A copy of this preliminary prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta and Ontario but has not yet become final. Information contained in this preliminary prospectus may not be complete and may have to be amended.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This preliminary prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. This preliminary prospectus does not constitute a public offering of securities.

PRELIMINARY PROSPECTUS

Non-offering Preliminary Prospectus **DATED: December 20, 2018**

FORESHORE EXPLORATION PARTNERS CORP.

No securities are being offered pursuant to this Prospectus

This non-offering preliminary prospectus (the "Prospectus") is being filed with the securities regulatory authorities in British Columbia, Alberta and Ontario for the purpose of allowing Foreshore Exploration Partners Corp. ("Foreshore", or the "Issuer") to comply with Policy 2 – *Qualifications for Listing* of the Canadian Securities Exchange ("CSE" or the "Exchange") in order for the Issuer to meet one of the eligibility requirements for the listing of its common shares (the "Shares") on the CSE. As no securities are being sold pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Issuer from its general funds.

The Issuer has applied to list its Shares on the CSE. Listing will be subject to the Issuer fulfilling all of the listing requirements of the CSE.

There is no market through which the Shares may be sold. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

No underwriter has been involved in the preparation of this Prospectus or performed any review or independent due diligence investigations in respect of the contents of this Prospectus.

An investment in the securities of the Issuer and the Resulting Issuer (as defined herein) is speculative due to various factors. The Issuer does not have an active business. The Issuer must close the Transaction (as defined herein) with POSaBIT, Inc. such that the shareholders of POSaBIT, Inc. become shareholders of the Issuer and the business of POSaBIT, Inc. becomes the business of the Issuer. The closing of the Transaction is subject to a number of conditions including that the Issuer receive conditional listing approval of the CSE. The risk factors included in this prospectus should be reviewed carefully and evaluated by prospective purchasers of securities. See "Risk Factors" and "Forward-Looking Information".

POSaBIT, Inc. is incorporated under the laws of a foreign jurisdiction and the directors of POSaBIT, Inc. reside outside of Canada. POSaBIT, Inc., Ryan Hamlin, Jon Baugher, Jeff Dossett, Michael Markette and Paul Fiore have appointed AUM Law Professional Corporation at its office at 110 Yonge Street, Suite 400, Toronto, Ontario, Canada, as agent for service of process in Canada. Securityholders are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

TABLE OF CONTENTS

CAUTION REGARDING FORWARD LOOKING STATEMENTS

The information provided in this Prospectus, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "**forward-looking statements**") about the Issuer and/or POSaBIT. In addition, the Issuer and/or POSaBIT may make or approve certain statements in future filings with securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Issuer and/or POSaBIT that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by the Issuer and/or POSaBIT that address activities, events or developments that the Issuer and/or POSaBIT expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Issuer and/or POSaBIT and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See "*Risk Factors*".

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- the terms, conditions and completion of the Transaction, as well as the anticipated closing and effective date of the Transaction;
- the available funds of the Resulting Issuer and the anticipated use of those funds by the Resulting Issuer;
- the obtaining of all required regulatory approvals in connection with the Transaction;
- estimates of the Resulting Issuer's future revenues and profits;
- treatment under government regulatory and taxation regimes;
- projections of market prices and costs and the future market for the Resulting Issuer's products and services and conditions affecting same;
- ability to obtain and protect the Resulting Issuer's intellectual property and proprietary rights;
- expectations regarding the Resulting Issuer's ability to raise capital;
- statements relating to the business and future activities of, and developments related, to the Resulting Issuer after the date of this Prospectus;
- the Resulting Issuer's strategies, objectives and plans to pursue the commercialization of its products and services;
- market position and future financial or operating performance of the Resulting Issuer;
- liquidity of the Shares following the Transaction; and
- anticipated developments in operations of the Resulting Issuer.

With respect to forward-looking statements listed above and contained in this Prospectus, management of the Issuer has made assumptions regarding, among other things:

- the Issuer's and POSaBIT's ability to satisfy the conditions to the Transaction;
- the legislative and regulatory environment;
- foreign currency and exchange rates;
- predictable changes to market prices for the Resulting Issuer's product and services and other predicted trends regarding factors underlying the market for the Resulting Issuer's products and services;
- ability to attract and maintain customer relationships;
- ability to attract and retain skilled management and staff;
- progress and success of the Resulting Issuer's product marketing;
- that tax regimes will remain largely unaltered;

- the Resulting Issuer's ability to obtain additional financing on satisfactory terms; and
- the global economic environment.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus:

- the possibility that future research and development results will not be consistent with the Resulting Issuer's expectations;
- liabilities inherent in technology operations;
- fluctuations in currency and interest rates;
- critical illness or death of the key management and consultants of the Resulting Issuer;
- competition for, among other things, customers, capital, capital acquisitions of technology and skilled personnel;
- risks relating to global financial and economic conditions;
- alteration of tax regimes and treatments;
- limited operating history;
- changes in legislation affecting operations;
- failure to realize the benefits of the Transactions and any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under *Risk Factors*.

Consequently, all forward-looking statements made in this Prospectus and other documents of the Issuer are qualified, in their entirety, by these cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on by the Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or persons acting on its behalf may issue. The Issuer undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. For all these reasons, investors should not place undue reliance on forward-looking statements.

INFORMATION CONCERNING POSABIT

The information contained or referred to in this Prospectus relating to POSaBIT has been furnished by POSaBIT. In preparing this Prospectus, the Issuer has relied upon POSaBIT to ensure that the Prospectus contains full, true and plain disclosure of all material facts relating to POSaBIT. Although the Issuer has no knowledge that would indicate that any statements contained herein concerning POSaBIT are untrue or incomplete, neither the Issuer nor any of its principals assumes any responsibility for the accuracy or completeness of such information or for any failure by POSaBIT to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

CURRENCY AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to "$", "CDN$" or "dollars" in this Prospectus refer to Canadian dollars and references to "US$ or "USD" refer to United States dollars. The Issuer's accounts are maintained in Canadian dollars, while POSaBIT's accounts are maintained in U.S. dollars.

Terms and abbreviations used in the financial statements of the Issuer and POSaBIT and in the schedules to this Prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

The closing exchange rates for the USD to Cdn$1.00 for the applicable periods are set forth below:

USD$1.00 to CDN$	Year Ended December 31, 2017	Year Ended December 31, 2016
Low	1.2128	1.2536
High	1.3743	1.4559
Period End	1.2545	1.3427

The exchange rates as at December 19, 2018, as reported by the Bank of Canada for the conversion of Canadian dollars to United States dollars was CDN$1.00 equals USD$0.7435 or USD1.00 equals CDN$1.3450.

The historical financial statements of the Issuer included in this Prospectus are reported in Canadian dollars and have been prepared in accordance with IFRS.

INDUSTRY DATA

The industry data contained in this Prospectus is based upon information from independent industry and other publications and the Issuer's management's knowledge of, and experience in, the industry in which the Resulting Issuer will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Transaction. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. The Issuer has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources.

NOTE REGARDING PRO FORMA SHARE CAPITALIZATION AND FINANCIAL DISCLOSURE

Unless otherwise indicated, all disclosure herein with respect to the pro forma share capitalization and financial disclosure of the Resulting Issuer is following the completion of the Transaction and Financings.

DATE OF INFORMATION

Except as otherwise indicated in this Prospectus, all information disclosed in this Prospectus is as of December 20, 2018 and the phrase "as of the date hereof" and equivalent phrases refer to December 20, 2018.

GLOSSARY OF TERMS

"Affiliate" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other, or
(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person, or
(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"Arm's Length Transaction" means a transaction which is not a related party transaction as defined under applicable Securities Laws. The Transaction described in this Prospectus is an Arm's Length Transaction.

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

(a) an issuer of which the Person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of an issuer,
(b) any partner of the Person or company,
(c) any trust or estate in which the Person or company has a substantial beneficial interest or in respect of which a Person or company serves as trustee or in a similar capacity,
(d) in the case of a person, a relative of that Person, including:
    (i) that Person's spouse or child, or
    (ii) any relative of the Person or of his spouse who has the same residence as that Person;

"BCBCA" means the British Columbia *Business Corporations Act*, as amended from time to time.

"**Closing**" means the closing of the Transaction.

"**Closing Date**" means the date of Closing, which pursuant to the Merger Agreement, is to be the date which is five Business Days following the satisfaction or waiver of all of the conditions precedent set forth in the Merger Agreement.

"company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Control Person" means a Person who holds or is one of a combination of Persons that holds a sufficient number of any of the securities of the company so as to materially affect the control of the company, or that holds more than 20% of the outstanding voting securities of the company, except where there is evidence showing that the holder of those securities does not materially affect the control of the company.

"CPC Escrow Agreement" means the escrow agreement dated November 10, 2017 among the Issuer, Computershare Investor Services Inc. and certain security holders of the Issuer as more fully described under "Escrowed Securities".

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

"**Financings**" means the private placements by POSaBIT in conjunction with the Transaction of (i) 1,121.899 subscription receipts (which subscription receipts will automatically convert into POSaBIT Shares on a one-for-one basis immediately prior to closing and be exchanged into Resulting Issuer Shares in the Merger) for aggregate gross proceeds of $1,180,674, and (ii) 1,165,211 POSaBIT Shares for aggregate gross proceeds of $1,224,294

"Insider" if used in relation to an Issuer, means:

(a) a director or senior officer of an issuer;

(b) a director or senior officer of the company that is an Insider or subsidiary of an issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of an issuer; or

(d) an issuer itself if it holds any of its own securities.

"IPO Agent" means Haywood Securities Inc., at its office in Vancouver, British Columbia, the agent which assisted the Issuer with respect to the sale of Shares in the Issuer's initial public offering completed on May 29, 2018.

"**IPO Agent's Warrants**" means the non-transferable warrants entitling the IPO Agent to acquire up to 43,000 Shares at an exercise price of $0.10 per Share, expiring on May 29, 2020.

"Issuer" means Foreshore Exploration Partners Corp., a company incorporated under the laws of the Province of British Columbia.

"Merger" means the plan of merger of Subco and POSaBIT pursuant to the provisions of the WBCA, including the share conversion to be completed thereunder whereby (a) all of the securityholders of POSaBIT will become securityholders of the Resulting Issuer and (b) the surviving corporation will become a wholly-owned subsidiary of the Resulting Issuer.

"Merger Agreement" means the Merger Agreement dated December 14, 2018 between the Issuer and POSaBIT, a copy of which is available on SEDAR at www.sedar.com under the profile of the Issuer

"Non-Arm's Length Party" means in relation to the Issuer, a promoter, officer, director, other Insider or Control Person of the Issuer and any Associates or Affiliates of any of such persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

"Person" means a company or an individual.

"**POSaBIT**" means POSaBIT, Inc., a private company incorporated pursuant to the laws of the State of Washington.

"**POSaBIT Securities"** means all of the issued and outstanding securities of POSaBIT, including POSaBIT Shares.

"**POSaBIT Shareholders**" means collectively, the shareholders of POSaBIT.

"**POSaBIT Shares**" means the issued and outstanding common shares in the capital of POSaBIT.

"Prospectus" means this prospectus dated December 20 , 2018.

"Resulting Issuer" means the issuer that exists upon completion of the Merger.

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

“Shares” means the common shares in the capital of the Issuer.

“**Subco**” means POSaBIT Merger Sub, Inc., a company incorporated pursuant to the laws of the State of Washington as a subsidiary of the Issuer for the purposes of completing the Merger.

“**Transaction**” means the acquisition of all of the issued and outstanding POSaBIT Securities by the Issuer by way of the Merger to be completed pursuant to the Merger Agreement.

“**Transfer Agent”** means the Issuer’s transfer agent and registrar, Computershare Investor Services Inc.

“TSXV” means the TSX Venture Exchange Inc.

“**Warrants**” means outstanding warrants of the Issuer to acquire additional Shares or Resulting Issuer Shares as applicable.

“**WBCA**” means the Washington Business Corporations Act (RCW 23B), as amended from time to time, including the regulations promulgated thereunder.

SUMMARY OF PROSPECTUS

The following is a summary of information related to the Issuer, POSaBIT and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

Parties	The Issuer is a capital pool company listed on the TSXV. The Issuer intends to delist its shares from the TSXV and seek a listing on the CSE. See *"Information Concerning the Issuer"* for further information. POSaBIT is a private Washington financial technology company. See *"Information Concerning POSaBIT"* for further information.
The Issuer	The Issuer is a company incorporated under the BCBCA on June 12, 2017 and established as a capital pool company in accordance with the policies of the TSXV. At present, the Issuer does not own any assets other than cash. Since its incorporation, the sole activity of the Issuer has been to identify, evaluate, and acquire assets, properties or businesses. The Issuer's current capitalization is 4,250,000 Shares issued and outstanding, and 300,000 Options and 43,000 IPO Agent's Warrants outstanding. See "*Information Concerning the Issuer.*"
POSaBIT	POSaBIT is a private Washington financial technology company offering payment processing and point-of-sale systems. See *"Information Concerning POSaBIT"*.
Summary and Principal Terms of the Transaction	The Issuer and POSaBIT have entered into the Merger Agreement which provides for a reverse three-cornered merger, whereby Subco and POSaBIT will merge, and the surviving corporation will be a wholly-owned subsidiary of the Issuer, which will be renamed POSaBIT Systems Corporation. Shareholders of POSaBIT will receive in the merger 1.7539815 shares of the Issuer in exchange for each POSaBIT Share held, and Option holders of POSaBIT will receive Issuer Options exercisable for 1.7539815 shares of the Issuer for each POSaBIT share for which each POSaBIT Option is exercisable. The Merger Agreement is available on SEDAR at www.sedar.com. The completion of the Transaction is conditional upon the receipt of the approval of the Exchange and certain other closing conditions as more particularly described in the Merger Agreement. The Transaction will be carried out by parties dealing at arm's length to one another and therefore will not be a Non-Arm's Length Transaction. See "*Information Concerning the Transaction.*"
The Resulting Issuer	Upon Closing, and including the Financings, the Resulting Issuer anticipates having 75,361,471 Resulting Issuer Shares issued and outstanding, 12,570,768 Resulting Issuer Options outstanding, and 216,640 Warrants outstanding. See "*Information Concerning the Resulting Issuer – Fully Diluted Share Capital*."
Non-Offering Prospectus	This Prospectus is a non-offering prospectus prepared and no proceeds will be raised pursuant to this Prospectus. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.
The Financings	Pursuant to the Financings completed by POSaBIT in conjunction with the Transaction, POSaBIT has issued (i) 1,121,899 subscription receipts (which subscription receipts will automatically convert into POSaBIT Shares on a one-for-one basis immediately prior to closing) for aggregate gross proceeds of $1,180,674, and (ii) 1,165,211 POSaBIT Shares for aggregate gross proceeds of $1,224,294**.** All POSaBIT

Shares issued as a result of the Financings will be exchanged for Resulting Issuer Shares in the Merger. See "*Information Concerning the Transaction – the Financings.*"

Directors and Management

Following the Transaction, the persons below will hold the following positions with the Resulting Issuer:

Ryan Hamlin – Chief Executive Officer and Director
Jon Baugher – Chief Revenue Officer and Director
Andrew Sweet – Chief Technology Officer
Stephen M. Gledhill, Chief Financial Officer and Corporate Secretary
Jeff Dossett – Chairman & Director
Michael Markette – Director
Paul Fiore – Director

See "*Information Concerning the Resulting Issuer – Directors and Officers*".

Interests of Insiders, Promoters or Control Persons

Insiders of the Issuer currently hold an aggregate of 2,000,000 Shares, all of which were issued at a price of $0.05 per Share and are held in escrow pursuant to the CPC Escrow Agreement. See *"Information Concerning the Resulting Issuer – Escrowed Securities"* for additional information.

The directors of the Issuer hold Options to purchase up to an aggregate of 300,000 Shares exercisable at a price of $0.10 per Share until May 29, 2023, although in accordance with their terms they will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be a director.

As a condition of the proposed delisting of the Issuer's Shares on the TSXV, 1,050,000 of the CPC Escrow Shares will be cancelled such that the average cost of the remaining CPC Escrow Shares after cancellation will be equal to $0.10 per share, being equal to the subscription price of the Issuer Shares under the Issuer's initial public offering.

Concurrently with the Closing, all of the remaining escrowed Shares owned by the current members of the Board will be sold to new appointees to the board of directors, at a price of $0.16 per escrowed Share. The 1,000,000 escrowed Shares sold will remain subject to the CPC Escrow Agreement. See *"Information Concerning the Resulting Issuer – Escrowed Securities"* and "*Pro Forma Consolidated Capitalization*" for additional information.

Funds Available

Upon Completion of the Transaction and based on the Issuer having an estimated working capital of $159,458 as at July 31, 2018, POSaBIT having estimated working capital of $880,133 as at September 30, 2018, and adding the anticipated net proceeds of the portion of the Financings completed in October 2018, of $380,301, and after $75,000 in remaining estimated transaction costs, the Resulting Issuer anticipates it will have estimated working capital of $1,344,892. The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, working capital and capital expenditures and marketing and further development costs associated with POSaBIT's point of sale system offerings. It is anticipated that the Resulting Issuer will use such funds as follows:

Use of Available Funds	Amount
Business Development, Joint Ventures, Acquisitions	$158,000
Marketing and sales costs	$135,000
Legal and regulatory costs[(1)]	$145,000
Estimated general and administrative costs over the 12 months following the Transaction [(2)]	$865,000
Unallocated working capital [(3)]	$41,892
Total	**$**1,344,892

Notes:

(1) Legal and regulatory costs for the next 12 months are expected to relate to United States department of Treasury Financial Crimes Enforcement Network ("FinCEN") compliance, Money Transmitter License on a state by state basis, cannabis specific legal requirements and corporate matters.

(2) General and administrative costs for the next 12 months are expected to be comprised of: general office costs of $100,000, insurance and travel of $75,000, information technology and office systems of $180,000 and salary costs of $510,000 (see *"Information Concerning the Resulting Issuer – Executive Compensation"*).

(3) Unallocated costs will be added to the working capital of the Resulting Issuer and invested in short-term interest-bearing obligations.

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Pro Forma Consolidated Financial Information

The following table sets forth certain financial information of the Issuer as at and for the three and nine months ended July 31, 2018 and of POSaBIT as at and for the three and nine months ended September 30, 2018, and pro forma financial information as at and for the three and nine months ended July 31, 2018, for the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction and Financings and certain other adjustments.

The following information should be read in conjunction with the financial statements and reports thereon included in this Prospectus, being the audited financial statements of the Issuer for the period from incorporation on June 12, 2017 and ended October 31, 2017, which are attached as Schedule "A" hereto; the interim financial statements for the Issuer for the three and nine months ended July 31, 2018, which are attached as Schedule "B" and the corresponding MD&A for the nine months ended July 31, 2018, attached as Schedule "C", the audited financial statements of POSaBIT for the year ended December 31, 2017, which are attached as Schedule "D"; and the corresponding MD&A for the year ended December 31, 2017, attached as Schedule "E", the interim financial statements of POSaBIT for the three and nine months ended September 30, 2018, which are attached as Schedule F" and the corresponding MD&A for the nine months ended September 30, 2018 attached as Schedule "G"; and the unaudited consolidated pro forma financial statements of the Resulting Issuer giving effect to the Transaction as well as the Financings, which are attached as Schedule "H" hereto.

	Issuer for the nine months ended July 31, 2018 (unaudited) (Converted) ($US)	POSaBIT for nine months ended September 30, 2018 (unaudited) ($US)	Pro Forma Adjustments (unaudited) ($US)	Resulting Issuer Pro Forma as at September 30, 2018 (unaudited) ($US)
Operations Data				
Net Loss	(77,745)	(2,182,056)	(1,453,505)	(3,713,306)
Loss per Share (basic and fully diluted)	(0.05)	(0.10)	-	(0.14)
Balance Sheet Data	**As at July 31, 2018 (unaudited)**	**As at September 30, 2018 (unaudited)**	**As at September 30, 2018 (unaudited)**	**As at September 30, 2018 (unaudited)**
Current Assets	159,649	2,851,271	305,301	3,316,221
Total Assets	**159,649**	**3,777,886**	**305,301**	**4,242,836**
Current Liabilities	191	1,971,138	-	1,971,329
Total Liabilities	**191**	**1,971,138**	**-**	**1,971,329**
Shareholders' Equity	**159,458**	**1,806,748**	**305,301**	**2,271,507**

Market for Securities

The Shares are currently listed on the TSXV for trading under the symbol "FORE.P". The price of the Shares on June 7, 2018, being the last day on which the Shares traded prior to the halt of trading of the Shares pending the announcement of the Transaction was $0.20. The Shares have been halted from trading on the TSXV since June 8, 2018. The Issuer intends to delist its Shares from the TSXV and seek a listing on the CSE. As of the date of this Prospectus, the Company has not yet received conditional approval for such listing on the CSE. See "*Information Concerning the Issuer – Stock Exchange Price*" for more information.

