- (a) On March 13, 2018, the Company closed a brokered private placement of 19,300,000 special warrants at a price of \$0.10 per special warrant for gross proceeds of \$1,930,000. Each special warrant is exercisable by the holder to receive one common share of the Company for no additional consideration, and all unexercised special warrants will be deemed to be exercised without any further action on the earlier of: (a) July 14, 2018, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each province where the special warrants were sold, qualifying the common shares to be issued upon the exercise of the special warrants. Refer to Note 15.

Pursuant to an agency agreement entered into between the Company and the Agent, an aggregate of 1,351,000 share purchase warrants were issued to the Agent, representing 7% of the special warrants sold. An additional 500,000 share purchase warrants were issued to the Agent in consideration of advisory services rendered under the agreement. Each warrant issued to the Agent is exercisable at a price of \$0.10 per share for a period of two years. The share purchase warrants issued were fair valued at \$132,583 using the Black-Scholes option pricing model assuming no expected dividends, no forfeitures, a risk-free rate of 1.79%, expected volatility of 150%, and expected life of two years. The Company paid the Agent \$135,100 and incurred share issuance costs of \$72,258. In addition, the Company issued 100,000 common shares with a fair value of \$10,000 pursuant to the agency agreement.

Special warrants transactions before the reverse asset acquisition:

- (b) On February 27, 2018, the Company completed a non-brokered private placement of 7,511,000 special warrants in the capital of the Company at a price of \$0.10 per special warrant for proceeds of \$751,100, of which \$64,045 was received as at December 31, 2017.

The special warrants are exercisable by the holders thereof at any time after February 27, 2018 for no additional consideration and all unexercised special warrants will be deemed to be exercised without any further action on the part of the holder on the earlier of: (a) June 28, 2018, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each of the provinces of Canada where the special warrants are sold, qualifying the common shares to be issued upon the exercise or deemed exercise of the special warrants. In connection with this private placement of special warrants, the Company issued 463,820 common shares and 200,000 share purchase warrants with each warrant entitling the holder to purchase one additional common share exercisable at \$0.25 per share until February 28, 2019.

9. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2017	–	–
Issued	2,051,000	0.11
Balance, June 30, 2018	2,051,000	0.11

9. SHARE PURCHASE WARRANTS (continued)

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

As at June 30, 2018, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
1,851,000	0.10	March 19, 2020
<u>200,000</u>	0.25	February 27, 2019
<u>2,051,000</u>		

10. RELATED PARTY TRANSACTIONS

- (a) During the three and six months ended June 30, 2018, the Company incurred \$30,000 and \$40,000, respectively, in consulting and management fees to a company controlled by the Chief Executive Officer of the Company ("CEO"). As at June 30, 2018, the Company owed \$799 (December 31, 2017 - \$nil) to a company controlled by the CEO which is included in accounts payable and accrued liabilities.
- (b) During the three and six months ended June 30, 2018, the Company incurred \$16,706 and \$21,706, respectively, in consulting and management fees and \$16,706 and \$21,706, respectively, in research and development fees to a company controlled by the President. As at June 30, 2018, the Company owed \$7,645 (December 31, 2017 - \$50,032) to the company controlled by the President included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During six months ended June 30, 2018, the total amount of \$50,032 owed to this company was forgiven.
- (c) As at June 30, 2018, the Company owed \$Nil (December 31, 2017 - \$79,349) to the President of the Company, of which \$Nil (December 31, 2017 - \$54,600) is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During six months ended June 30, 2018, the total amount of \$79,349 owed to the President of the Company was forgiven.
- (d) During the three and six months ended June 30, 2018, the Company incurred \$10,000 and \$20,000, respectively, in research and development fees and \$20,000 and \$20,000, respectively, in general and administrative costs to the Chief Technology Officer ("CTO") of the Company. As at June 30, 2018, the Company owed \$Nil (December 31, 2017 - \$54,150) to the CTO of the Company, of which \$Nil (December 31, 2017 - \$54,600) is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During six months ended June 30, 2018, the total amount of \$54,150 owed to the CTO of the Company was forgiven.
- (e) During the three and six months ended June 30, 2018, the Company incurred \$20,000 and \$25,000, respectively, in research and development fees and \$Nil and \$5,000, respectively, in advertising and marketing fees to the former Chief Information Officer ("CIO") of the Company. As at June 30, 2018, the Company owed \$Nil (December 31, 2017 - \$91,650) to the CIO of the Company, of which \$nil (December 31, 2017 - \$54,600) is included in accounts payable and accrued liabilities. The amounts owed are unsecured, non-interest bearing, and due on demand. During the six months ended June 30, 2018, the amount of \$91,650 owed to the CIO was forgiven.
- (f) During the three and six months ended June 30, 2018, the Company incurred \$12,000 and \$16,000, respectively, in consulting and management fees to a company controlled by the Chief Financial Officer of the Company ("CFO"). As at June 30, 2018, the Company owed \$Nil (December 31, 2017 - \$Nil) to the CFO.