There is no public market for POSaBIT Shares.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the financial technology industry. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. As of the date of this Prospectus, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer. Please see *"Information Concerning the Resulting Issuer – Conflicts of Interest"*.

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see *"Information Concerning the Resulting Issuer – Other Reporting Issuer Experience"*.

Promoter

The members of the Issuer's Board are the promoters of the Issuer. In aggregate the Board holds 2,000,000 Shares, of which 200,000 Shares are held by Chris Beltgens, 800,000 Shares are held by Benjamin Gelber and 1,000,000 Shares are held by Toby Pierce. Each member of the Board has also been granted 100,000 Options. Mr. Beltgens is currently the Chief Executive Officer, Chief Financial Officer, Corporate Secretary and a director of the Issuer. All of the directors and officers of the Issuer will resign from their positions on the Closing Date in favor of the nominees of POSaBIT.

Risk Factors

An investment in the Issuer, or the Resulting Issuer following completion of the Transaction, involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Issuer and the Resulting Issuer.

The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to (a) transaction and general risk factors such as: (i) risks relating to the completion of the Transaction, (ii) risks relating to the Resulting Issuer's additional funding requirements; (iii) market risks; (iv) conflicts of interest between the Resulting Issuer and its proposed directors and officers; (v) adverse economic conditions; and (vi) the Resulting Issuer's ability to pay dividends; (b) industry risks such as: (i) cybersecurity risks, (ii) regulatory risks; (iii) risks relating to market acceptance of the Resulting Issuer's products and services; (iv) dependence on technological infrastructure and advancements; and (v) transactional recording risks; and (c) risks associated with the Resulting Issuer's business such as: (i) competitive risks; (ii) product development risks and no assurance of commercialization; (iii) infrastructure risk; (iv) limited protections of patents and proprietary rights; (v) infringement of intellectual property rights; (vi) privacy risks; (vii) risk of obsolescence of products and services; (viii) expansion risks; (ix) risks relating to the limited operating history of the Issuer and POSaBIT; (x) risks relating to lack of operating cash flow; (xi) the Resulting Issuer's dependence on management and key personnel; (xii) risks regarding uninsured losses; and other factors beyond the control of the Issuer or the Resulting Issuer.

For a detailed description of certain risk factors relating to the ownership of Resulting Issuer Shares, which should be carefully considered before making an investment decision, see "*Risk Factors*".

INFORMATION CONCERNING THE ISSUER

Name, Address and Incorporation

The Issuer was incorporated under the BCBCA on June 12, 2017 as "Foreshore Exploration Partners Corp." The head office of the Issuer is Suite 2400-885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and registered office of the Issuer is located at 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the Shares are listed for trading on the TSXV under trading symbol "FORE.P". The Issuer intends to delist its shares from the TSXV and seek a listing on the CSE. The Issuer has one subsidiary, POSaBIT Merger Sub, Inc., a company incorporated pursuant to the laws of the State of Washington for the purposes of completing the Merger.

General Development of the Business

The Issuer was established as a capital pool company pursuant to Policy 2.4 – *Capital Pool Companies* of the TSXV. The sole business of the Issuer since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses, and once identified and evaluated, to negotiate an acquisition or participation. The Issuer does not have any business operations or assets other than cash, and currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Merger Agreement. Upon completion of the Transaction, the name of the Issuer will be changed to "POSaBIT Systems Corporation."

Upon the Completion of the Transaction, the Resulting Issuer will carry on the business of POSaBIT, being the further growth and development of its point-of-sale payment processing solutions.

The Issuer's only income, since incorporation, has been interest income and the completion of its initial public offering on May 29, 2018 of 2,150,000 Shares at a price of $0.10 per Share generating gross proceeds of $215,000.00, and its expenses have been the costs of funding the Transaction and administrative costs.

On June 7, 2018, the Issuer entered into the Letter of Intent with POSaBIT, and on August 7, 2018 and September 15, 2018 the Issuer and POSaBIT entered into amendment agreements. On December 14, 2018, the Issuer entered into the Merger Agreement with POSaBIT which contemplates the completion of the Transaction. The Merger Agreement replaced and superseded the Letter of Intent in its entirety. See "*Information Concerning the Transaction.*"

Dividends

The Issuer has not declared or paid any dividends on the Shares since its incorporation and will not declare or pay any dividends prior to the completion of the Transaction.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Overall Performance

Since incorporation on June 12, 2017, the Issuer has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential Transactions and in meeting the disclosure obligations required for a reporting issuer listed for trading on the TSXV.

The Issuer is classified as a capital pool company. The Issuer was listed on the TSXV on October 26, 2017 and is required to complete a qualifying transaction pursuant to the policies of the TSXV within twenty-four months of its listing on the TSXV. The Issuer intends to delist its shares from the TSXV and seek a listing on the CSE.

Expenses from Incorporation (June 12, 2017) to July 31, 2018

The following table sets forth selected financial information of the Issuer since incorporation. Such information is derived from the Issuer's financial statements and should be read in conjunction with such financial statements. See Schedule "A" – Audited Financial Statements of the Issuer for the period from incorporation on June 12, 2017 to October 31, 2017 and Schedule "B" – Interim Financial Statements of the Issuer for the three and nine months ended July 31, 2018.

Expenses	**For period from June 12, 2017 to October 31, 2017**	**For the nine months ended July 31, 2018**	**For the period from incorporation (June 12, 2017) to April 30, 2018**
	$CDN	$CDN	**$CDN**
Professional fees	1,383	30,478	**31,861**
Filing and transfer fees	-	35,573	**35,573**
Interest and bank charges	19	364	**383**
Office expenses	-	4,021	**4,021**
Meals and entertainment	-	1,997	**1,997**
Share-based compensation	-	27,329	27,329
Total	**1,402**	**99,762**	**101,164**

From incorporation on June 12, 2017 to October 31, 2017, the Issuer incurred $nil in deferred acquisition costs in association with the Transaction. From November 1, 2017 to July 31, 2018, the Issuer incurred $nil in deferred costs in association with the Transaction and Financings.

As of July 31, 2018, the Issuer had working capital of $159,458. The Issuer estimates that its additional cash expenditures in pursuing the Transaction, including legal fees, filing fees and audit fees will be approximately $75,000. The Issuer expects that if the Transaction is not completed, it will have sufficient cash remaining to pursue an additional transaction.

Management's Discussion and Analysis

The Issuer's MD&A for the nine months ended July 31, 2018, is incorporated by reference and attached to this Prospectus as Schedule "C" and should be read in conjunction with the Issuer's unaudited interim financial statements for the three and nine months ended July 31, 2018 and notes thereto, incorporated by reference and attached to this Prospectus as Schedule "B" and the Issuer's audited financial statements for the period from incorporation to October 31, 2017 and notes thereto, incorporated by reference and attached to this Prospectus as Schedule "A".

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transaction and the closing of the Financings as at July 31, 2018, presented in US dollars, is attached to this Prospectus as Schedule "H".

Description of the Securities

The authorized capital of the Issuer consists of an unlimited number of Shares without par value. As at the date of this Prospectus, there are 4,250,000 Shares issued and outstanding.

The holders of the Shares are entitled to vote at all meetings of the Shareholders, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer. The Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Issuer. There are no restrictions on the repurchase or redemption of Shares by the Issuer except to the extent that any such repurchase or redemption would render the Issuer insolvent.

Stock Option Plan

The Board may, in accordance with its Stock Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the TSXV, grant to directors, officers, employees or consultants of the Issuer non-transferable Options to purchase Shares for a period of up to ten years from the date of the grant.

The purpose of the Stock Option Plan is to advance the interests of the Issuer by encouraging the directors, officers, employees and consultants of the Issuer to acquire shares in the Issuer, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer in the conduct of their affairs.

The Stock Option Plan permits the Issuer to issue Options to acquire up to a maximum of 300,000 Shares, while the Issuer is a capital pool company and up to 10% of the issued and outstanding Shares at the time of grant once the Issuer is no longer a capital pool company. The aggregate number of Shares to be delivered upon the exercise of all Options granted under the Stock Option Plan will not exceed the maximum number of Shares permitted under the rules of any stock exchange on which the Shares are then listed or the rules of any other regulatory body having jurisdiction over the Issuer. If any Option granted under the Stock Option Plan expires or terminates for any reason without having been exercised in full, the unpurchased shares subject thereto will again be available for the purpose of the Stock Option Plan. Each Option granted under the Stock Option Plan is non-assignable and non-transferable. The Stock Option Plan requires annual shareholder approval.

The number of Shares subject to an Option issued to a participant, other than a Consultant (as defined in the policies of the TSXV) and an Employee (as defined in the policies of the TSXV) conducting Investor Relations Activities (as defined in the policies of the TSXV) will be determined by a committee authorized under the Stock Option Plan. No participant, where the Issuer is listed on any stock exchange, will be granted an Option which exceeds the maximum number of shares permitted under any stock exchange on which the Shares are then listed or other regulatory body having jurisdiction, which maximum number of shares is currently an amount equal to 5% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period.

The maximum number of Shares subject to an Option to a participant who is a Consultant is currently limited to an amount equal to 2% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period. The number of Options granted to all persons in aggregate who are employed to perform Investor Relations Activities is currently limited to an amount equal to 2% of the then-issued and outstanding Shares (on a non-diluted basis) in any 12-month period. Options granted to Consultants performing Investor Relations Activities must vest in stages over a 12-month period with no more than 25% of the Options vesting in any three-month period, but the Stock Option Plan contains no other specified vesting requirements but permits the Board to specify a vesting schedule in its discretion.

The exercise price of the Shares covered by each Option will be determined by the Board or a committee authorized and directed thereby. The exercise price will not be less than the price permitted by any stock exchange on which the Shares are then listed or other regulatory body having jurisdiction. Currently, the TSXV requires that the exercise price of the Options must be equal to or greater than the Discounted Market Price (as defined in the policies of the TSXV). The exercise price of Options is solely payable in cash. Options granted under the Stock Option Plan shall not be subject to any Resale Restrictions imposed by the TSXV unless granted at the maximum discount permitted by the TSXV.

If a participant ceases to be a director, officer, employee or consultant, as the case may be, of the Issuer for any reason (other than death), s/he may, but only within the 90 days following the cessation of such director, officer, employee or consultant's services, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation, provided that, in the case of a participant who is engaged in Investor Relations Activities on behalf of the Issuer, this 90-day period will be shortened to 30 days. In the case of an optionee's death, the optionee's heirs or administrators can exercise any portion of the Options for up to one year from the optionee's death. Nothing contained in the Stock Option Plan, nor in any Option granted pursuant to the Stock Option Plan, will confer upon any participant any right with respect to continuance as a director, officer, employee or consultant of the Issuer or of any Affiliate.

The Issuer is required to obtain disinterested shareholder approval of any decrease in the exercise price of Options previously granted to Insiders. Additionally, the Issuer must obtain disinterested shareholder approval of Options if the Stock Option Plan, together with all of the Issuer's previously established and outstanding Stock Option Plans or grants, could result at any time in the grant to Insiders, within a 12-month period, of a number of Options exceeding 10% of the issued shares of the Issuer. In order to obtain disinterested shareholder approval, the proposed grant or Stock Option Plan must be approved by a majority of the votes cast by all shareholders of the Issuer at a shareholders' meeting, excluding the votes attached to shares that are beneficially owned by Insiders and Associates of Insiders.

The Issuer has granted Options to persons eligible to receive Options under the Stock Option Plan. As of the date of this Prospectus, the Issuer has 300,000 Options outstanding, entitling the holders thereof to acquire a Share at a price of $0.10 per Share or Resulting Issuer Share for a period of five years expiring May 29, 2023, although in accordance with their terms the Options will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be engaged by the Issuer:

Name	Securities Under Options Granted (#) (1)	Exercise Price ($/Share or Resulting Issuer Share)	Expiry Date(2)
Chris Beltgens	100,000	0.10	May 29, 2023
Benjamin Gelber	100,000	0.10	May 29, 2023
Toby Pierce	100,000	0.10	May 29, 2023
Total	**300,000**		

Notes:

(1) If any holder exercises Options prior to the Closing Date, the Shares issuable upon such exercise will be deposited into escrow in accordance with the terms of the CPC Escrow Agreement.

(2) In accordance with their terms the Options will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be engaged by the Issuer.

Prior Sales

Since the date of incorporation, 4,250,000 Shares have been issued as follows:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
June 12, 2017	1(1)	$1.00	$1.00	Cash
October 24, 2017	2,100,000(2)	$0.05	$105,000.00	Cash
May 29, 2018	2,150,000 (3)	$0.10	$215,000.00	Cash
Total	**4,250,000**		**$320,000.00**	

Notes:

(1) Initial incorporator share which was repurchased by the Issuer and cancelled.

(2) All of these Shares were placed in escrow pursuant to the CPC Escrow Agreement in accordance with the Escrow Policy. See "*Information Concerning the Resulting Issuer – Escrowed Securities*".

(3) These Shares were issued in connection with the Issuer's initial public offering.

IPO Agent's Warrants

In consideration of the services provided by the IPO Agent in connection with the initial public offering of the Issuer, which was completed on May 29, 2018, the Issuer granted to the IPO Agent 43,000 IPO Agent's Warrants exercisable to purchase an aggregate of 43,000 Shares at an exercise price of $0.10 per Share until May 29, 2020. As of the date of this Prospectus, nil IPO Agent's Warrants have been exercised, leaving all 43,000 IPO Agent's Warrants currently outstanding.

Stock Exchange Price

The Shares have been listed and posted for trading on the TSXV since May 29, 2018. The following table sets out the high and low trading of the Shares for the periods indicated as reported by the TSXV:

Month	High $	Low $	Close $	Volume
May 29-May 31, 2018	Halted trading			
June 1-June 7, 2018	$0.20	$0.17	$0.20	110,000
June 8 2018 to Present	Halted trading			

Notes:
(1) Trading of the Shares on the TSXV commenced on June 1, 2018.
(2) The Shares were halted on June 8, 2018 pending the announcement of the Transaction. The last trade of the Shares prior to the trade halt was on June 7, 2018 at a price of $0.20.

Legal Proceedings

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

Auditor, Transfer Agent and Registrar

The auditor of the Issuer is DeVisser Gray LLP, Chartered Professional Accountants, 401-905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

The registrar and transfer agent of the Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Material Contracts

The following are the material contracts of the Issuer that are outstanding as of the date of this Prospectus:

(a) CPC Escrow Agreement dated November 10, 2017. See "*Information Concerning the Resulting Issuer – Escrow Securities*" for further particulars; and

(b) Merger Agreement dated December 14, 2018, between the Issuer and POSaBIT. See "*Information Concerning the Transaction- Merger Agreement*" for further particulars.

All of the contracts specified above are filed on SEDAR at www.sedar.com and may be inspected without charge at the Issuer's registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 during normal business hours until the Closing Date and for a period of 30 days thereafter.

INFORMATION CONCERNING THE TRANSACTION

The Transaction

The parties to the Transaction are the Issuer, Subco and POSaBIT. The Transaction is an arm's length transaction as POSaBIT does not have any relationship to the Issuer or its Affiliates and Associates. Subco was incorporated by the Issuer for the sole purposes of completing the Transaction.

Subject to any regulatory or other approvals that may be required, and the satisfaction of other conditions contained in the Merger Agreement, the Transaction will occur through a reverse three-cornered merger. Pursuant to the Merger Agreement, Subco and POSaBIT will merge, and the surviving corporation will be a subsidiary of the Issuer, which will be renamed POSaBIT Systems Corporation. Shareholders of POSaBIT will receive in the merger 1.7539815 shares of the Issuer in exchange for each POSaBIT Share held, and Option holders of POSaBIT will receive Issuer Options exercisable for 1.7539815 shares of the Issuer for each POSaBIT share for which POSaBIT Option is exercisable.

Merger Agreement

The acquisition by the Issuer of POSaBIT Shares will be effected in accordance with the Merger Agreement, a copy of which has been filed by the Issuer on SEDAR at www.sedar.com as a material document. The Merger Agreement contains certain representations and warranties made by each of (i) POSaBIT and (ii) the Issuer in respect of the assets, assets, liabilities, capital, financial position and operations of POSaBIT and the Issuer, respectively. In addition, each of POSaBIT and the Issuer have provided covenants which govern the conduct of their operations and affairs prior to the completion of the Transaction. The Merger Agreement contains a number of conditions precedent to the obligations of the parties thereunder. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transaction will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

Representations and Warranties

The Merger Agreement contains representations and warranties made by each of POSaBIT and the Issuer. The assertions embodied in those representations and warranties are solely for the purposes of the Merger Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an "adverse event" or "adverse change". Therefore, the representations and warranties in the Merger Agreement should not be relied on as statements of factual information.

The Merger Agreement contains representations and warranties of the Issuer and POSaBIT relating to certain matters including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Merger Agreement and perform its obligations under the Merger Agreement; due authorization and enforceability of the Merger Agreement; and matters related to the Transaction, composition of share capital; options or other rights for the purchase of securities; financial condition, records and accounts; its assets, properties and material agreements, and conduct of operations; absence of litigation, judgment or order; employment matters, assets and intellectual property, among other things.

The representations and warranties of the Issuer and POSaBIT in the Merger Agreement will survive the Closing and either party may make a claim for a breach thereof for a period of twenty-four (24) months following the Closing, subject to the provisions of the Merger Agreement.

Covenants

Each of POSaBIT and the Issuer have each given to the other usual and customary covenants in respect of the Transaction, including to take all necessary actions in order to enable it to participate in and effect the Transaction and to use it reasonable efforts to obtain all necessary regulatory approvals for the Transaction. POSaBIT and the Issuer have also covenanted and agreed that until the Closing Date, each of POSaBIT and the Issuer, shall, among other things, (i) conduct its business in the ordinary course consistent with past practice, (ii) maintain payables and liabilities at levels consistent with past practice; (iii) not merge, amalgamate, consolidate or enter into any other corporate reorganization, (iv) not split, combine, reclassify, redeem, repurchase or otherwise retire its securities or declare or make any distributions or dividends or issue any further securities other than pursuant to the Merger Agreement, as is required to complete the Financings or pursuant to the exercise of previously granted convertible securities, (v) not alter or amend its constating documents (vi) not enter into, amend, modify, fail to renew or terminate any material agreements, (vii) not enter into or amend any employment or consulting agreement; and (viii) maintain its books, accounts and records in the usual manner.

The Issuer and POSaBIT have agreed to each bear their own expenses in association with the Transaction.

Conditions to the Transaction

The respective obligations of the parties to complete the transactions contemplated by the Merger Agreement are subject to a number of conditions which must be satisfied or waived in order for the Transaction to be completed. There is no assurance that these conditions will be satisfied or waived on a timely basis or at all.

The obligation of the Issuer to complete the transactions contemplated by the Merger Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Merger Agreement, at or before the Closing Date, including, but not limited to:

(a) POSaBIT shall have performed each covenant or obligation to be performed by it provided by the Merger Agreement and the representations and warranties of POSaBIT in the Merger Agreement shall be true as of the Closing Date with the same effect as though made at and as of such time;

(b) the absence of any injunction or restraining order prohibiting the consummation of the Transaction, or any proceeding having been instituted or pending for same;

(c) POSaBIT Shareholders shall have approved the Merger;

(d) rights of dissent shall not have been exercised in respect of more than 1% of the total number of POSaBIT Shares outstanding at such time;

(e) there being no prohibition at law against the consummation of the Merger Agreement, the Transaction or the acquisition of POSaBIT Shares by the Issuer;

(f) the absence of any inquiry or investigation in relation to any of POSaBIT or its directors or officers having been commenced or threatened by any governmental entity, where the outcome of such inquiry or investigation could have a material adverse effect on POSaBIT, POSaBIT Shares or the assets of POSaBIT;

(g) the absence of any material adverse change in the business, assets, liabilities, results, financial condition, prospects, or affairs of POSaBIT since the date of the Merger Agreement;

(h) the completion of the sale and transfer of the remaining CPC Escrow Shares from their current holders to nominees of POSaBIT at a price of $0.16 per CPC Escrow Share; and

(i) receipt of all necessary regulatory approvals, authorizations, waivers or consents necessary for the completion of the Transaction, including the approval of the CSE.

The obligation of POSaBIT to complete the transactions contemplated by the Merger Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Merger Agreement, at or before the Closing Date, including, but not limited to:

(a) the Issuer shall have performed each covenant or obligation to be performed by it provided by the Merger Agreement and the representations and warranties of the Issuer in the Merger Agreement shall be true as of the Closing Date with the same effect as though made at and as of such time;

(b) the absence of any injunction or restraining order prohibiting the consummation of the Transaction, or any proceeding having been instituted or pending for same;

(c) POSaBIT Shareholders shall have approved the Merger;

(d) rights of dissent shall not have been exercised in respect of more than 1% of the total number of POSaBIT Shares outstanding at such time;

(e) there being no prohibition at law against the consummation of the Merger Agreement, the Transaction or the acquisition of POSaBIT Shares by the Issuer;

(f) the absence of any inquiry or investigation in relation to any of the Issuer or their directors or officers having been commenced or threatened by any governmental entity, where the outcome of such inquiry or investigation could have a material adverse effect on the Issuer;

(g) the absence of any material adverse change in the business, assets, liabilities, results, financial condition, prospects, or affairs of the Issuer since the date of the Merger Agreement; and

(h) receipt of all necessary regulatory approvals, authorizations, waivers or consents necessary for the completion of the Transaction, including the approval of the CSE.

Termination of the Merger Agreement

The Merger Agreement may be terminated (i) by mutual written agreement of the parties: (ii) by either party by providing written notice to the other party in the event that any of the conditions precedent set forth in the Merger Agreement for the benefit of such party have not been fulfilled or waived at a prior to Closing (provided that the right to exercise such termination right shall not be available to any party where the failure to fulfill any of its obligation has been the cause of or resulted in the failure of such condition precedent being satisfied); (iii) by either party providing written notice to the other party in the event that the Closing does not occur on or before February 28, 2018, provided that the right to exercise such termination right shall not be available to any party where the failure to complete the Transaction has been caused by such party's failure to fulfill any obligation; (iv) by either Party providing written notice to the other party in the event any governmental entity has notified the parties that it will not permit the Transaction to proceed; or (iv) by either party providing written notice to the other party in the event such that there has been a material misrepresentation, breach or non-performance by such other party and the breaching party fails to cure such misrepresentation, breach or non-performance within 14 days after receiving written notice of same from any other party.

Escrow Transfer

Concurrently with completion of the Transaction, new appointees to the Issuer's board of directors will, either directly or through an entity owned and controlled by them, acquire 1,000,000 escrowed Shares, currently owned by members of the Board at a price of $0.16 per Share as follows:

Transferor	**Transferee**	**Number of Shares**
Toby Pierce	Ryan Hamlin	425,000
Toby Pierce	Jon Baugher	75,000
Chris Beltgens	Jeff Dossett	50,000
Chris Beltgens	Paul Fiore	50,000
Benjamin Gelber	Michael Markette	50,000

Transferor	Transferee	Number of Shares
Benjamin Gelber	Jon Baugher	350,000

These 1,000,000 escrowed Shares will remain subject to the CPC Escrow Agreement. For additional information concerning the escrow provisions applicable to the 1,000,000 Shares above, please see "*Information Concerning the Resulting Issuer – Escrowed Securities"*.

Financings

Pursuant to the Financings completed by POSaBIT in conjunction with the Transaction, POSaBIT has issued (i) 1,121,899 subscription receipts (which subscription receipts will automatically convert into POSaBIT Shares on a one-for-one basis immediately prior to closing) for aggregate gross proceeds of $1,180,674, and (ii) 1,165,211 POSaBIT Shares for aggregate gross proceeds of $1,222,294**.** All POSaBIT Shares issued as a result of the Financings will be exchanged for Resulting Issuer Shares in the Merger

The Resulting Issuer intends to use the proceeds from the Financings to carry out its business objectives and for general and working capital requirements during the twelve-month period following completion of the Transaction. See "*Information Concerning the Resulting Issuer - Available Funds and Principal Purpose*" and "*Information Concerning the Resulting Issuer – Stated Business Objectives*".

INFORMATION CONCERNING POSABIT

The following information has been provided by POSaBIT and reflects the current business, financial and share capital position of POSaBIT. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information following the Completion of the Transaction.

Name, Address and Incorporation

POSaBIT was incorporated in the State of Washington on November 19, 2015, as a wholly-owned subsidiary of PlaceFull, Inc. On March 4, 2016, pursuant to a corporate spin-off transaction, POSaBIT became a separate standalone corporation. POSaBIT has its registered office and head office at 1128 8th St., Kirkland, Washington 98033.

The only subsidiary of POSaBIT is DoubleBeam, Inc.

Following completion of the Transaction, POSaBIT will become a wholly-owned subsidiary of the Resulting Issuer.

General Development of the Business

POSaBIT is a privately held company organized for the purpose of developing and selling its cryptocurrency-based point-of-sale technologies and devices that are uniquely suited to cash-based business where traditional credit and debit card transactions are limited or prohibited, such as legal retail cannabis stores.

Three Year History

Since the spin-off transaction POSaBIT has financed its growth separately from PlaceFull, Inc., completed a period of shared resources, completed the acquisition of DoubleBeam, Inc. a California point of sale systems company, and positioned its future growth by entering new states and markets. POSaBIT originally obtained licensing and launched only in the state of Washington with its payment-only service, ending 2017 with 23 locations. Starting in 2018 POSaBIT began selling its payment solution into Colorado, Nevada and California. POSaBIT now currently serves over 70 merchants with transaction sales nearing $2 million per month. In September 2018, POSaBIT released its fully integrated Point of Sale offering for the cannabis industry, which integrates its POSaBIT payments with a complete seed-to-sale service. This POS system is the next evolution of the product suite and POSaBIT expects merchants in Washington State, California and Oregon to be using its new POS in 2018. POSaBIT's business is highly regulated, limiting the speed of its entry into markets while providing barriers to competition.

Significant Acquisitions and Dispositions

In February 2018 POSaBIT purchased DoubleBeam, Inc. and added a proven, full-feature point of sale device technology and services to its product line and has now integrated its POSaBIT service and the DoubleBeam offering in its fully functional crypto-enabled POSaBIT Point of Sale Line.

Narrative Description of the Business

Forward-Looking Information

Statements in the following sections concerning the future plans, expectations, objectives and milestones of POSaBIT are "forward-looking information" and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to "*Caution Regarding Forward-Looking Statements*" in this Prospectus.

Principal Products or Services

POSaBIT operates a merchant processing service licensed as a Money Services Business (MSB) that uniquely offers credit card holders the ability to purchase bitcoin or other cryptocurrency stored electronically from POSaBIT onto a paper based “wallet” for the customer, and then allows the customer to hold or spend the cryptocurrency to process sales as a form of payment.

POSaBIT has obtained and must maintain regulatory approval for its POSaBIT merchant processing services that include the ability to use cryptocurrency for purchases. Currently, POSaBIT uses Bitcoin (BTC) and Litecoin (LTC) as the preferred cryptocurrency in use, however POSaBIT may in the future use other forms of cryptocurrency as well to support the business (e.g. Bitcoin Cash, Ethereum, etc.). Litecoins and Bitcoins, which are a digital commodity not issued by any government, bank or central organization, are regulated so that Bitcoin and Litecoin Exchanges and similar Bitcoin and Litecoin service providers can register on a state-level as money transmitters or money service businesses. Consequently, Litecoin and Bitcoin can be used to purchase goods and services, either online or at physical locations and thousands of merchants and businesses currently accept, or have the technological infrastructure to choose to accept, Bitcoins as payment. US national online retailers Overstock.com and TigerDirect began accepting bitcoin payments in January 2014, and since then such businesses as Microsoft, Time Inc., Wikimedia, WordPress, Expedia and Foodler have accepted bitcoins as online payment for various items.

POSaBIT is structured to be a Money Services Business (MSB), and as such is required to register with the United States department of Treasury Financial Crimes Enforcement Network (“FinCEN”). An MSB includes any person (other than a bank or person registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission) doing business as a: (1) currency dealer or exchanger; (2) cheque casher; (3) issuer of traveler's cheques, money orders or stored value; (4) seller or redeemer of traveler's cheques, money orders or stored value; (5) money transmitter; (6) U.S. Postal Service. A person who engages as a business in the transfer of funds is an MSB as a money transmitter, regardless of the amount of money transmission activity. Further, POSaBIT must obtain a Money Transmitter License (“MTL”) from the State of Washington to be able to take credit cards in return for cryptocurrency. POSaBIT also must obtain an MTL in any state that requires this for fiat to cryptocurrency transactions. Currently only Washington State and Oregon have this requirement (but this may change in the future).

POSaBIT has uniquely paired the use of cryptocurrency with its merchant services to allow Litecoin and other crypto payments at physical retail locations, including legal cannabis retailers in Washington State (and other legal recreation States currently and in the future), providing purchasers with an opportunity to use credit cards to purchase Crypto and to use Crypto to complete retail purchases as part of the retail purchase in the stores.

Bitcoin and Litecoin are the largest and best known cryptocurrenies, and are based on an open source math-based protocol existing on an online, peer-to-peer computer network that hosts the public transaction ledger, known as the “Blockchain,” and the software source code that provides the rules for bitcoin movement and ownership and the peer to-peer computer network (“Bitcoin Network” or “Bitcoin”). The software source code includes the math-based protocols that govern the creation of bitcoins and the cryptography system that secures and verifies transactions in bitcoins. Bitcoins themselves have no physical existence beyond the record of transactions on the Blockchain. The Blockchain serves as a public record of the custody of all bitcoins and the flow of funds in all Bitcoin transactions, including the initial creation allocation of bitcoins to a digital wallet and all subsequent movements of bitcoins in later transactions between users' digital wallets. The Bitcoin Network utilizes the Blockchain to evidence the existence of bitcoins in any user's digital wallet. Bitcoin digital wallets are accessed and may be used to receive or send bitcoins through a digital address together with a public key and private key that are part of the Bitcoin Network's cryptographic security mechanism. Other cryptocurrencies rely on a similar open structure, though each has unique elements.

In the case of Bitcoin and Litecoin, new Bitcoins are created based on rules developed by the creators and open source managers of Bitcoin, and earned by participants in the Bitcoin community known as miners whose function is to verify and confirm trades and make sure they are posted on the public Blockchain on which all Bitcoin transactions are recorded and publicly audited by the community. In the United States, due to legal uncertainty regarding use of credit cards in sales of legal marijuana, most of the banking industry and all traditional payment processing companies have been unwilling to provide services to marijuana businesses, forcing many of these companies to operate on a cash-only basis. Visa and MasterCard simply don't allow "federally illegal" transactions to occur on their networks. To do so would put them at risk of federal prosecution because Cannabis is still classified as a Schedule 1 drug. This is a significant problem that POSaBIT stepped in and solved, by providing cryptocurrency as an alternative form of payment that marijuana stores can accept instead of cash. By giving consumers easy access to cryptocurrency by using their credit cards and debit cards to acquire it, POSaBIT makes it simple to utilize digital currency as a form of payment, which is a huge win for both consumers and merchants.

In February 2018 POSaBIT purchased DoubleBeam, Inc. and added a proven, full-feature point of sale device technology and services to its product line and has now integrated its POSaBIT service and the DoubleBeam offering in its fully functional crypto-enabled POSaBIT Point of Sale Line.

The POSaBIT Point of Sale Product line is feature-rich. POSaBIT is the first fully integrated Point of Sale plus Payment (Debit/Credit) solution for cash-only industries. POSaBIT provides visibility, compliance and increased sales to merchants as well as an enhanced buying experience for the consumer.

- *POSaBIT Payments Service* is the core payment engine that allows customers to easily purchase cryptocurrency using a Debit or Credit card and either spend in the store or upload to a customer preferred digital wallet. This was POSaBIT's beachhead entry into the industry in January 2017.

- *POSaBIT Point of Sale (Cannabis)* is the cornerstone product that tracks all sales ("seed to sale tracking"), integrates full customer history and preferences and offers the first fully integrated cash, debit/credit and cryptocurrency payment options for product. This product is went live in September 2018.

- *POSaBIT Point of Sale (Food Service)* is POSaBIT's non-high-risk point of sale offering to the hospitality and food services industry. Currently, this product services over 200 cafes and retailers in the hospitality industry in the US. This is the original product offering acquired in the DoubleBeam acquisition and has been in market for over seven years.

Operations, Production and Sales

POSaBIT's business is run as a hosted service (currently with Amazon AWS). This hosted service is coupled with in-person hardware to create an environment that can be supported both online and offline. This service is integrated as needed into the State Seed-to-Sale tracking systems based on the State system in use (e.g. Leaf, Metrc).

Specialized Skills and Knowledge

Certain aspects of POSaBIT's business, relating to point of sale, require specialized skills and knowledge, including expertise in software development. Increased competition for technology personnel may make it more difficult to hire and retain competent employees and consultants and may affect POSaBIT's ability to grow at the pace it desires. However, POSaBIT does not currently anticipate any significant difficulties in locating and keeping appropriate personnel as the employees and consultants it needs to carry on its business.

Cycles

Seasonal factors typically influence web traffic and retail demand for web-based subscriptions and services, which would impact sales through POSaBIT's direct and distributor customers, subsequently impacting its quarterly revenues and cash flows.

Economic Dependence

It is not expected that POSaBIT's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts. POSaBIT is not substantively dependent on any contract for the ongoing development of its business.

POSaBIT's success will depend in part on its ability to protect its proprietary rights and technologies and the processes associated therewith. POSaBIT relies on patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and licenses and other agreements with its employees, customers, suppliers and other parties, to establish and maintain its intellectual property rights in content, technology and products and services used in its various operations and to conduct its business. However, not all of these measures may apply or may afford only limited protection. POSaBIT's failure to adequately protect its proprietary rights may adversely affect POSaBIT. See *"Risk Factors - Limited Protection of Patents and Proprietary Rights"*

Environmental Protection Requirements

POSaBIT's business has no extraordinary environmental protection requirements. As a result, POSaBIT does not anticipate that any environmental regulations or controls will materially affect its products and services.

Employees

As of the date of this Prospectus, POSaBIT had the following number of employees and contractors:

Location	**Full Time Employees**	**Contractors**
United States	18	24

Social or Environmental Policies

POSaBIT is not expected to adopt any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its facilities or human rights policies). However, POSaBIT's management, with the assistance of its contractors and advisors, will ensure its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

Foreign Operations

POSaBIT currently operates in the United States. POSaBIT is considering the Canadian market and may potentially begin operations in one or two Provinces in 2019.

Principal Markets

The POSaBIT Point of Sale Product line is feature-rich. POSaBIT is the first fully integrated Point of Sale plus Payment (Debit/Credit) solution for cash-only industries. POSaBIT provides visibility, compliance and increased sales to merchants as well as an enhanced buying experience for the consumer.

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Marketing Plans and Strategies

POSaBIT currently uses a combination of in-house direct sales as well as channel partners to market and sell the POSaBIT set of services.

Competitive Conditions

There can be no assurance that other companies with greater financial resources will not develop similar products and programs with greater perceived benefits and that the Resulting Issuer will be able to compete successfully against existing competitors or future entrants into the market. See "*Risk Factors - Competition*".

Future Developments

POSaBIT continues to develop innovative technologies to support this massive new industry. Today POSaBIT focuses on payment systems but may expand in the future to support all back-office capabilities.

Proprietary Protections

POSaBIT relies on a combination of trademark, patent, copyright and trade secrecy laws, confidentiality procedures and contractual provisions to protect its intellectual property rights. POSaBIT has applied for U.S. registration of the name POSaBIT and associated logos in multiple classes as registered trademarks in the U.S. POSaBIT may pursue registrations in Canada and other international territories, and may assert trademark rights in or seek to register additional marks in the future. Although POSaBIT currently has no patents or patent applications, it intends to seek patent applications for various inventions and processes in the future. POSaBIT asserts copyright ownership generally in its written works but has no formal copyright registration process in place. POSaBIT owns the url www.posabit.com. See "*Risk Factors - Limited Protection of Patents and Proprietary Rights*" and *"Risk Factors – Infringement of Intellectual Property Rights"*.

Lending/Investments

POSaBIT does not hold any investments or owe any material liabilities as at the date of this Prospectus.

POSaBIT has not adopted any specific policies or restrictions regarding investments or lending, but will ensure any investment or debt activities incurred are in the best interests of POSaBIT and its securityholders.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against POSaBIT nor is POSaBIT aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by POSaBIT since its incorporation.

Reorganization

POSaBIT was formed as a subsidiary of PlaceFull, Inc. and in 2016 spun off as a separate company pursuant to a Spin Off Agreement approved by each of PlaceFull and POSaBIT, on the basis of 1 share of POSaBIT common stock for each share of PlaceFull Common Stock, Series A Preferred Stock or Series B Preferred Stock then owned. The assets of POSaBIT at the spin off were: all POSaBIT intellectual property related to cryptocurrency processing; all of POSaBIT's banking and corporate assets and records; the POSaBIT name, mark and associated goodwill; key contracts; and certain equipment. In addition, PlaceFull agreed to provide a services agreement to support POSaBIT's launch with office space and back office services and a license of the POSaBIT platform at favorable rates.

Dividends

POSaBIT has not declared or paid any dividends on its common shares since its incorporation and will not declare or pay any dividends prior to the completion of the Transaction.

Selected Consolidated Financial Information

The following table sets out certain selected consolidated financial information of POSaBIT for the periods indicated.

Annual Data

	Nine Months Ended 09/30/2018 **(unaudited)** **US$**	**Year Ended 12/31/2017** **(audited)** **US$**	**Year Ended 12/31/2016** **(unaudited)** **US$**
Revenue – digital assets processing services	1,822,069	667,258	41,634
Cost of sales	1,373,289	660,178	237,044
Operating expenses	1,996,092	935,083	831,757
Other expenses (income)	634,744	2,442,598	(7,337)
Loss and comprehensive loss	(2,182,056)	(3,350,601)	(1,019,830)
Basic and diluted loss per common share	(0.10)	(0.14)	(0.046)
Weighted average number of shares outstanding	22,084,347	24,284,087	21,985,087
Total assets	3,777,886	903,464	140,488
Total liabilities	1,971,329	5,072,771	1,047,946
Shareholder's equity (deficiency)	1,806,748	(4,169,307)	(907,458)

Quarterly Data

Quarterly data is not available for POSaBIT, other than in relation to the three and nine months ended September 30, 2018, as set forth above.

Management’s Discussion and Analysis

POSaBIT’s MD&A for the year ended December 31, 2017, is attached to this Prospectus as Schedule “E”. The MD&A should be read in conjunction with the audited consolidated annual financial statements and notes thereto for POSaBIT for the year ended December 31, 2017, which is attached hereto as Schedule “D”.

POSaBIT’s MD&A for the nine months ended September 30, 2018, is attached to this Prospectus as Schedule “G”. The MD&A should be read in conjunction with the unaudited interim financial statements and notes thereto for POSaBIT for the three and nine months ended September 30, 2018, which is attached hereto as Schedule “F”

Description of Securities

The authorized capital of POSaBIT consists of 600,000,000 shares of stock, comprised of 500,000,000 shares of common stock, having a par value of $0.001 per share, and 100,000,000 shares of preferred stock, having a par value of $0.001 per share. All such shares, when issued and paid for, and all other outstanding shares, will be fully paid and not liable for further call or assessment.

Common Stock. POSaBIT's Articles of Incorporation authorize it to issue up to 500,000,000 shares of common stock. Shareholders of common stock generally shall have no preemptive rights to subscribe for additional shares of stock. Each share of common stock is entitled to one vote on all matters on which the holder of that share is entitled to vote. Holders of common stock have no subscription, redemption, or cumulative voting rights, and the stock has no sinking fund provisions. Holders of common stock have no conversion rights.