11. COMMITMENTS

On April 5, 2018, the Company entered into a premises lease agreement which is for a five-year term beginning

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

on July 1, 2018. Basic annual rent is \$23,394 for year one, \$26,349 for year two, \$29,550 for year three, \$32,505 for year four, and \$35,706 for year five

12. SEGMENTED REPORTING

The Company has one main operating segment specializing in launching, acquiring, and vertically integrating technology companies and all assets of the Company are located in Canada.

13. MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of consolidated financial information. The Company considers its capital as all components of shareholders' equity. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to carry out its strategic business objectives to acquire and/or partner with leading personal-driven social media firms and complete an exchange listing application. In order to maximize ongoing development efforts, the Company does not pay out dividends.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing.

14. FINANCIAL INSTRUMENTS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at June 30, 2018, as follows:

	Fair value measurements using			Balance, June 30, 2018 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	1,466,744	–	–	1,466,744

The fair value of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and loan payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at June 30, 2018 and December 31, 2017, the Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable mainly consists of GST and QST receivable due from the Government of Canada and Revenue Quebec. The carrying amount of financial assets represents the maximum credit exposure.

14. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity Risk

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(Expressed in Canadian dollars)
(unaudited)

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at June 30, 2018, the Company had cash of \$1,466,744 and accounts payable and accrued liabilities of \$132,468. All accounts payable and accrued liabilities are due within 90 days.

(d) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(e) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

15. RESTATEMENT

The Company restated its consolidated financial statements as at June 30, 2018 and for the three and six months then ended to reflect the impairment of goodwill during the period. This restatement resulted in an increase of \$1,260,962 to the net losses and an increase in the loss per share to \$0.02 and \$0.03 for the three months and six months ended June 30, 2018, respectively.

The impact of the restatement as at June 30, 2018 and for the three and six months then ended is summarized below:

Consolidated Statement of Financial Position

	As at June 30, 2018		
	As Reported \$	Adjustment \$	As Restated \$
<hr/>			
Non-current Assets			
Goodwill	1,260,962	(1,260,962)	–
Total Assets	3,648,840	(1,260,962)	2,387,878
<hr/>			
Shareholders' Equity			
Deficit	(636,553)	(1,260,962)	(1,897,515)
Total Shareholders' Equity	3,516,372	(1,260,962)	2,255,410
Total Liabilities and Shareholders' Equity	3,648,840	(1,260,962)	2,387,878

Consolidated Statements of Operations and Comprehensive Loss

	Three Months Ended June 30, 2018		
	As Reported \$	Adjustment \$	As Restated \$
<hr/>			
Other Income (Expense)			
Impairment of goodwill	–	(1,260,962)	(1,260,962)
Net loss and comprehensive loss	(471,656)	(1,260,962)	(1,732,618)
Net loss attributable to APPx Crypto Technologies Inc.	(465,957)	(1,260,962)	(1,726,919)

15. RESTATEMENT (continued)

Six Months Ended June 30, 2018

APPx Crypto Technologies Inc.
Notes to the Condensed Consolidated Interim Statements
June 30, 2018

(Expressed in Canadian dollars)
(unaudited)

	As Reported \$	Adjustment \$	As Restated \$
Other Income (Expense)			
Impairment of goodwill	–	(1,260,962)	(1,260,962)
Net loss and comprehensive loss	(374,809)	(1,260,962)	(1,635,711)
Net loss attributable to APPx Crypto Technologies Inc.	(364,513)	(1,260,962)	(1,625,475)

Consolidated Statement of Equity

	Six Months Ended June 30, 2018		
	As Reported \$	Adjustment \$	As Restated \$
Deficit	(636,553)	(1,260,962)	(1,897,515)
Total Shareholders' Equity	3,516,372	(1,260,962)	2,255,410

Consolidated Statement of Cash Flows

	Six Months Ended June 30, 2018		
	As Reported \$	Adjustment \$	As Restated \$
Operating Activities			
Net loss for the period	(2,728,675)	(1,260,962)	(1,635,771)
Items not involving cash:			
Impairment of goodwill	–	1,260,962	1,260,962

16. SUBSEQUENT EVENTS

- (a) On July 5, 2018, the Company issued 7,511,000 shares pursuant to the exercise of 7,511,000 special warrants.
- (b) On July 30, 2018, the Company issued 19,300,000 shares pursuant to the exercise of 19,300,000 special warrants.