Preferred Stock. POSaBIT's Articles of Incorporation authorize it to issue up to 100,000,000 shares of preferred stock in series and empower the Board of Directors to fix or alter the dividend rights; dividend rate; conversion rights; voting rights; terms of redemption (including sinking fund provision); redemption price or prices; and liquidation preferences of each unissued series of preferred stock, the number of shares constituting any such series, and the designation thereof. Upon issuance, the holders of any series of preferred stock will have such preferences over the holders of common stock, including preferences upon liquidation and/or as to dividends and such voting, conversion, redemption and other rights as the Board of Directors determines in creating such series.

Stock Option Plan

POSaBIT has adopted its 2015 Stock Plan ("2015 Stock Plan") allowing it to issue, with the approval of its Board of Directors, restricted stock or options to purchase an aggregate of up to 7,500,000 shares of its common stock, with a net reserve of 7,321,626 shares after RSA grants and option exercises, with 6,995,951 shares currently subject to outstanding grants and options, and POSaBIT has discretion as to awarding to its employees, directors and consultants options exercisable for up to the number of shares which are reserved and not subject to outstanding options, which is currently 325,675 shares.

Consolidated Capitalization

Since the date of the financial statements for the year ended December 31, 2017, included in this Prospectus, the consolidated capitalization of POSaBIT has increased as follows:

Designation of Security	Amount Authorized	Amount outstanding as of December 31, 2017	Amount outstanding as of October 31, 2018
Common Shares	600,000,000	18,863,461	25,373,369
Series A Preferred Shares	100,000,000	Nil	14,646,300

Prior Sales

POSaBIT has issued the following securities in the 12 months prior to the date of this Prospectus:

Date	Number of Securities	Issue Price per Security	Aggregate Issue Price	Consideration Received
January 10, 2018	6,068,284 common shares	$0.01	$60,682.84	cash
February 16, 2018	3,446,786 common shares	$0.05	$172,339.30	assets
March 14, 2018	577,320 common shares	$0.01	$5,773.20	cash
April 27, 2018	1,898,944 common shares	$0.05	$94,947.20	assets
April 29, 2018	60,975 common shares	$0.01	$609.75	cash

May 11, 2018	13,373,698 Series A Preferred shares	$0.161986	$2,166,351.84	cash
May 11, 2018	950,000 Series A Preferred shares	$0.40	$380,000.00	cash
June 12, 2018	883,025 common shares	$0.01	$8,830.25	cash
June 12, 2018	322,602 Series A Preferred shares	$0.40	$129,040.80	cash
September 17, 2018	85,520 common shares	$0.001	$85.52	services
September 17, 2018	1,121,899 subscription receipts	$1.05	$1,180,674	cash
October 2018	1,165,213 common shares	$1.05	$1,226,268	cash

Stock Exchange Price

POSaBIT is not listed or quoted on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of POSaBIT, the following persons currently beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding common shares of POSaBIT, as of the date hereof:

Name of Shareholder	Number of common shares	Percentage of issued and outstanding shares
Ryan Hamlin	6,068,284	15.65%

Executive Compensation

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the Chief Executive Officer, the Chief Financial Officer and POSaBIT's other most highly paid executive officer for each of POSaBIT's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	**Period ended**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Ryan Hamlin, President &	December 31, 2017	71,158	Nil	Nil	Nil	Nil	$71,158

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Table of compensation excluding compensation securities							
Name and position	**Period ended**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Chief Executive Officer	December 31, 2016	72,500	Nil	Nil	Nil	Nil	$72,500
Jon Baugher, Chief Revenue Officer & Director	December 31, 2017	71,345	Nil	Nil	Nil	Nil	$71,345
	December 31, 2016	62,500	Nil	Nil	Nil	Nil	$62,500
Stephen M. Gledhill Chief Financial Officer and Corporate Secretary[1]	December 31, 2017	N/A	N/A	N/A	N/A	N/A	N/A
	December 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. Mr. Gledhill commenced employment on September 17, 2018.

Stock Options and Other Compensation Securities

The following options were granted to NEOs or directors by POSaBIT during the year ended December 31, 2017 for services provided or to be provided to POSaBIT:

Name and position	Type of compensation security	Number	Date of grant	Exercise price	Expiry date
Jon Baugher Chief Revenue Officer & Director	Options	1,500,000	October 5, 2017	$0.05	October 5, 2027

No compensation securities were exercised by any directors or NEOs during the year ended December 31, 2017.

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the year ended December 31, 2017.

Employment, consulting and management agreements

POSaBIT has entered into the following agreements and arrangements under which compensation is provided to NEOs or directors:

Ryan Hamlin, President and Chief Executive Officer

Ryan Hamlin entered into an employment agreement dated October 22, 2015 with POSaBIT. The agreement provides for an annual salary of US $120,000 and medical benefits.

Jon Baugher, Chief Revenue Officer

Jon Baugher entered into an employment agreement dated October 22, 2015 with POSaBIT. The agreement provides for an annual salary of US $120,000 and medical benefits.

Stephen Gledhill, Chief Financial Officer and Corporate Secretary

Keshill Consulting Associates Inc. entered into a management services agreement dated September 17, 2018 with POSaBIT for the provision of services by Stephen Gledhill. The agreement provides for an annual fee of US $66,000.

Oversight and Description of Director and Named Executive Officer Compensation

POSaBIT's executive compensation program is informal at this time and is administered by POSaBIT's Board of Directors. POSaBIT's Board of Directors informally discusses and approves the executive compensation that is competitive in order to attract, motivate and retain highly skilled and experienced executive officers, to provide fair and competitive compensation, to align the interest of management with those of shareholders and to reward corporate and individual performance.

Non-Arm's Length Transactions

Except as described in "*Executive Compensation*" above or in relation to subscriptions for POSaBIT Shares, since its incorporation, POSaBIT has not completed any acquisitions of assets or services or provisions of assets or services from (i) any director or officer of POSaBIT, (ii) an Insider of POSaBIT, either before or after giving effect to the Transaction; or (iii) an Associate or Affiliate of any Person described in (i) or (ii). The Transaction is not a Non-Arm's Length Transaction.

Legal Proceedings

There have been no legal proceedings material to POSaBIT to which POSaBIT is a party or of which any of its property is the subject matter and no such proceedings are known to POSaBIT to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of POSaBIT is MNP LLP, Chartered Professional Accountants. POSaBIT does not have a registrar or transfer agent.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contracts entered into by POSaBIT in the two years immediately prior to the date hereof that can reasonably be regarded as presently material to POSaBIT are the Merger Agreement, which is available on SEDAR at www.sedar.com, and the master reseller agreement and software license dated January 1, 2016 between PlaceFull, Inc. and POSaBIT, which provides for the licensing to POSaBIT of software used in connection with the POSaBIT payment services platform for a nominal monthly license fee.

INFORMATION CONCERNING THE RESULTING ISSUER

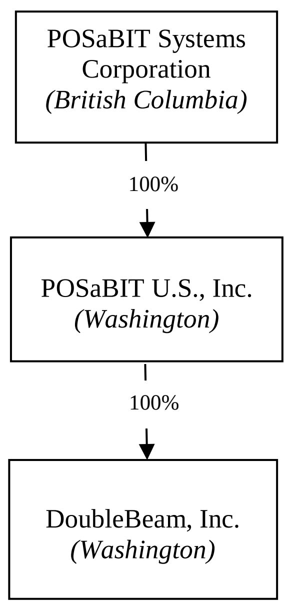
The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Transaction. This section only includes information respecting the Resulting Issuer after the Transaction that is materially different from information provided earlier in this Prospectus under "Information Concerning the Issuer" and "Information Concerning POSaBIT".

Corporate Structure

The Transaction will result in POSaBIT becoming a wholly-owned subsidiary of the Issuer. Upon completion of the Transaction, the Resulting Issuer's name will be changed to "POSaBIT Systems Corporation."

The Resulting Issuer's head office will be relocated to 1128 8th St., Kirkland, Washington 98033, and the registered and records office of the Resulting Issuer will remain at Suite 2080-777 Hornby Street, Vancouver, British Columbia in the short term.

The following diagram sets forth the corporate structure of the Resulting Issuer following the Transaction:



Narrative Description of the Business of the Resulting Issuer

Forward-Looking Information

Statements in the following sections concerning the future plans, objectives and milestones of the Resulting Issuer are "forward-looking information" and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to "*Forward-Looking Statements*" in this Prospectus.

Principal Business and Stated Business Objectives

After the Completion of the Transaction, the Resulting Issuer will engage in the business plan of POSaBIT, as described at "*Information Concerning POSaBIT – Narrative Description of the Business*" focusing on operating a merchant processing service licensed as a Money Services Business (MSB) that uniquely offers credit cards holders the ability to purchase bitcoin or other cryptocurrency stored electronically from POSaBIT onto a paper based "wallet" for the customer, and then allows the customer to hold or spend the cryptocurrency to process sales as a form of payment. See "*Information Concerning POSaBIT*" for more information with respect to the business of POSaBIT. The Resulting Issuer intends to spend the total available funds as set out herein under the heading "*Information Concerning the Resulting Issuer - Principal Use of Funds*".

Other than as described in this Prospectus, there are no other particular significant events or milestones that must occur for the Resulting Issuer's initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives described above within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

Description of the Securities

Upon the Closing of the Transaction, the authorized share capital of the Resulting Issuer will be the same as the authorized share capital of the Issuer, and the Resulting Issuer Shares will have the same attributes as the Shares. See "*Information Concerning the Issuer – Description of Securities*".

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Transaction and the Financings:

Designation of Security	Amount Authorized	Amount Outstanding after Giving Effect to the Transaction
Common Shares (1)(2)	Unlimited	75,361,471
Options (3)	the Resulting Issuer will amend the Stock Option Plan to provide for the reservation of a fixed number of shares equal to 20% of the issued and outstanding shares of the Resulting Issuer (4)	12,570,768
Share Purchase Warrants	N/A	216,640(5)

Notes:

(1) Assumes no exercise of IPO Agent's Warrants, Options or other outstanding securities of the Issuer.

(2) Of these Shares, 19,700,573 will be subject to the Escrow Agreement and 1,050,000 will be subject to the CPC Escrow Agreement. See "*Escrowed Securities*" below.

(3) The number of stock options that the Resulting Issuer may grant is limited by the terms of the Stock Option Plan and Exchange Policies. See "*Information Concerning the Issuer – Stock Option Plan*".

(4) Options currently outstanding at an exercise price of $0.10 per Share – in accordance with their terms the Options will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be engaged by the Issuer.

(5) 43,000 IPO Agent's Warrants having an exercise price of $0.10 per Share and expiry date of May 29, 2020 and 173,640 Warrants issued in exchange for Warrants of POSaBIT.

Fully diluted Share Capital

- Options: The Issuer currently has 300,000 outstanding Options entitling the holders to acquire 300,000 Shares at an exercise price of $0.10 per Share. In accordance with their terms the Options will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be engaged by the Issuer.

- IPO Agent's Warrants: The Issuer currently has 43,000 outstanding IPO Agent's Warrants to purchase 43,000 Shares at an exercise price of $0.10 per Share expiring on May 29, 2020.

- POSaBIT Options. POSaBIT currently has outstanding 6,995,951 POSaBIT Options to purchase an aggregate of 6,995,951 POSaBIT Shares. Option holders of POSaBIT will receive Issuer Options exercisable for 1.7539815 shares of the Issuer for each POSaBIT share for which POSaBIT Option is exercisable.

- POSaBIT Warrants. POSaBIT currently has outstanding 99,000 Warrants to purchase an aggregate of 99,000 POSaBIT Shares. Warrant holders of POSaBIT will receive Issuer Warrants exercisable for 1.7539815 shares of the Issuer for each POSaBIT share for which POSaBIT Warrant is exercisable.

The following table states the anticipated fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

Description of Security	Number of Securities	Percentage of Total
Shares issued and outstanding before giving effect to the Transaction (after the cancellation of 1,050,000 Shares subject to the CPC Escrow in connection with the proposed delisting of the Shares on the TSXV)	3,200,000	3.61%
Shares issuable pursuant to the exchange of POSaBIT Shares pursuant to the Merger Agreement (1)	68,149,923	76.83%
Shares issuable pursuant to the Financings (2)	4,011,548	4.52%
Shares Reserved for issuance on exercise of IPO Agent's Warrants	43,000	0.05%
Shares Reserved for issuance on exercise of POSaBIT Warrants	173,640	0.20%
Shares reserved for issuance on exercise of Options (3)	12,570,768	14.17%
Shares reserved for issuance on conversion of convertible note	549,804	0.62%
Total	**88,698,683**	**100%**

Notes:
(1) See *"Information Concerning the Transaction"* for more information.
(2) See *"Information Concerning the Transaction – the Financings"* for more information.
(3) See "*Information Concerning the Resulting Issuer – Options to Purchase Securities*" for more information.

Available Funds and Principal Purposes

Available Funds

Upon Completion of the Transaction and based on the Issuer having an working capital of $159,458 as at September 30, 2018, POSaBIT having an working capital of $880,133 as at September 30, 2018, and adding the anticipated net proceeds of the portion of the Financings completed in October, 2018 of $380,301, and after $75,000 in remaining estimated transaction costs, the Resulting Issuer anticipates it will have estimated working capital of $1,344,892.

A pro forma consolidated balance sheet of the Resulting Issuer as at July 31, 2018, giving effect to the Transactions, is attached to this Prospectus as Schedule "H".

Principal Purpose of Funds

It is the Resulting Issuer's intention to use these funds for a period of twelve months after the completion of the Transaction as follows:

Use of Available Funds	**Amount**
Business Development, Joint Ventures, Acquisitions	$158,000
Marketing and sales costs	$135,000
Legal and regulatory costs (1)	$145,000
Estimated general and administrative costs over the 12 months following the Transaction(2)	$865,000
Unallocated working capital (3)	$41,892
Total	**$**1,344,892

Notes:

(1) Legal and regulatory costs for the next 12 months are expected to relate to United States department of Treasury Financial Crimes Enforcement Network ("FinCEN") compliance, Money Transmitter License on a state by state basis, cannabis specific legal requirements and corporate matters.

(2) General and administrative costs for the next 12 months are expected to be comprised of: general office costs of $100,000, insurance and travel of $75,000, information technology and office systems of $180,000 and salary costs of $510,000 (see *"Information Concerning the Resulting Issuer – Executive Compensation"*).

(3) Unallocated costs will be added to the working capital of the Resulting Issuer and invested in short-term interest-bearing obligations.

The Resulting Issuer intends to spend the funds available to it upon completion of the Transactions to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Transactions. All of the Resulting Issuer's Shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

Principal Security Holders

To the knowledge of the directors and senior officers of the Issuer, upon completion of the Transaction and the Financings, the following persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Resulting Issuer Shares) of the Resulting Issuer:

Name and Municipality of Residence	**Number of Shares (1)**	**Percentage of Shares**
Ryan Hamlin	11,068,657 Resulting Issuer Shares	14.6%

(1) All of the above Resulting Issuer Shares will be subject to escrow restrictions under the Escrow Agreement. See "*Information Concerning the Resulting Issuer – Escrowed Securities*" for additional information.

Upon completion of the Transaction and the Financings, a total of 20,800,663 Resulting Issuer Shares or approximately 27.4% of the common shares of the Resulting Issuer will be held by Insiders of the Resulting Issuer.

Directors and Officers

The Issuer's current directors are Chris Beltgens (Chief Executive Officer, Corporate Secretary and Chief Financial Officer), Benjamin Gelber and Toby Pierce. Following completion of the Transaction, all of the existing directors and officers will resign. Ryan Hamlin will be appointed as President and Chief Executive Officer, Jon Baugher will be appointed as Chief Revenue Officer and director, Andrew Sweet will be appointed as Chief Technology Officer and Stephen Gledhill will be appointed as Chief Financial Officer and Corporate Secretary. Additionally, Michael Markette, Jeff Dossett and Paul Fiore will be appointed as directors.

The term of office of each of the present directors expires at the Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the BCBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Transaction.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years	Prior Director or Officer of the Issuer or POSaBIT and Term of Such Position	Number of Shares upon completion of the Transaction[1]	Percentage of Class Held or Controlled on completion of the Transaction and the Financings
Ryan Hamlin Redmond, Washington Proposed President, Chief Executive Officer and Director [2]	CEO, President and Co-Founder POSaBIT, Inc., November 2015 – present; CEO and Founder PlaceFull, Inc., November 2011 - March 2016; Chairman of the Board, PlaceFull, Inc. November 2011 - present	Director, President and Chief Executive Officer of POSaBIT from Nov 2015 to present	11,068,657	14.6%
Jon Baugher Kirkland, Washington Proposed Chief Revenue Officer and Director	Chief Revenue Officer, Co-Founder and Director, POSaBIT, Inc., August 2015 to present; VP Sales and Business Development, PlaceFull, Inc., September 2015 - January 2017; Sr. Director National Sales, Adapx Inc., September 2010 - July 2015	Director and Chief Revenue Officer of POSaBIT from Nov 2015 to present	425,000[3]	0.6%

Name, Municipality of Residence, Proposed Offices	**Principal Occupation During Last Five Years**	**Prior Director or Officer of the Issuer or POSaBIT and Term of Such Position**	**Number of Shares upon completion of the Transaction**(1)	**Percentage of Class Held or Controlled on completion of the Transaction and the Financings**
Jeff Dossett Seattle, Washington Proposed Chairman Director	Executive vice president of sales and marketing of Impinj, Inc., January 2018 – present; senior vice president of marketing and business development of Impinj, Inc., May 2017 - December 2017; strategic advisor for GOOD Worldwide Inc., January 2007 - July 2017 and CEO of GOOD Worldwide Inc. from March 2016 - October 2016; head of partnerships, corporate development and interim chief financial officer, at Porch, Inc., December 2013 - March 2015	Chairman and Director of POSaBIT from February 2016 to present	4,236,208(4)	5.6%
Michael Markette San Juan, Puerto Rico Proposed Director (2)	Partner & President CallRevu, LLC, April 2010 – present, and Partner, Market Tech Consulting LLC, January 2000 - present	Director of POSaBIT from June 2016 to present	641,467(5)	0.8%
Paul Fiore Los Angeles, California Proposed Director (2)	Founder and CEO, Hills Group LLC, a private investment group, November 2017 - present; Chief Executive of DoubleBeam, Inc., April 2017 - November 2017; Founder and CEO of CU Wallet LLC, March 2013 - April 2017	Director of POSaBIT from February 2018 to present	4,279,331(6)	5.7%
Andrew Sweet Renton, Washington Proposed Chief Technology Officer	Chief Technology Officer, POSaBIT, March 2018 - present; Chief Technology Officer of Shop & Support, 2013-2018; Director of Engineering – Photorocket, 2010-2013	Chief Technology Officer of POSaBIT from March 2018 to present	-(7)	-
Stephen Gledhill, Aurora, Ontario, Proposed Chief Financial Officer and Corporate Secretary	Chief Financial Officer and Corporate Secretary for multiple publicly-traded companies	Chief Financial Officer of POSaBIT from September 17, 2018	150,000(8)	0.2%

Notes:

(1) Based on the number of Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised as at the date of this Prospectus, assuming the completion of the Transaction and related transactions.
(2) Member of the audit committee.
(3) Mr. Baugher will also hold 6,426,364 options to purchase common shares of the Resulting Issuer.
(4) Mr. Dossett will also hold 175,398 options to purchase common shares of the Resulting Issuer.
(5) Held as to 43,810 shares by Markette LLC, a private company controlled by Michael Markette. Mr. Markette will also hold 219,247 options to purchase common shares of the Resulting Issuer.
(6) Mr. Fiore will hold 1,455,524 options to purchase common shares of the Resulting Issuer.
(7) Mr. Sweet will hold 1,613,662 options to purchase common shares of the Resulting Issuer.
(8) Held by Keshill Consulting Associates Inc., a private company controlled by Stephen Gledhill.

At the Completion of the Transaction, the directors and officers of the Resulting Issuer as a group will own 20,800,663 Resulting Issuer Shares representing approximately 27.4% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis).

The Resulting Issuer's audit committee will comprise Ryan Hamlin and non-executive directors, Michael Markette and Paul Fiore, who will be chair of the committee.

There will be no other committees of the Board at this time.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer, other than Ryan Hamlin, the President and Chief Executive Officer**.** See also "*Management*" below. With the exception of Jon Baugher, Andrew Sweet and Stephen Gledhill, who are employees of POSaBIT, it is expected that the balance of the directors and officers of the Resulting Issuer will be independent contractors.

Management

The following is a brief description of the key management of the Resulting Issuer.

Ryan Hamlin, Proposed President, Chief Executive Officer and Director

Mr. Hamlin has over 26 years of software development and management experience. He is the President, Chief Executive Officer and Co-Founder of POSaBIT, Inc. In 2011, he founded PlaceFull, Inc, an online booking and eMarketing platform. PlaceFull continues to grow its operations in the US and Canada and Mr. Hamlin serves as the Chairman of the Board. From 1995 to 2010 he was an executive at Microsoft, managing 1,000+ person teams and over $500 million in revenue, and from 1990 to 1994 he was a senior systems analyst at Andersen Consulting. He has also served on several start-up and larger non-profit boards. Mr. Hamlin has a B.A. and B.S., Business & Computer Science, from Pacific Lutheran University.

Jon Baugher, Proposed Chief Revenue Officer and Director

Mr. Baugher has over 28 years of software and technology sales experience. He is the Chief Revenue Officer and Co-Founder of POSaBIT, Inc. From 2015 to 2017 he was Vice President of Sales and Business Development at PlaceFull, Inc. From 2010 to 2015 he was Senior Director of National Sales at Adapx Inc., an enterprise software solutions provider. From 2005 to 2010 he was Director of Global Sales at Microvision, Inc. (NASDAQ:MVIS), a company that develops laser scanning technology. Prior to that, he was a principal and co-founder of GamePlan, Inc., an entrepreneurial venture focused on sports and event marketing and licensing. Mr. Baugher has a B.A., Business from the University of Washington.

Andrew Sweet, Proposed Chief Technology Officer

Mr. Sweet has over 27 years of software start-up experience. He is the Chief Technology Officer of POSaBIT, Inc., and from 2013 to 2018 was Chief Technology Officer and a founder of Shop & Support, which enables charitable donations from credit and debit card purchases. From 2010 to 2012 he was Director of Engineering at PhotoRocket, where his team grew from five to 25, and from 2002 to 2007 he was a technology director at QPass, which grew from ten to over 200 employees. Mr. Sweet has an M.S., Physics and Computer Science from the University of Wisconsin-Madison and a B.S., Physics from the University of Washington.

Mr. Stephen Gledhill (CPA, CMA), Proposed Chief Financial Officer and Corporate Secretary

Mr. Gledhill is a founding member and Managing Director and CFO of RG Mining Investments Inc. and RG Management Services Inc., both of which are accounting, administrative and corporate secretarial services companies. In 1992, he formed Keshill Consulting Associates Inc., a boutique management consulting practice. Mr. Gledhill has over 25 years of financial-control experience and acts as Chief Financial Officer and Corporate Secretary for multiple publicly-traded companies, several of which he was instrumental in scaling-up and taking public.

Jeff Dossett, Proposed Chairman and Director

Mr. Dossett is Executive Vice President of Sales and Marketing at Impinj, Inc. (NASDAQ:PI), a manufacturer of radio-frequency identification devices and software. He previously served as Chief Executive Officer of GOOD Worldwide Inc., a global media brand and social impact company, and from 2013 to 2015 was Head of Partnerships, Corporate Development and Interim Chief Financial Officer of Porch.com, Inc. From 2010 to 2013 he was Chief Revenue Officer of Demand Media (now Leaf Group Inc.), and from 2013 to 2016 he was a member of the Board of PlaceFull, Inc. Mr. Dossett has a degree in Business Administration and General Management from the Ivey Business School, University of Western Ontario.

Michael Markette, Proposed Director

Mr. Markette is a seasoned entrepreneur who has started several software companies over the past 30 years. Over the last five years he has been the President of CallRevu, LLC, a company that focuses on custom call tracing solutions to assist with sales lead management. He is also Partner of Market Tech Consulting LLC. Mr. Markette brings a great background in fundraising and growing small companies into multi-million-dollar enterprises. He has a Bachelor's degree in Banking, Corporate Finance and Securities Law from Arizona State University.

Paul Fiore, Proposed Director

Mr. Fiore is the founder and Chief Executive Officer of Hills Group LLC, a private investment group. He was the founder and Chief Executive Officer of Doublebeam, Inc. and LifeStep Solutions (formally CU Wallet), a mobile and software development company. From 2001 to 2011 he ran PIE, LLC, a private venture fund, and previously founded Digital Insight, which offers Internet based services to financial institutions. Mr. Fiore has over a decade of experience in the financial services industry (five of it in executive management), as Vice President and Chief Financial Officer of Affinity Federal Credit Union, and at Lehman Brothers and Continental Bank. Mr. Fiore has a B.S., Management, Finance from New York University.

Promoter Consideration

No person will be or has been within the two years preceding the date of this Prospectus a promoter of the Resulting Issuer, other than its directors and officers. In the two years preceding the date of this Prospectus, other than the subscription for Shares or POSaBIT Shares as the case may be, or as described above at *"Information Concerning POSaBIT – Executive Compensation"*, no promoter of the Issuer, POSaBIT or Resulting Issuer, or their affiliates or associates has received anything of value from the Issuer, POSaBIT, Resulting Issuer or their affiliates or associates or have sold to the Issuer, POSaBIT, Resulting Issuer or their affiliates or associates any assets.

Corporate Cease Trade Orders or Bankruptcies

Other than disclosed below, as at the date of this Prospectus and within the ten years before the date of this Prospectus, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) that, while that person was acting in that capacity:

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

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

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

On April 25, 2016, BlueOcean NutraSciences Inc., now CO2 GRO Inc. ("BOC") applied to the applicable Canadian securities regulatory authorities pursuant to National Policy 12-203 – Cease Trade Orders for Continuous Disclosure Defaults ("Policy 12-203") for a MCTO, which precluded members of management (including Stephen Gledhill, CFO) from trading BOC common shares until such time as the MCTO is no longer in effect. The MCTO was sought by BOC as it would not be filing its audited annual financial statements, related management discussion and analysis and applicable officer certifications (the "Annual Materials") by the deadline date of April 29, 2016. On May 9, 2016, the OSC granted a temporary MCTO, effective until May 16, 2016. On May 16, 2016, the OSC issued a permanent MCTO in effect until 2 days following BOC filing its Annual Materials with the applicable regulatory authorities. On July 19, 2016, BOC filed its Annual Materials and on July 21, 2016, the MCTO was lifted.

On January 12, 2016 (further to a TSX Venture Exchange Bulletin dated January 11, 2016), Gemoscan Canada, Inc.'s ("GES") shares were suspended from trading on the TSX Venture Exchange for failing to maintain exchange requirements, GES having made assignment into bankruptcy. Effective January 13, 2016, GES's listing was transferred to the NEX. Stephen Gledhill served as CFO of GES from August 2010 to November 2015.

Penalties or Sanctions

No current or proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

Personal Bankruptcies

No current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see *"Other Reporting Issuer Experience"* directly below.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Issuer:

Name of Director, Officer or Promoter	**Name of Reporting Issuer**	**Name of Trading Market**	**Position**	**Period**
Jeff Dossett	Impinj, Inc.	NASDAQ	Executive Vice President of Sales and Marketing Senior Vice President of Marketing and Business Development	January 2018 to present May 2017 to December 2017
Stephen Gledhill	DelphX Capital Markets Inc.	TSXV	CFO and Corporate Secretary	February 2018 to Present
	Grown Rogue International Inc.	CSE	Director	November 15, 2018
	Caracara Silver Inc.	TSXV	CFO	March 2011 to Present
	Synchordia Technologies and Healthcare Solutions, Corp.	TSXV	CFO	March 2017 to August 2017
	CO2 GRO Inc.	TSXV	CFO	March 2012 to Present
	Toachi Mining Inc.	TSXV	CFO	March 2011 to December 2017
	Rosita Mining Inc.	TSXV	CFO	July 2011 to June 2017
	Gemoscan Canada, Inc.	TSXV	CFO and Corporate Secretary	July 2010 to November 2015

Executive Compensation

The Issuer is currently prohibited from paying remuneration (including salaries, consulting fees, management or directors, fees, etc.) to Non-Arm's Length Parties or to persons engaged in Investor Relations Activities pursuant to Policy 2.4 – *Capital Pool Companies* of the TSXV. The Issuer may reimburse Non-Arm's Length Parties for rent, secretarial services and other general and administrative expenses at fair market value.

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will adopt the executive compensation program of POSaBIT as disclosed above at "*Information Concerning POSaBIT – Executive Compensation*" as modified to incorporate the use of the Stock Option Plan.

Executive Officer Compensation

Set out below is a summary of the anticipated compensation for each of the Resulting Issuer's four most highly compensated executive officers for the 12-month period after giving effect to the Transaction, to the extent known:

Summary Compensation Table
For the 12 months following the completion of the Transaction

Table of compensation excluding compensation securities							
Name and position	**Period**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Ryan Hamlin, President & CEO and Director	12 months following Transaction	US$180,000	$100,000	Nil	Nil	Nil	US$280,000
Jon Baugher, Chief Revenue Officer & Director	12 months following Transaction	US$120,000	$80,000	Nil	Nil	Nil	US$200,000
Andrew Sweet, Chief Technology Officer	12 months following Transaction	US$120,000	$50,000	Nil	Nil	Nil	US$170,000
Stephen Gledhill, Chief Financial Officer and Corporate Secretary	12 months following Acquisition	US$66,000	$0	Nil	Nil	Nil	US$66,000

Stock option plans and other incentive plans

The Resulting Issuer will continue to utilize the Stock Option Plan, the material terms of which are described above at "*Information Concerning the Issuer – Stock Option Plan*". The Resulting Issuer will amend the Stock Option Plan to provide for the reservation of a fixed number of shares equal to 20% of the issued and outstanding shares of the Resulting Issuer.

Employment, consulting and management agreements

The Resulting Issuer does not initially expect enter into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO, with the exception of the agreements and arrangements already entered into by POSaBIT as described above at *"Information Concerning POSaBIT – Executive Compensation"*.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will adopt POSaBIT's approach to executive compensation as described above at "*Information Concerning POSaBIT – Executive Compensation*".

Pension Disclosure

The Resulting Issuer does not expect to have any pension or retirement plan which is applicable to the NEOs or directors.

Indebtedness of Directors and Officers

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to the Issuer since the commencement of the

Issuer's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Transaction.

Investor Relations Arrangements

POSaBIT entered into an investor relations agreement dated August 15, 2018 with The BlueShirtGroup, LLC, based in San Francisco, California. The term is from August 15, 2018 to February 15, 2019, to be renewed for further six month terms until terminated upon at least 60 days' written notice. Payment will be $10,000 USD per month for the first three months, and $9,000 USD per month for the subsequent three months. Other than such monthly fees, The BlueShirtGroup will receive no other compensation, and will not be entitled to acquire securities of the Resulting Issuer as compensation for services. The services will be provided by Alex Wellins, Co-Founder and Managing Partner, who has 25 years of investor relations, media relations and corporate communications experience in the technology sector, and Chelsea Lish, Director, who has over 6 years of in-house investor relations experience for companies in retail, IT services and financial services. The services will include advising on all matters related to investor relations or financial public relations, assistance with respect to the Transaction (website, investor materials, news releases), development of investor communications and coordinating corporate messaging, assisting with news releases, setting strategy for earnings reports, installing best practices with respect to ongoing disclosure requirements.

Options to Purchase Securities

The Resulting Issuer will amend the Stock Option Plan to provide for the reservation of a fixed number of shares equal to 20% of the issued and outstanding shares of the Resulting Issuer. The principal terms of the Stock Option Plan are discussed at "*Information Concerning the Issuer – Stock Option Plan*".

As of the date of this Prospectus, the Resulting Issuer has 300,000 Options outstanding, all of which are exercisable at a price of $0.10 per Share until May 29, 2023, although in accordance with their terms the Options will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be engaged by the Issuer.

The table below indicates the groups who will to hold options to purchase common shares of the Resulting Issuer upon completion of the Transaction.

Optionee	Securities Under Options Granted (#)	Exercise or Base Price ($/Security)	Expiration Date
Directors of the Issuer	300,000	$0.10	May 29, 2023[1]
Employees of POSaBIT	12,270,768	$0.119[2]	March 4, 2026 – August 9, 2028
Total	12,570,768		

Notes:
(1) In accordance with their terms the Options held by directors of the Issuer will terminate on the later of 12 months after completion of the Transaction and 90 days after the holder ceasing to be engaged by the Issuer.
(2) Weighted average exercise price.

Escrowed Securities

The following table sets out the holders of escrowed securities, the number of securities held in escrow, and the percentage of securities held in escrow by each person who will be a holder of escrowed securities before and after the completion of the Transaction. The table includes securities which will be released from escrow concurrently with the Transaction, as described below.

		Before Giving Effect to the Transaction and Financings		After Giving Effect to the Transaction and Financings	
Name and Municipality of Resident of Security Holder	**Designation of Class**	**Number of Securities Held in Escrow (1)**	**Percentage of Class**	**Number of Securities to be held in Escrow (3)**	**Percent age of Class (2)**
Toby Pierce, Vancouver, British Columbia	Common Shares	1,000,000	23.53%	Nil	N/A
Chris Beltgens, Vancouver, British Columbia	Common Shares	200,000	4.71%	Nil	N/A
Benjamin Gelber, Johannesburg, South Africa	Common Shares	800,000	18.82%	Nil	N/A
Dain Currie, Georgetown, Cayman Islands	Common Shares	100,000	2.35%	50,000	0.1%
Ryan Hamlin, Redmond, Washington	Common Shares	Nil	N/A	11,068,657	14.6%
Jon Baugher, Kirkland, Washington	Common Shares	Nil	N/A	425,000	0.6%
Jeff Dossett, Seattle, Washington	Common Shares	Nil	N/A	4,236,208	5.6%
Paul Fiore, Los Angeles, California	Common Shares	Nil	N/A	4,279,331	5.7%
Michael Markette, San Juan, Puerto Rico	Common Shares	Nil	N/A	641,467	0.8%
Stephen Gledhill, Aurora, Ontario	Common Shares	Nil	N/A	150,000	0.2%
Total	**Common Shares**	**2,100,000**	**49.41%**	**20,850,663**	**27.6%**

Notes:

(1) Held pursuant to the CPC Escrow Agreement.

(2) Common share percentage of class assumes no exercise of Options or Warrants.

(3) Assumes the transfer of an aggregate of 1,000,000 Escrowed Shares held by Toby Pierce, Chris Beltgens and Benjamin Gelber to Ryan Hamlin, as to 425,000 Escrowed Shares, Jon Baugher, as to 425,000 Escrowed Shares, Jeff Dossett, as to 50,000 Escrowed Shares, Paul Fiore, as to 50,000 Escrowed Shares, and Michael Markette, as to 50,000 Escrowed Shares.

The Shares held under the CPC Escrow Agreement include the following principal terms:

- 10% of the escrowed Shares will be released from escrow on Closing of the Transaction;
- The remaining escrowed Shares will be released in six tranches of 15% every six months following completion of the Transaction;
- While in escrow, none of the escrowed Shares can be transferred, either directly or indirectly through a change in control of a holding company without the consent of the TSXV;
- If the Issuer fails to complete a Transaction or is delisted by the TSXV for any other reason, all the seed Shares remaining in escrow will be cancelled; and

- If the Resulting Issuer is elevated to the status of a Tier 1 Issuer on the TSXV at any time, releases of the Shares held in escrow will be accelerated in accordance with the Escrow Policy.

1,000,000 of the Escrowed Shares subject to the CPC Escrow Agreement above will be sold by their current holders at a price of $0.16 per Share as outlined below:

Transferor	**Transferee**	**Number of Shares**
Toby Pierce	Ryan Hamlin	425,000
Toby Pierce	Jon Baugher	75,000
Chris Beltgens	Jeff Dossett	50,000
Chris Beltgens	Paul Fiore	50,000
Benjamin Gelber	Michael Markette	50,000
Benjamin Gelber	Jon Baugher	350,000

The transferred Escrowed Shares will remain subject to the terms of the original CPC Escrow Agreement.

Resulting Issuer Shares issued pursuant to the Transaction to certain of POSaBIT Shareholders who will be principals of the Resulting Issuer, as identified above, will be held under the Escrow Agreement among the Escrow Agent, the Issuer and such POSaBIT Shareholders which includes the following principal terms:

- 10% of the escrowed Resulting Issuer Shares will be released from escrow on completion of the Transaction;
- The remaining escrowed Resulting Issuer Shares will be released in six tranches of 15% every six months following completion of the Transaction;
- While in escrow, none of the escrowed Resulting Issuer Shares can be transferred, either directly or indirectly through a change in control of a holding company without the consent of the TSXV; and
- If the Resulting Issuer is elevated to the status of a Tier 1 Issuer on the TSXV at any time, release of the escrowed Resulting Issuer Shares will be accelerated in accordance with TSXV policies.

Auditor, Transfer Agent and Registrar

On completion of the Transaction, the auditor of the Resulting Issuer will be MNP LLP. The registrar and transfer agent of the Resulting Issuer Shares will continue to be Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Audit Committee

Audit Committee's Charter

The text of the audit committee's charter is attached hereto as Schedule "I". It is anticipated that the Resulting Issuer will adopt this charter.

Composition of the Audit Committee

It is anticipated the members of the audit committee of the Resulting Issuer will consist of Ryan Hamlin, Michael Markette and Paul Fiore, who will be chair of the committee. All members are financially literate and Mr. Markette and Mr. Fiore are independent.

Relevant Education and Experience

Each audit committee member has had extensive experience reviewing financial statements. Each member has an understanding of the Resulting Issuer's business and has an appreciation for the relevant accounting principles for that business.

Ryan Hamlin

Mr. Hamlin has over 26 years of software development and management experience. He is the President, Chief Executive Officer and Co-Founder of POSaBIT, Inc. In 2011, he founded PlaceFull, Inc, an online booking and eMarketing platform. PlaceFull continues to grow its operations in the US and Canada and Mr. Hamlin serves as the Chairman of the Board. From 1995 to 2010 he was an executive at Microsoft, managing 1,000+ person teams and over $500 million in revenue, and from 1990 to 1994 he was a senior systems analyst at Andersen Consulting. He has also served on several start-up and larger non-profit boards. Mr. Hamlin has a B.A. and B.S., Business & Computer Science, from Pacific Lutheran University.

Michael Markette

Mr. Markette is a seasoned entrepreneur who has started several software companies over the past 30 years. Over the last five years he has been the President of CallRevu, LLC, a company that focuses on custom call tracing solutions to assist with sales lead management. He is also Partner of Market Tech Consulting LLC. Mr. Markette brings a great background in fundraising and growing small companies into multi-million-dollar enterprises. He has a Bachelor's degree in Banking, Corporate Finance and Securities Law from Arizona State University.

Paul Fiore

Mr. Fiore is the founder and Chief Executive Officer of Hills Group LLC, a private investment group. He was the founder and Chief Executive Officer of Doublebeam, Inc. and LifeStep Solutions (formally CU Wallet), a mobile and software development company. From 2001 to 2011 he ran PIE, LLC, a private venture fund, and previously founded Digital Insight, which offers Internet based services to financial institutions. Mr. Fiore has over a decade of experience in the financial services industry (five of it in executive management), as Vice President and Chief Financial Officer of Affinity Federal Credit Union, and at Lehman Brothers and Continental Bank. Mr. Fiore has a B.S., Management, Finance from New York University.

Audit Committee Oversight

At no time was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The audit committees of the Issuer or POSaBIT have not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the audit committee. It is not anticipated that the Resulting Issuer will adopt specific policies and procedures.

External Auditor Service Fees

The aggregate fees billed by the external auditors of the Issuer in the most recently completed financial year are:

Audit fees	Nil
Audit-related fees	Nil
Tax fees	Nil
All other fees	Nil

Exemption

The Resulting Issuer will be a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

Corporate Governance Disclosure

The Issuer intends to propose for adoption by the Board of Directors of the Resulting Issuer certain practices and procedures to ensure that effective corporate governance practices are followed and to ensure that the Board of Directors functions independently of management.

The Issuer’s disclosure of corporate governance practices pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) is set out below in the form required by Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

Board of Directors

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from holding shares or securities in the Company. In addition, where a company has a significant shareholder, NI 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the Company or the significant shareholder. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

The Board of the Issuer is currently comprised of three (3) directors and it is anticipated the Board of Directors of the Resulting Issuer will be composed of five (5) directors, three (3) of whom are expected to be Independent (as that term is defined in Section 1.2 of NI 58-101), namely Jeff Dossett, Michael Markette and Paul Fiore.

Orientation and Continuing Education

The Board has not adopted formal steps to orient new board members. The Board’s continuing education is typically derived from correspondence with the legal counsel of the Issuer and POSaBIT to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the board of the Resulting Issuer will adopt formal steps in the 12 months following completion of the Transaction.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Resulting Issuer will adopt formal guidelines in the 12 months following completion of the Transaction.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the nomination members, including both formal and informal discussions among nomination members. It is not anticipated that the nomination committee of the Resulting Issuer will adopt a formal process to determine new nominees in the 12 months following completion of the Transaction.

Compensation

The Board decides on the compensation for officers and directors, based on industry standards and the Resulting Issuer’s financial situation. It is anticipated that the Board of the Resulting Issuer will decide as a board the compensation for officers and directors in the 12 months following completion of the Transaction. During the most recently completed financial year no compensation consultant or advisor was retained by the Issuer or POSaBIT.

Other Board Committees

The Company currently does not have any other Board committees with the exception of the Audit Committee.

Assessments

The Board does not feel it is necessary to establish a committee to assess the effectiveness of individual Board members. Each Board member has considerable experience in the management of companies or public companies and this is sufficient to meet the current needs of the Resulting Issuer. On an annual basis, however, the Board assesses the contributions of each of the individual directors and of the Board as a whole, in order to determine whether each is functioning effectively.

PROMOTERS

The Issuer has no promoters other than Chris Betltgens, Toby Pierce and Benjamin Gelber, who serve as directors of the Issuer.

RISK FACTORS

The Resulting Issuer's securities should be considered highly speculative due to the nature of the Resulting Issuer's business. An investor should consider carefully the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Prospectus before making an investment decision. An investment in securities of the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.

The following are certain risk factors relating to the business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the Issuer or the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not currently known to the Issuer or POSaBIT, or that the Issuer or POSaBIT currently deems immaterial, may also impair the operations of the Resulting Issuer. The markets in which the Resulting Issuer proposes to compete are very competitive and change rapidly. New risks may emerge from time to time. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

Transaction and General Risk Factors

Completion of the Transaction

There are risks associated with the Transaction including (i) market reaction to the Transaction and the future trading prices of the Shares cannot be predicted; (ii) uncertainty as to whether the Transaction will have a positive impact on the entities involved in the transactions; and (iii) there is no assurance that required approvals will be received or conditions precedent satisfied.

The Issuer is proposing to complete the Transaction to strengthen its market position and to create the opportunity to realize certain benefits including, among other things, those set forth in this Prospectus. Achieving the benefits of the Transaction depends in part on the ability of the Resulting Issuer to effectively capitalize on its assets, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of acquisition of POSaBIT. A variety of factors, including those risk factors set forth in this Prospectus, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

The completion of the Transaction is subject to several conditions some of which are outside the control of the Issuer. See "*Information Concerning the Transaction– Merger Agreement – Conditions to the Transaction*". In the event that any of those conditions are not satisfied or waived, the Transaction may not be completed. There can be no certainty, nor can the Issuer provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Transaction is not completed, the market price of the Shares may decline to the extent that the market price reflects a market assumption that the Transaction will be completed.

Additionally, each of the Issuer and POSaBIT have the right to terminate the Merger Agreement in certain circumstances. Accordingly, there is no certainty that the Merger Agreement will not be terminated by either the Issuer or POSaBIT before the completion of the Transaction.

Additional Funding Requirements

The Resulting Issuer will require additional financing to implement its business plan. The Resulting Issuer may raise additional funds through gap financing, debt financing and/or subsequent equity financing. The Resulting Issuer may also borrow funds from a financial institution(s) using the assets of the Resulting Issuer as security for said loan(s). Failure to obtain such additional capital on terms acceptable to the Resulting Issuer could restrict its ability to implement its growth plans. Further, a shortage of funds may prevent or delay the Resulting Issuer from further developing and commercializing its products and services, achieving profitability or enabling the Resulting Issuer to pay distributions to its shareholders. There is no assurance that the Resulting Issuer will have adequate capital to conduct its business or satisfy its financial obligations.

The ability of the Resulting Issuer to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Resulting Issuer. There can be no assurance that the Resulting Issuer will be successful in its efforts to arrange additional financing, if needed, or that such financing will be available on terms satisfactory to the Resulting Issuer. Additional financing raised by the issuance of shares from the treasury of the Resulting Issuer may be dilutive to existing shareholders. There can be no assurance that the Resulting Issuer will generate cash flow from operations necessary to support the continuing operations of the Resulting Issuer.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including technology companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Resulting Issuer’s knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed herein.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Resulting Issuer’s securities will be established or sustained. The market price for the Resulting Issuer’s securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Adverse General Economic Conditions

Events in the global financial markets in the past several years have had a profound and lasting impact on the global economy. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, fuel and energy costs, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Resulting Issuer’s operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and overall liquidity, volatile energy, commodity and consumables prices and currency exchange rates could impact costs and the devaluation and volatility of global stock markets could impact the valuation of the Resulting Issuer’s equity and other securities. These factors could have a material adverse effect on the Resulting Issuer’s financial condition and results of operations.

Dividends

To date, the Issuer and POSaBIT have not paid any dividends on their outstanding shares. It is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

General Industry Risks

Cybersecurity and Hacking Risks

Computer viruses, hackers or other security problems could interfere with the Resulting Issuer's network software or the availability of it, and lead to misappropriate of proprietary and sensitive information and interruptions, delays or cessation in service to the Resulting Issuer's users. The Resulting Issuer may be required to expend significant capital and other resources to protect against security breaches or losses or to alleviate problems caused by these breaches or losses. If third parties gain improper access to the Resulting Issuer's systems or databases or those of the Resulting Issuer's partners or contractors, they may be able to steal, publish, delete or modify confidential information. A security breach could expose the Resulting Issuer to monetary liability, lead to inquiries and fines or penalties from regulatory or governmental authorities, lead to reputational harm and make users less confident in the Resulting Issuer's services, which could harm the Resulting Issuer's business, financial condition and results of operations.

As a small company, POSaBIT is subject to higher risks of general economic downturns, labor issues, shortages of products, and materials than larger companies

POSaBIT's operations are subject to the general economic conditions existing in the industry, as well as the local and national economy. These risks include potential wage and price freezes; mandated health benefits; requirements and restrictions imposed by governmental authorities; changes in federal, state, or local tax laws affecting or applicable to the Targer; limits on availability of skilled labor; availability of capital for future needs; consumer purchasing habits; and trends, etc. We may not have sufficient capitalization to survive extended work stoppages, strikes, lack of market acceptance, and economic exigencies in general. Shortages of supplies necessary for services and products and increases in the cost of the same, as well as increased taxes, energy costs, and labor expenses, could adversely affect POSaBIT's financial performance, unless such increases can be passed on to consumers. There is no assurance that prices of products can be adjusted to offset such increases in expenses.

Regulatory Risks

Bitcoin and cryptocurrency regulation is relatively new and evolving, and POSaBIT's ability to continue to use its system is dependent on a regulatory environment supporting its use. POSaBIT's Money Transmitter License ("MTL") is granted via the Washington State Department of Financial Institutions and POSaBIT is obligated to perform annual onsite audits with the DFI to maintain the MTL license. Likewise, POSaBIT is subject to regulatory control on the use of Bitcoin and Litecoin processing in cannabis stores. POSaBIT's POSaBIT business will fail if it is unable to maintain its Money Services Business (MSB) registration or MTL license in the states that require this.

POSaBIT's business is subject to regulation in the U.S. and internationally, which could cause it to incur additional costs or liabilities or disrupt POSaBIT's business practices

POSaBIT's business is subject to a variety of U.S. and international laws and regulations. Internet businesses and online subscription, credit card and cryptocurrency processing, and direct marketing activities are subject to regulation by the FTC and the states under general consumer protection statutes prohibiting unfair or deceptive acts or practices, and certain areas of marketing activity are also subject to specific federal statutes and rules. In addition, the rules of the Audit Bureau of Circulations govern magazine and online content publication subscription activities. Digital properties and activities are subject to a variety of laws and regulations, including those relating to privacy, consumer protection, data retention and data protection, content regulation and the use of software that allows for audience targeting and tracking of performance metrics, among others. The U.S. Congress, state legislatures and various regulatory bodies currently are considering, and may in the future adopt, new laws, regulations and policies regarding various matters that could, directly or indirectly, adversely affect POSaBIT's businesses. For example, in October 2009, the FCC initiated a rulemaking to adopt so-called "net neutrality" rules which would, in part, require Internet service providers to adhere to new nondiscrimination and transparency principles in managing their networks, but would allow reasonable measures to address, among other things, network congestion and unlawful transfers of content, such as copyrighted material subject to piracy.

From time to time, there has been consideration of the extension of indecency rules applicable to over-the air broadcasters to cable and satellite programming and stricter enforcement of existing laws and rules. Also, the FCC initiated a proceeding in 2008 to examine the use of product placement and integration in television programming and sought comment on whether to enhance its existing sponsorship identification disclosure rules, extend such rules to cable networks and expressly prohibit the use of paid product placement or integration in children's media. Policymakers have also raised concerns about violence in various forms of content, including television programming, motion pictures and interactive videogames, and a renewed interest in children's media issues, which are currently the subject of an FCC inquiry. The Obama administration is also expected to focus on combating childhood obesity through advocacy and other efforts in 2010, including an interagency task force developing a voluntary nutrition standard for food and beverage marketing aimed at children 2−17 years old. The FCC is examining the manner in which some programming distributors package or bundle services sold to distributors, and the same conduct is at issue in industry-wide antitrust litigation pending in Federal court in Los Angeles, in which the plaintiffs seek to prohibit wholesale bundling practices prospectively. A number of states have proposed "Do Not Mail" legislation, similar to Federal "Do Not Call" legislation, which would allow consumers to register their names on a list and not receive direct mail. The Senate Commerce Committee is currently investigating offers of free trial memberships in discount buying clubs made to customers following a customer's credit card purchase from a merchant. While the investigation does not involve magazines, potential outcomes, such as certain restrictions on the transfer of credit card information, could adversely affect the Publishing segment's business.

POSaBIT could incur substantial costs necessary to comply with new laws, regulations or policies or substantial penalties or other liabilities if it fails to comply with them. Compliance with new laws, regulations or policies also could cause POSaBIT to change or limit its business practices in a manner that is adverse to its businesses. In addition, if there are changes in laws that provide protections that POSaBIT relies on in conducting its business, it would subject POSaBIT to greater risk of liability and could increase its costs of compliance or limit its ability to operate certain lines of business.

POSaBIT's business is subject to political uncertainty in the U.S. and internationally, which could cause POSaBIT to incur additional costs or liabilities or disrupt POSaBIT's business practices

Political uncertainty caused by the Trump administration puts POSaBIT's business at risk. Although as of August 2018, 30 states had legalized medical marijuana, and nine of those states plus the District of Columbia (WA, CO, OR, AK, CA, NV, MN, MA, VT) had legalized recreational marijuana and a 2017 Gallup poll shows that 64% of adult Americans favor marijuana legalization, the U.S. Drug Enforcement Administration (DEA) continues to label marijuana a Schedule 1 substance, along with heroin and LSD, making it illegal on a federal level. It appears that Federal enforcement actions in states that have legalized marijuana have been limited for largely political purposes that may have been due to popularity of legalized marijuana by US citizens. We believe from news and industry reports that the Trump administration is unlikely to materially change the existing Federal laws regarding marijuana. Moreover, Congress has not addressed the issue and the Attorney General has given no signals that he would support a change at the DEA to remove marijuana as a Schedule 1 substance. Only an act of congress to change the law or an enforcement decision by the attorney general will impact the current status of marijuana enforcement under Federal law. POSaBIT's management believes that the Trump administration is unlikely to act in this area and that Federal law will not change in the foreseeable future, and that it is unlikely that the Federal government will move to prosecute businesses that operate legally in states that have passed marijuana legalization laws, and POSaBIT's decision to enter and operate in this area is based on that belief. However, there can be no certainty and investors should factor this uncertainty into their individual investment decisions, because if the Federal government were to revise its positions and begin to enforce current Federal laws POSaBIT's business could suffer material damage or even be legally prohibited from operating.

Risk associated with the Resulting Issuer's Business

POSaBIT's activities will face exchange rate risks

Each cryptocurrency, as a digital commodity, trades as a rate of exchange against the dollar and other currencies, allowing payments to be processed and rapidly converted within a trading day. The rate of exchange is reported on exchanges and publicly monitored. The value of cryptocurrency against currency depends on supply and demand, and there are a maximum amount of tradable cryptocurrency and a much lower number in current circulation. All cryptocurrencies have similar attributes and exchange issues.

As a result, POSaBIT will be at risk for exchange rate fluctuation between the time of acceptance of cryptocurrency purchase funds and the time of exchange of the cryptocurrency into currency.

POSaBIT is dependent on the use of Bitcoin and Litecoin processing for it primary business model and faces many general risks related to Bitcoin/Litecoin processing

POSaBIT was established to process cryptocurrency payment transactions on the POSaBIT merchant platform, and has recently expanded to include full point of sale functionality. General risks to POSaBIT associated with the use of cryptocurrency processing are:

- Regulation (State or Federal) that limits the ability to continue acceptance of cryptocurrency payments in some or all of the applications in which it is accepted and used by POSaBIT
- Rapidly changing exchange rates and price volatility that could result in loss on Bitcoin/Litecoin to dollar exchange transactions
- Fraud that impacts POSaBIT’s receipts at the merchant, processor or exchange level
- The emergence of available alternative payment processing systems that reduce or eliminate the POSaBIT’s revenues associated with its cryptocurrency payment processing system

In the event the use of cryptocurrency processing is curtailed or restricted, or if alternative processing systems make use of Bitcoin or Litecoin less profitable, POSaBIT will not achieve its projected growth and its earning and prospects will be diminished. POSaBIT will face similar risks with any cryptocurrency we feature in connection with POSaBIT’s system.

POSaBIT expects to encounter risks and difficulties frequently faced by early stage companies in rapidly evolving markets

As a new company with a limited operating history, POSaBIT faces all of the risks and uncertainties encountered by a young business. Demand and market acceptance for recently introduced services such as our cryptocurrency based merchant processing are subject to a high level of uncertainty and risk. Further, it is difficult to predict the market’s future growth rate. POSaBIT’s merchant processing and services are attempting to create a niche in the industry and may not achieve or sustain market acceptance. To address these risks, POSaBIT must, among other things, appeal to consumers; implement and successfully execute its business and marketing strategy; implement and upgrade the technology and systems that we use to serve its information and subscriber bases and process client and customer transactions and payments; respond to competitive developments; and attract, retain, and motivate qualified personnel. POSaBIT cannot assure that it will successfully address these risks, and failure to do so could have a negative impact on its business, operating results and financial condition.

POSaBIT expects to incur net losses in the near future

POSaBIT is in its start-up stage during which it is developing its technology and offerings. POSaBIT has experienced net operating losses and negative cash flow since inception. POSaBIT will continue to experience net losses for the foreseeable future until it has sufficiently developed its sales and distribution channels to profitably operate its business. POSaBIT’s losses will increase if revenues from existing and expanded operations do not sufficiently offset additional costs and expenses related to web site and brand development, operations, marketing, promotional activities, expansion, and infrastructure development. To date, technology development and operations have been funded from founders’ contributions and private placement sales of securities. Significant additional revenues need to be generated to achieve and maintain profitability. There is no assurance that POSaBIT’s operations will be profitable. If it does achieve profitability, there is no guarantee that its business can be sustained or its profits increased in the future.

POSaBIT has a name and logo that are not well known

POSaBIT's ability to attract visitors to its web site and sell its subscriptions and services depends on the ready acceptance by consumer of a new web site trade/brand name and logo. Competitors in POSaBIT's markets may have developed well-known trade/brand names and logos that have, and may continue to have, superior recognition in the relevant marketplace for similar services. There can be no assurance that POSaBIT's web site, subscriptions, and services will be well received by the consuming public and relevant markets.

POSaBIT must respond to changes in technology, services and standards and changes in consumer behavior to remain competitive and continue to increase revenues

Technology, particularly digital technology used on the Internet continues to evolve rapidly. These technological changes have driven and reinforced changes in consumer behavior, as consumers increasingly seek control over when, where and how they consume and interact with digital content. If we are unable to anticipate and respond to technological changes impacting the demand for new services, subscriptions, and technologies on a timely and cost effective basis and to respond and adapt to technological advancements and changing standards, the business may be adversely affected.

POSaBIT is dependent on third parties for equipment, graphical design and development of its technology and database backend

POSaBIT has outsourced to select service providers some of the graphical design, development and coding of our technology in accordance with our detailed specifications. POSaBIT relies on third-party equipment vendors for the hardware in our products. POSaBIT's business may be adversely affected if its service providers or vendors experience any significant delays, difficulties, failures or interruptions or cannot perform to our requirements or specifications. Any such significant failure due to their own actions or inactions or due to factors beyond their control could have a material adverse effect on our businesses and results of operations.

POSaBIT is dependent on third parties for the provision of certain network services

POSaBIT has outsourced the day-to-day operation of most of our hosting and network services. POSaBIT's business may be adversely affected if their networks or systems experience any significant failures or interruptions or cannot accommodate increased traffic. The cooperation of third-party telecommunications providers will be required to connect new customers and we may not be able to assure such connections are made in a timely manner. The businesses could be adversely affected as a result of any of the foregoing. The business is dependent on the ability to process, speedily, substantial quantities of data and transactions on computer-based networks and systems of others. Any significant failure or interruption of such systems due to factors beyond their control could have a material adverse effect on our businesses and results of operations. Although we seek to minimize these risks as far as commercially reasonable through security controls and active business continuity programs, there can be no assurance that adverse events will not occur.

Seasonality may cause cash flow to vary from quarter to quarter

Seasonal factors typically influence web traffic and retail demand for web-based subscriptions and services, which would impact sales through direct and distributor customers, subsequently impacting POSaBIT's quarterly revenues and cash flows.

Quarterly operating results are expected to fluctuate

POSaBIT expects to experience significant fluctuations in future quarterly operating results due to a variety of factors, many of which are outside our control. As a result, quarterly comparisons of our operating results are not necessarily meaningful and investors should not necessarily rely on the results of one quarter as an indication of our future performance. Factors that may affect our quarterly operating results include:

- Sales processing on which POSaBIT receives transaction revenues;

• timing of POSaBIT's services releases, its appearances at conferences, or the scheduling of its own events;

• POSaBIT's ability to attract and retain talented sales employees;

• the announcement or introduction of new or enhanced web sites, subscriptions, and services by POSaBIT or its competitors;

• changes in POSaBIT's pricing policies or the pricing policies of its competitors; and

• the amount and timing of operating costs and capital expenditures relating to expansion of POSaBIT's business, operations, and infrastructure.

POSaBIT's quarterly gross margins also may be impacted by a number of different factors, including the mix of service or transaction revenues and the cost fluctuation of various business expenses. Because POSaBIT's lack of operating history and the rapidly evolving nature of its industry make forecasting quarterly operating results difficult, POSaBIT bases its expenses in large part on its operating plans and future revenue projections. Most of POSaBIT's expenses are fixed in the short term, and it may be difficult to quickly reduce spending if revenues are lower than projected. Therefore, any significant shortfall in revenues would likely have an immediate and negative impact on POSaBIT's business, operating results, and financial condition.

Competition

The point-of-sale equipment and services business is highly competitive, with a substantial number of large and well-entrenched competitors. We have current and potential competitors in merchant processing, almost all of which have considerably greater financial and other resources than we do. We expect new entrants to obtain licensing and directly compete with us in merchant processing based on cryptocurrency transactions. In addition, changes in the regulatory and technological environment are bringing about a global consolidation of financial services, a proliferation of competitors, and convergence among various forms of media. As a result, our profitability could face increased pressure from competition and developments of existing providers, consolidation of our customers, increased competition from new entrants and deployment of new technologies. If we are unable to respond effectively to any increased competitive pressure arising from the above factors, our revenues and results of operation could be adversely affected. Further, if our services are successful, others will enter the market, which may draw our customers away from us or preclude us from obtaining any additional customers.

Acquisitions may cause expense and unanticipated problems

From time to time, POSaBIT may seek out strategically and financially attractive acquisition opportunities. Such acquisitions will affect our costs, revenues, profitability and financial position, and may result in dilution to investors. For example, we completed the DoubleBeam acquisition in 2018, which as a stock acquisition resulted in dilution of existing shareholders' ownership percentages. Acquisitions involve risks and uncertainties, including difficulties in integrating acquired operations, diversions of management resources and loss of key employees, challenges with respect to operating new businesses, debt incurred in financing such acquisitions (including the related possible reduction in our credit ratings and increase in our cost of borrowing) and unanticipated problems and liabilities.

Adverse publicity or claims that may be generated may impact the ability to maintain POSaBIT's community and shareholder profile and image

Recent incidents involving other product and service providers have indicated that the risks due to adverse publicity (as in the case of private data breach) or claims for improper notifications or labeling may impact the ability to maintain POSaBIT's community and shareholder profile and image. Thus, any breach of privacy or injury related to POSaBIT's subscriptions, services and events or employees may cause negative publicity that may have a material adverse effect on POSaBIT and the value of its securities. Claims arising from injury could require significant attention and resources and divert management from efforts to operate and expand the business. Moreover, although currently unpredictable, negative publicity concerning other activities or incidents in connection with POSaBIT's operations or employees could have a material adverse impact on POSaBIT and the value of its securities.

POSaBIT's business may suffer if it cannot continue to license or enforce the intellectual property rights on which its business depends

POSaBIT relies on patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and licenses and other agreements with its employees, customers, suppliers and other parties, to establish and maintain POSaBIT's intellectual property rights in content, technology and products and services used in its various operations and to conduct its business. However, its intellectual property rights and licenses could be challenged or invalidated, or such intellectual property rights may not be sufficient to permit us to take advantage of current industry trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm. Further, the laws of certain countries do not protect POSaBIT's proprietary rights, or such laws may not be strictly enforced. Therefore, in certain jurisdictions POSaBIT may be unable to protect its intellectual property adequately against unauthorized copying or use, which could adversely affect its competitive position. Also, because of the migration to digital technology and other technological changes in the industries in which POSaBIT operates, POSaBIT may need to use technologies developed or licensed by third parties in order to conduct its business, and if it is not able to obtain or to continue to obtain licenses from these third parties on reasonable terms, its businesses could be adversely affected. It is also possible that, in connection with a merger, sale or acquisition transaction, POSaBIT may license its trademarks or service marks and associated goodwill to third parties, or the business of various segments could be subject to certain restrictions in connection with such trademarks or service marks and associated goodwill that were not in place prior to such a transaction.

POSaBIT may have its processing limits reduced or have its credit and debit card processing completely shut off because it provides services in the controversial areas of both cryptocurrency sales and legal cannabis sales and certain credit and debit card companies and processors may elect (for no reason) to terminate services in either of these areas, and any such termination would have a materially negative impact on POSaBIT's business

POSaBIT has established positive relationships with its local bank as well as its processor and sponsor banks that allow it to accept credit and debit cards as a form of payment for cryptocurrency. The most difficult and complex relationship is with the sponsor and acquiring banks because POSaBIT will be operating a business that is considered high risk by the credit and debit card companies. Though POSaBIT will look to build and maintain strong relationships with multiple providers in an effort to maintain its operations, there is no guarantee that it will be able to do so. Termination or limitations of services allowing its processing would have a materially negative impact on POSaBIT's business.

POSaBIT may face claims or lawsuits from investors or partners. As a start-up that works in a very high-risk environment regarding banks, cryptocurrency and cannabis, current or future investors or partners who had not been fully aware of all constraints and regulations with respect to cannabis or cryptocurrency may pursue claims

POSaBIT will do everything to avoid the potential of any lawsuits or claims from investors or partners, however like all start-ups, this is a high-risk investment and may result in future claims by investors or partners who had not been fully aware of all constraints and regulations with respect to cannabis or cryptocurrency.

POSaBIT may face claims of intellectual property infringement, which could have an adverse impact its business or operating results due to a disruption, the incurrence of significant costs and other factors

Intellectual property infringement claims are common in connection with technology and the Internet. Infringement claims and lawsuits could require us to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question. This could require POSaBIT to change its business practices and limit its ability to compete effectively. Even if POSaBIT believes that the claims are without merit, the claims can be time consuming and costly to defend and divert management's attention and resources away from the business. In addition, POSaBIT may enter into agreements that require it to indemnify others for certain third party intellectual property infringement claims, which could require it to expend sums to defend against or settle such claims or, potentially, to pay damages. If POSaBIT is required to take any of these actions, it could have an adverse impact on its business. POSaBIT's use of new technologies to distribute content on the Internet, including through Internet sites providing social networking and user-generated content, puts POSaBIT at an increased risk of allegations of copyright or trademark infringement or legal liability, and could cause us to incur significant technical, legal or other costs and limit its ability to provide competitive content, features or tools.

POSaBIT relies heavily on network and information systems or other technology, and a disruption or failure of such networks, systems or technology as a result of computer viruses, misappropriation of data or other malfeasance, as well as outages, natural disasters, accidental releases of information or similar events, may disrupt POSaBIT's business and damage its reputation

Because network and information systems and other technologies are critical to POSaBIT's operating activities, network or information system shutdowns or service disruptions caused by events such as computer hacking, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters, impairments to satellite systems used to transmit programming, terrorist attacks and similar events, pose increasing risks. Such an event could have an adverse impact on POSaBIT and its customers, including degradation of service, service disruption and damage to equipment and data. Significant incidents could result in a disruption of our operations, customer dissatisfaction, or a loss of customers or revenues. Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification and accidental release or loss of information maintained in the information technology systems and networks, including personnel, customer and vendor data. We could be exposed to significant costs if such risks were to materialize, and such events could damage our reputation and credibility and have a negative impact on our revenues. We also could be required to expend significant capital and other resources to remedy any such security breach or to repair or replace networks or information systems.

Infrastructure Risk

The Resulting Issuer's ability to attract, retain, and serve customers is dependent upon the reliable performance of the blockchain software platform and the underlying technical infrastructure. It is possible that the Resulting Issuer may fail to effectively scale and grow its technical infrastructure to accommodate these increased demands. Additionally, any disruption or failure in the services the Resulting Issuer receives from third party partners used to facilitate its business could harm the Resulting Issuer's business. Any financial or other difficulties these partners face may adversely affect the Resulting Issuer's business, and the Resulting Issuer exercises little control over these partners, which increases vulnerability to problems with the services they provide.

Limited Protection of Patents and Proprietary Rights*.*

POSaBIT relies on a combination of trademarks, trade names, copyrights, patents, and other proprietary rights, as well as contractual arrangements, including licenses, to establish and protect our intellectual property and brand names. POSaBIT believes its proprietary trademarks and other intellectual property rights are important to its continued success and its competitive position. POSaBIT has obtained the url for posabit.com and a number of other site addresses and are seeking trademark registration of several brands. POSaBIT's founders have in the past obtained patents for various inventions and are familiar with the patent process, and POSaBIT expects that many of its inventions and processes will be patentable, and in such case POSaBIT will seek patent protection. The limited patent research we have completed so far indicates there are no conflicting patents that prevent POSaBIT from implementing its business plan. Likewise, the limited trademark research POSaBIT has done indicates there are no conflicting trademarks. There is no assurance, however, that third parties may not infringe on any patents or trademarks we obtain. The technology industry is highly litigious, and we face significant risk as a technology company due to the uncertainties with respect to intellectual property matters, including enforcing intellectual property rights and defending against infringement claims, and investors must be aware that these risks are substantial. POSaBIT's expense to obtain, police and enforce protection of its intellectual rights can be significant and there is no assurance that such expense is recoverable. In order to protect its trademark, patent or other intellectual property rights, POSaBIT may have to file or defend against lawsuits and obtain injunctions. If that occurs, POSaBIT will have to spend large sums of money for attorney's fees in order to protect its positions or obtain injunctions. Even if injunctions are obtained, there is no assurance that other parties subject to injunctions will comply with the injunctions. Further, POSaBIT may not have adequate funds available to prosecute actions to protect or to defend its rights which can leave us vulnerable to such lawsuits

Infringement of Intellectual Property Rights

While the Resulting Issuer believes that its intellectual property does not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Resulting Issuer not infringing intellectual property rights of others. A number of the Resulting Issuer's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by the Resulting Issuer. Some of these patents may grant very broad protection to the owners of the patents.

The Resulting Issuer may become subject to claims by third parties that its technology infringes their intellectual property rights.

Litigation may be necessary to determine the scope, enforceability and validity of third party proprietary rights or to establish the Resulting Issuer's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Resulting Issuer and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Resulting Issuer.

Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, divert management's attention and focus away from the business, subject the Resulting Issuer to significant liabilities and equitable remedies, including injunctions, require the Resulting Issuer to enter into costly royalty or licensing agreements and require the Issuer to modify or stop using infringing technology.

Privacy

The Resulting Issuer may receive, store and process personal information and other customer data and information relating to financial transactions. As a result, the Resulting Issuer must comply with the numerous federal, provincial and local laws in the United States, Canada and abroad relating to the collection, use, disclosure, storage and safeguarding of personal information. Any failure or perceived failure by the Resulting Issuer to comply with its privacy policies, privacy-related obligations to customers or other third parties, or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines or litigation.

Risk of Obsolescence

New developments in technology may negatively affect the development or sale of some or all of the Resulting Issuer's product or service offerings or make them obsolete. The inability of the Resulting Issuer to enhance existing products and services in a timely manner or to develop and introduce new products and services that incorporate new technologies, conform to increasingly regulatory requirements, and achieve market acceptance in a timely manner could negatively impact the Resulting Issuer's competitive position. New product and service development or modification is costly, involves significant research, development, time and expense, and may not necessarily result in the successful commercialization of any new products or services.

Expansion Risk

Any expansion of the Resulting Issuer's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Resulting Issuer will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Resulting Issuer will be able to manage growth successfully. Any inability of the Resulting Issuer to manage growth successfully could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Limited Operating History

The Issuer and POSaBIT have each incurred losses since their exception and the Resulting Issuer is expected to continue to incur losses. As such, the Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The Resulting Issuer's ability to reach and then sustain profitability depends on a number of factors, including the growth rate of the financial technology industry, the market acceptance of POSaBIT's product and service offerings and the competitiveness of the Resulting Issuer. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

Dependence on Management and Key Personnel

The success of the Resulting Issuer for the foreseeable future will depend largely upon the ability of its management team and other key personnel, including but not limited to Ryan Hamlin, President and Chief Executive Officer. The loss of any one of these individuals could have a material adverse effect on the Resulting Issuer's business, and the Resulting Issuer would need to devote substantial resources to finding replacements. The Resulting Issuer currently does not contemplate carrying "key-man" life insurance policies covering any of these officers.

Competition for qualified and experienced personnel in the technology field is generally intense, and the Resulting Issuer will rely heavily on its ability to attract and retain qualified personnel in order to successfully implement its business objectives. The failure to attract or retain key executives and personnel could impact the Resulting Issuer's operations.

Uninsured Risks

The Resulting Issuer may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs or for other reasons. Furthermore, the Resulting Issuer may incur liability to third parties in excess of any insurance coverage or for which the Resulting Issuer is not insured arising from any damage or injury caused by the Resulting Issuer's operations, which may have a material adverse effect on the Resulting Issuer's financial position.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Prospectus, management has no interests in any material transactions of the Issuer.

AUDITOR, REGISTRAR AND TRANSFER AGENT

The auditor of the Issuer is DeVisser Gray LLP, Chartered Professional Accountants, Suite 401, 905 West Pender Street, Vancouver, B.C. V6C 1L6. The registrar and transfer agent of the Common Shares of the Issuer is Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, B.C. V6C 3A8.

MATERIAL CONTRACTS

The following are the material contracts of the Issuer that are outstanding as at the date of this Prospectus:

(a) Escrow Agreement dated November 10, 2017 among the Issuer, Computershare Investor Services Inc. and certain shareholders of the Issuer. See "Share Capital - Escrow Securities".

(b) Merger Agreement dated December 14, 2018, between the Issuer and POSaBIT. See "*Information Concerning the Transaction- Merger Agreement*".

The material contracts described above may be inspected at the offices of S. Paul Simpson Law Corporation, Suite 2080, 777 Hornby Street, Vancouver, British Columbia during normal business hours until the closing date of the Transaction and for a period of thirty days thereafter.

INVESTOR RELATIONS AGREEMENTS

The Issuer has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Issuer or its securities or to engage in activities for the purposes of stabilizing the market.

LEGAL PROCEEDINGS

The Issuer is not currently a party to any legal proceedings, nor is the Issuer currently contemplating any legal proceedings. Management of the Issuer is currently not aware of any legal proceedings contemplated against the Issuer.

EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

DeVisser Gray LLP, Chartered Professional Accountants
MNP LLP, Chartered Professional Accountants

Interest of Experts

No Person whose profession or business gives authority to a statement made by such Person and who is named in this Prospectus has received or shall receive a direct or indirect interest in the property of the Issuer, POSaBIT or the Resulting Issuer or any Associate or Affiliate of any of them. As at the date hereof, the aforementioned Persons beneficially own, directly or indirectly, no securities of the Issuer, POSaBIT or the Resulting Issuer or any Associate or Affiliate of any of them. In addition, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Issuer, POSaBIT or the Resulting Issuer or any Associate or Affiliate of any of them.

SCHEDULE A

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE PERIOD FROM INCORPORATION ON JUNE 12, 2017 AND ENDED OCTOBER 31, 2017

FORESHORE EXPLORATION PARTNERS CORP.

(A Capital Pool Company)

Financial Statements

For the period from June 12, 2017 (date of incorporation) to October 31, 2017

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Foreshore Exploration Partners Corp.:

We have audited the accompanying financial statements of Foreshore Exploration Partners Corp. which comprise the statement of financial position as at October 31, 2017 and the statements of comprehensive loss, cash flows and changes in shareholders' equity for the period from incorporation on June 12, 2017 to October 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's file preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Foreshore Exploration Partners Corp. as at October 31, 2017 and its financial performance and its cash flows for the period from incorporation on June 12, 2017 to October 31, 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
September 28, 2018

FOREShore EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statement of Financial Position
As at October 31, 2017
(Expressed in Canadian dollars)

	Notes		October 31, 2017
Assets			
Current Assets			
Cash		$	99,598
Prepaid expense			5,000
Total Assets		**$**	**104,598**
Liabilities			
Accounts payable and accrued liabilities		$	1,000
Total Liabilities			**1,000**
Shareholders' Equity			
Share capital	4	$	105,000
Deficit			(1,402)
Total Shareholders' Equity			**103,598**
Total Liabilities and Shareholders' Equity		**$**	**104,598**

Nature of operations and going concern (Note 1)
Events after the reporting period (Note 8)

On behalf of the Board:

"Toby Pierce", Director

"Chris Beltgens", Director

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statement of Comprehensive Loss
For the period from June 12, 2017 (date of incorporation) to October 31, 2017
(Expressed in Canadian dollars)

		For the period from June 12, 2017 (date of incorporation) to October 31, 2017
Expenses		
Interest and bank charges	$	19
Legal fees		1,383
Net loss and comprehensive loss for the period	**$**	**(1,402)**
Basic and diluted loss per share	**$**	**(0.01)**
Weighted average number of common shares outstanding		**118,311**

See accompanying notes to the financial statements.

FOREShORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statement of Changes in Shareholders' Equity
For the period from June 12, 2017 (date of incorporation) to October 31, 2017
(Expressed in Canadian dollars)

	Share Capital			
	Number of Shares	**Amount**	**Deficit**	**Total Shareholders' Equity**
Balance at June 12, 2017 (date of incorporation)	**-**	**$ -**	**$ -**	**$ -**
Proceeds from share issuance	2,100,000	105,000	-	105,000
Net loss for the period	-	-	(1,402)	(1,402)
Balance at October 31, 2017	**2,100,000**	**$ 105,000**	**$ (1,402)**	**$ 103,598**

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statement of Cash Flows
For the period from June 12, 2017 (date of incorporation) to October 31, 2017
(Expressed in Canadian dollars)

		For the period from June 12, 2017 (date of incorporation) to October 31, 2017
Operating Activities		
Net loss for period	$	(1,402)
Changes in non-cash working capital items:		
Prepaid expense		(5,000)
Accounts payable and accrued liabilities		1,000
Net cash flows used in operating activities		**(5,402)**
Financing activity		
Share issuance proceeds		105,000
Net cash flows provided by financing activity		**105,000**
Increase in cash		99,598
Cash, beginning of the period		-
Cash, end of the period	**$**	**99,598**

See accompanying notes to the financial statements.

1. Nature of operations

Foreshore Exploration Partners Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on June 12, 2017 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The Company has appointed an agent to offer for sale to the public in the provinces of Alberta, British Columbia and Ontario a minimum of 2,100,000 common shares and a maximum of 4,000,000 common shares at a price of $0.10 per common share for gross proceeds of a minimum of $210,000 and a maximum of $400,000 (the "Offering"). The agent engaged in connection with the Offering of the common shares will be paid a commission of 8% of the gross proceeds. In addition, the Company will pay the agent a Corporate Finance Fee of $8,000 and will reimburse the agent for its expenses, including legal fee up to a maximum of $8,000, plus disbursements incurred pursuant to the Offering ($10,000 paid subsequent to October 31, 2017).

Refer to notes 5 and 8.

Upon completion of the Offering, the principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" as it is defined in the policies of the Exchange. The Company has commenced the process of identifying potential acquisitions. There is no assurance that the Company will identify and complete a Qualifying Transaction within the time period described by the policies of the Exchange. Moreover, even if a potential Qualifying Transaction is identified by the Company, it may not meet the requirements of the Exchange. The net proceeds from the seed funds described at Note 4 will only be sufficient to identify and evaluate a limited number of assets and businesses and additional funds may be required to finance the Company's Qualifying Transaction.

The head office, principal and registered address and records office of the Company are located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5.

The Company has no source of operating revenue, has incurred a net loss since inception and as at October 31, 2017 has a deficit of $1,402. Its continued existence will be dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue by the directors of the Company on September 28, 2018.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

2. Significant accounting policies and basis of preparation (*cont'd*)

Significant accounting judgments, estimates and assumptions

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position, and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appear throughout the financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors that are believed to be reasonable under the circumstances.

Critical accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the financial statements. Judgments involve a degree of uncertainty and could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Financial instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company has no assets included in this category.

2. Significant accounting policies and basis of preparation (*cont'd*)

Significant accounting policies *(cont'd)*

Financial instruments (*cont'd*)

Financial assets (*cont'd*)

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value less transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has no assets included in this category.

Available-for-sale

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. The Company has no assets included in this category.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity. Financial assets classified as held-to-maturity are measured at amortized cost using the effective interest method.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company has no assets included in this category.

2. Significant accounting policies and basis of preparation (*cont'd*)

Financial instruments *(cont'd)*

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Bank indebtedness is included in this category.

Impairment of non-financial assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

<u>Current income tax</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

2. Significant accounting policies and basis of preparation (*cont'd*)

Income taxes (*cont'd*)

Current income tax (*cont'd*)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding. The Company does not have shares held in escrow as at the end of the reporting period.

Share capital

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

2. Significant accounting policies and basis of preparation (*cont'd*)

Equity-settled transactions

Share-based payment arrangements whereby the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. Equity instruments issued as consideration for the purchase of non-monetary assets are measured based on the fair value of the common shares on the date the shares are issued.

3. Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended October 31, 2017 and have not been applied in preparing these financial statements:

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after October 31, 2018 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

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

4. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the period ended October 31, 2017, the Company issued by private placement 2,100,000 shares at a price of $0.05 per share for gross proceeds of $105,000.

All of these issued shares are subject to escrow restrictions and will be released from escrow in tranches over 36 months from the date of issuance of the Final Exchange Bulletin.

Refer to notes 1 and 8.

5. Stock options and share purchase warrants

(a) Stock options

Subsequent to the period end, the Company determined a total of 300,000 share purchase options will be granted to the directors and officers on the date upon which the Company becomes listed on the Exchange as a Capital Pool Company. These options will be exercisable at a price of $0.10 for a period of five years from the date the Company becomes listed on the Exchange.

(b) Share purchase warrants

On completion of the Offering, the Company will grant to its agent warrants to acquire up to 2% of the common shares issued under the Offering at a price of $0.10 per share for a period of 24 months from the closing date of the Offering, being 42,000 common shares (in the case of the minimum Offering) and 80,000 common shares (in the case of the maximum Offering). In accordance with the policies of the Exchange, not more than 50% of the common shares issuable upon the exercise of the Agent's Warrants may be sold by the Agent prior to the completion of the Qualifying Transaction.

Refer to notes 1 and 8.

6. Financial risk and capital management

Capital management

The Company does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes to the Company's approach to capital management during the period ended October 31, 2017.

Management of financial risk

The Company has classified its accounts payable and accrued liabilities as other financial liabilities. The carrying value of all financial liabilities approximates fair value due to the short-term nature of these financial instruments. The types of risk exposure and the Company's methods of managing the risk remain consistent and are as follows:

6. Financial risk and capital management *(cont'd)*

Management of financial risk *(cont'd)*

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

(i) Interest rate risk

The Company is not subject to significant interest rate risk with respect to its financial instruments.

(ii) Currency risk

The Company is not exposed to currency risk, as all financial instruments and expenditures incurred by the Company are denominated in Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is not exposed to significant other price risk on its financial instruments.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions.

The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities, and through management of its capital structure. All of the Company's financial liabilities have contractual maturities of less than 90 days.

6. Financial risk and capital management *(cont'd)*

Management of financial risk *(cont'd)*

The fair values of the Company's financial assets and liabilities approximate the carrying amounts due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

7. Income tax

A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

		2017
Loss before income taxes	$	(1,402)
Total expected income tax recovery at statutory rates		(365)
Unrecognized benefit of income tax losses		365
Actual income tax recovery		-

There are no deferred tax assets or liabilities presented in the statement of financial position.

This potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements. The non-capital loss carry-forward of $1,402 expire in 2037.

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

8. Events after the reporting period

- On December 4, 2017, the Company filed a preliminary prospectus in the Provinces of Alberta, British Columbia and Ontario pursuant to which it intends to raise a minimum of $210,000 and a maximum of $400,000 through the issuance of common shares at $0.10 per share. Pursuant to an agency agreement, the Offering is subject to the following agent’s fees and commissions: a $8,000 corporate finance fee, commission of 8% of the gross proceeds and the issuance of Agent’s Warrants up to 2% of the common shares issued under the Offering at a price of $0.10 per share for a period of 24 months from the closing date of the Offering. The Company will also reimburse the agent for reasonable legal and other costs incurred. Refer also to notes 1 and 5.

- In connection with the proposed Offering, on March 21, 2018, the Company filed a final prospectus.

- On May 29, 2018, the Company completed its initial public offering of 2,150,000 common shares issued at a price of $0.10 per share, pursuant to a prospectus dated March 21, 2018 (“Offering”), and the Company's common shares were listed for trading on the TSX-V under the trading symbol FORE.P.

- On June 7, 2018, the Company entered into a binding letter agreement with POSaBIT, Inc. ("POSaBIT") whereby the Company will acquire all of the issued and outstanding securities of POSaBIT by way of a share exchange, amalgamation or such other form of business combination as the parties may determine. Upon successful completion of the proposed acquisition of the securities of POSaBIT (the "Transaction"), it is anticipated that the Company will be listed as a Tier 2 Technology issuer on the TSX-V and will carry on the business of POSaBIT.

  Pursuant to the Transaction, the Company will issue common shares in the capital of Foreshore ("Foreshore Shares") to the holders of common shares in the capital of POSaBIT ("POSaBIT Shares") on the basis of approximately 1.7540 Foreshore Shares for each POSaBIT Share. It is anticipated that approximately 68,000,000 Foreshore Shares will be issued pursuant to the Transaction based on the current capital structure of POSaBIT. The Transaction is an arm's length transaction. Upon the completion of the Transaction, it is expected that POSaBIT will become a wholly-owned subsidiary of the Company.

  For accounting purposes the Transaction is expected to constitute a reverse acquisition, with POSaBIT identified as the acquiring and continuing entity, and the Company the entity being acquired.

SCHEDULE B

INTERIM FINANCIAL STATEMENTS FOR THE ISSUER FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Financial Statements
For the three and nine months ended July 31, 2018
(Expressed in Canadian Dollars)

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Note		July 31, 2018		October 31, 2017
Assets					
Current Assets					
Cash		$	207,815	$	99,598
Prepaid expenses			-		5,000
Total Assets		**$**	**207,815**	**$**	**104,598**
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	6	$	248	$	1,000
Total Liabilities			**248**		**1,000**
Shareholders' Equity					
Share capital	4		278,817		105,000
Contributed surplus	5		29,914		-
Deficit			(101,164)		(1,402)
Total Shareholders' Equity			**207,567**		**103,598**
Total Liabilities and Shareholders' Equity		**$**	**207,815**	**$**	**104,598**

Nature of operations and going concern (Note 1)
Events after the reporting period (Note 8)

On behalf of the Board:

"Toby Pierce", Director

"Chris Beltgens", Director

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statements of Comprehensive Loss
For the three and nine months ended July 31, 2018
(Expressed in Canadian dollars)

		Three months ended July 31, 2018		Nine months ended July 31, 2018
Expenses				
Advertising and promotion	$	525	$	525
Bank charges		124		364
Consulting fees		3,675		3,675
Legal fees		5,660		26,803
Office and miscellaneous		1,622		2,146
Meals and entertainment		1,749		1,997
Share-based compensation		27,329		27,329
Transfer agent and filing fees		10,500		35,573
Travel		1,350		1,350
Net loss and comprehensive loss for the period	**$**	**(52,534)**	**$**	**(99,762)**
Basic and diluted loss per share	**$**	**(0.04)**	**$**	**(0.07)**
Weighted average number of shares outstanding		**1,472,283**		**1,442,320**

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statements of Changes in Shareholders' Equity
For the nine months ended July 31, 2018 and the period from June 12, 2017 (date of incorporation) to October 31, 2017
(Expressed in Canadian dollars)

	Share Capital				
	Number of Shares	**Amount**	**Contributed surplus**	**Deficit**	**Total**
Balance at June 12, 2017 (date of incorporation)	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Proceeds from share issuance (Note 4)	2,100,000	105,000	**-**	**-**	105,000
Net loss for the period	-	-	-	(1,402)	(1,402)
Balance at October 31, 2017	**2,100,000**	**$ 105,000**	**$ -**	**$ (1,402)**	**$ 103,598**
Proceeds from share issuance (Note 4)	2,150,000	173,817	2,585	-	176,402
Share-based compensation (Note 5)	-	-	27,329	-	27,329
Net loss for the period	-	-	-	(99,762)	(99,762)
Balance at July 31, 2018	**4,250,000**	**$ 278,817**	**$ 29,914**	**$ (101,164)**	**$ 207,567**

See accompanying notes to the financial statements.

FOREShORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Statements of Cash Flows
For the three and nine months ended July 31, 2018
(Expressed in Canadian dollars)

		Three months ended July 31, 2018		Nine months ended July 31, 2018
Operating Activities				
Net loss for period	$	(52,534)	$	(99,762)
Item not involving cash:				
Share-based compensation		27,329		27,329
Changes in non-cash working capital items:				
Prepaid expenses		10,000		5,000
Accounts payable and accrued liabilities		(1,000)		(752)
Net cash flows used in operating activities		**(16,205)**		**(68,185)**
Financing Activity				
Proceeds from share issuance		176,402		176,402
Net cash provided from financing activity		**176,402**		**176,402**
Change in cash		160,197		108,217
Cash, beginning		47,618		99,598
Cash, ending	**$**	**207,815**	**$**	**207,815**

See accompanying notes to the financial statements.

1. Nature of operations and going concern

Foreshore Exploration Partners Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 12, 2017 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The company's common shares were listed for trading on the TSX-V under the trading symbol FORE.P.

On May 29, 2018, the Company completed its initial public offering of 2,150,000 common shares issued at a price of $0.10 per share, pursuant to a prospectus dated March 21, 2018 ("Offering") (Notes 4 and 5).

Upon completion of the Offering, the principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" as it is defined in the policies of the Exchange. The Company has commenced the process of identifying potential acquisitions. There is no assurance that the Company will identify and complete a Qualifying Transaction within the time period described by the policies of the Exchange. Moreover, even if a potential Qualifying Transaction is identified by the Company, it may not meet the requirements of the Exchange. The net proceeds from the seed funds described at Note 4 will only be sufficient to identify and evaluate a limited number of assets and businesses and additional funds may be required to finance the Company's Qualifying Transaction.

The Company has no source of operating revenue, has incurred a net loss since inception and as at July 31, 2018 has a deficit of $101,164 (October 31, 2017 - $1,402). Its continued existence will be dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

The head office, principal and registered address and records office of the Company are located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue by the directors of the Company on September 28, 2018.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Accounting Standards 34, *"Interim Financial Reporting Standards" ("IAS 34")* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

2. Significant accounting policies and basis of preparation (*cont'd*)

Significant accounting judgments, estimates and assumptions

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position, and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appear throughout the financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors that are believed to be reasonable under the circumstances.

Critical accounting judgments

Management must make judgments given the various options available as per accounting standards for items included in the financial statements. Judgments involve a degree of uncertainty and could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Financial instruments

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

<u>Fair value through profit or loss ("FVTPL")</u>

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company has no assets included in this category.

2. Significant accounting policies and basis of preparation (*cont'd*)

Significant accounting judgments, estimates and assumptions (*cont'd*)

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value less transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has no assets included in this category.

Available-for-sale

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. The Company has no assets included in this category.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity. Financial assets classified as held-to-maturity are measured at amortized cost using the effective interest method.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company has no assets included in this category.

2. Significant accounting policies and basis of preparation (*cont'd*)

Financial instruments *(cont'd)*

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities are included in this category.

Impairment of non-financial assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

<u>Current income tax</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Significant accounting policies and basis of preparation (*cont'd*)

***Income taxes** (cont'd)*

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed using the treasury stock method, under which the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding. The Company has 2,100,000 shares held in escrow as at the end of the reporting period (Note 4).

Share capital

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

Share-based compensation

In connection with incentive stock options granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of the grant as determined using Black-Scholes Option Pricing Model. The expense is charged to share-based compensation and the offset is credited to contributed surplus. Cash received on exercise of incentive stock options is credited to share capital along with any share option reserve amounts previously recorded that are applicable to the options exercised.

2. Significant accounting policies and basis of preparation (*cont'd*)

Warrants

When the Company issues units that are comprised of a combination of shares and warrants, the Company allocates the proceeds received on the issuance of units between the common shares and warrants using the relative fair value method. The fair value of the warrants is determined using the Black Scholes Option Pricing Model on the date the units are issued. Cash received on exercise of warrants is credited to share capital along with any share warrant reserve amounts previously recorded that are applicable to the warrants exercised.

3. Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended October 31, 2018 and have not been applied in preparing these financial statements:

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after December 31, 2018 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

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

4. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On October 2017, the Company issued, by private placement 2,100,000 shares at a price of $0.05 per share for gross proceeds of $105,000. All of these issued shares are subject to escrow restrictions and will be released from escrow in tranches over 36 months from the date of issuance of the Final Exchange Bulletin.

On May 29, 2018, the Company completed its initial public offering of 2,150,000 common shares issued at a price of $0.10 per share, pursuant to a prospectus dated March 21, 2018, for gross proceeds of $215,000. A total cash commission of $38,598 was paid to the Company's agent, Haywood Securities Inc. In addition, the agent received 43,000 non-transferable warrants to acquire up to 43,000 shares at a price of $0.10 per share for a period of two years. These finder warrants were valued $2,585 using the Black-Scholes Option Pricing Model. The Company also granted 300,000 incentive options to its directors, officers and certain technical consultants, as outlined in the prospectus, exercisable at a price of $0.10 per share for a period of five years, vesting immediately.

(Expressed in Canadian dollars)

5. Stock options and share purchase warrants

(a) Stock options

The Company's stock option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Balance, October 31, 2017	-	$	-
Granted	300,000		0.10
Balance, July 31, 2018	**300,000**	**$**	**0.10**

On May 29, 2018, pursuant to a prospectus dated March 21, 2018, the Company granted 300,000 incentive options to its directors, officers and certain technical consultants, exercisable at a price of $0.10 per share for a period of five years, vesting immediately.

The fair value of these options were valued at $27,329, using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.99%, an expected life of options of five years, an expected volatility of 149.98%, forfeiture rate of 0%, and no expected dividends.

The following table summarizes the options outstanding and exercisable at July 31, 2018:

Options outstanding and exercisable		Exercise price	Expiry date
300,000	$	0.10	May 29, 2023

(b) Share purchase warrants

The Company's share warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance, October 31, 2017	-	$	-
Issued	43,000		0.10
Balance, July 31, 2018	**43,000**	**$**	**0.10**

On May 29, 2018, pursuant to a prospectus dated March 21, 2018, the Company issued 43,000 warrants to its agent. Each agent warrant entitles the holder to purchase one additional share at a price of $0.10 per share at a period of two years.

The fair value of these warrants were valued at $2,585, using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.80%, an expected life of options of two years, an expected volatility of 117.48%, forfeiture rate of 0%, and no expected dividends.

The following table summarizes the warrants outstanding and exercisable at July 31, 2018:

Warrants outstanding and exercisable	Number		Exercise price	Expiry date
Agents' warrants	43,000	$	0.10	May 29, 2020

6. Related party transactions

As of July 31, 2018, the Company owed $248 to directors and officers for expenses incurred for the Company.

7. Financial risk and capital management

Capital management

The Company does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. There were no changes to the Company's capital management approach during the period ended July 31, 2018.

Management of financial risk

The Company has classified its accounts payable and accrued liabilities as other financial liabilities. The carrying value of all financial liabilities approximates fair value due to the short-term nature of these financial instruments. The types of risk exposure and the Company's methods of managing the risk remain consistent and are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

(i) Interest rate risk

The Company is not subject to significant interest rate risk with respect to its financial instruments.

(ii) Currency risk

The Company is not exposed to currency risk, as all financial instruments and expenditures incurred by the Company are denominated in Canadian dollars.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is not exposed to significant other price risk on its financial instruments.

7. Financial risk and capital management (*cont'd*)

Management of financial risk (*cont'd*)

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. The Company is not exposed to significant credit risk on receivables, as these amounts are due from government agencies. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities, and through management of its capital structure. All of the Company's financial liabilities have contractual maturities of less than 90 days.

The fair values of the Company's financial assets and liabilities approximate the carrying amounts due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

8. Events after the reporting period

There are no events after the reporting period.

SCHEDULE C

MD&A OF THE ISSUER FOR THE NINE MONTHS ENDED JULY 31, 2018

FORESHORE EXPLORATION PARTNERS CORP.
(A Capital Pool Company)
Management Discussion and Analysis
For the nine months ended July 31, 2018

Date: September 28, 2018

General

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Foreshore Exploration Partners Corp. ("Foreshore" or the "Company") financial statements for the period ended July 31, 2018. The discussion should be read in conjunction with the audited financial statements of the Company and the accompanying notes for the year ended October 31, 2017 and unaudited interim financial statements of the Company and the accompanying notes for the period ended July 31, 2018. The interim financial statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 28, 2018. The information contained within this MD&A is current to September 28, 2018.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

Description of Business and Overview

Foreshore Exploration Partners Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 12, 2017 and is a Capital Pool Company under the policies of the TSX Venture Exchange (the "Exchange").

The company's common shares were listed for trading on the TSX-V under the trading symbol FORE.P.

On May 29, 2018, the Company completed its initial public offering of 2,150,000 common shares issued at a price of $0.10 per share, pursuant to a prospectus dated March 21, 2018 ("Offering").

Upon completion of the Offering, the principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” as it is defined in the policies of the Exchange. The Company has commenced the process of identifying potential acquisitions. There is no assurance that the Company will identify and complete a Qualifying Transaction within the time period described by the policies of the Exchange. Moreover, even if a potential Qualifying Transaction is identified by the Company, it may not meet the requirements of the Exchange. The net proceeds from the seed funds described at Note 4 will only be sufficient to identify and evaluate a limited number of assets and businesses and additional funds may be required to finance the Company’s Qualifying Transaction.

The Company has no source of operating revenue, has incurred a net loss since inception and as at July 31, 2018 has a deficit of $101,164 (October 31, 2017 - $1,402). Its continued existence will be dependent on the receipt of related party debt or equity financing on terms which are acceptable to the Company.

The head office, principal and registered address and records office of the Company are located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5.

On June 7, 2018, the Company entered into a binding letter agreement with POSaBIT, Inc. ("POSaBIT") whereby the Company will acquire all of the issued and outstanding securities of POSaBIT by way of a share exchange, amalgamation or such other form of business combination as the parties may determine. Upon successful completion of the proposed acquisition of the securities of POSaBIT (the "Transaction"), it is anticipated that the Company will be listed as a Tier 2 Technology issuer on the TSX-V and will carry on the business of POSaBIT.

Pursuant to the Transaction, the Company will issue common shares in the capital of Foreshore ("Foreshore Shares") to the holders of common shares in the capital of POSaBIT ("POSaBIT Shares") on the basis of approximately 1.7540 Foreshore Shares for each POSaBIT Share. It is anticipated that approximately 68,000,000 Foreshore Shares will be issued pursuant to the Transaction based on the current capital structure of POSaBIT. The Transaction is an arm's length transaction. Upon the completion of the Transaction, it is expected that POSaBIT will become a wholly-owned subsidiary of the Company.

SUMMARY OF FINANCIAL RESULTS

	Nine months ended July 31, 2018	**Period from June 12, 2017 (date of incorporation) to October 31, 2017**
Total Revenue	$ Nil	$ Nil
Loss for the Period	99,762	1,402
Total Assets	207,815	104,598
Total Liabilities	$ 248	$ 1,000

Operating Results, Financial Condition and Liquidity

Financial Condition

At July 31, 2018, the Company had current assets of $207,815 (October 31, 2017 - $104,598). Current liabilities were $248 (October 31, 2017 - $1,000).

Operating Results

The Company has not generated revenue for the three months ended July 31, 2018 and expenses incurred include advertising and promotion of $525, bank charges of $124, consulting fees of $3,675, legal fees of $5,660, office and miscellaneous of $1,622, meals and entertainment of $1,749, share-based compensation of $27,329, travel expenses of $1,350, and transfer and filing fees of $10,500.

The Company has not generated revenue for the nine months ended July 31, 2018 and expenses incurred include advertising and promotion of $525, bank charges of $364, consulting fees of $3,675, legal fees of $26,803, office and miscellaneous of $2,146, meals and entertainment of $1,997, share-based compensation of $27,329, travel expenses of $1,350, and transfer and filing fees of $35,573.

Selected Quarterly Information

Quarter ended	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017
	$	$	$	$
Total Revenue	Nil	Nil	Nil	Nil
Net Loss	52,534	13,306	33,922	1,402
Loss per Share	0.04	0.01	0.02	0.00
Total Assets	207,815	57,618	80,724	104,598
Total Liabilities	248	10,048	10,048	1,000

Capital Resource and Liquidity

At July 31, 2018, cash was $207,815 (October 31, 2017 - $99,598). The Company has been reliant on financial assistance from equity financing. As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company has no short term liabilities. Management has evaluated that the Company will be required to raise additional equity capital or other borrowings to be able to pay its liabilities and finance operating costs. The ability to raise sufficient funding cannot be determined at this time which creates a material uncertainty that casts doubt about the Company's ability to continue as a going concern.

Share Capital

Issued
The Company has 4,250,000 common shares outstanding as at July 31, 2018 and September 28, 2018.

On October 2017, the Company issued, by private placement 2,100,000 shares at a price of $0.05 per share for gross proceeds of $105,000. All of these issued shares are subject to escrow restrictions and will be released from escrow in tranches over 36 months from the date of issuance of the Final Exchange Bulletin.

On May 29, 2018, the Company completed its initial public offering of 2,150,000 common shares issued at a price of $0.10 per share, pursuant to a prospectus dated March 21, 2018, for gross proceeds of $215,000. A total cash commission of $38,598 was paid to the Company's agent, Haywood Securities Inc. In addition, the agent received 43,000 non-transferable warrants to acquire up to 43,000 shares at a price of $0.10 per share for a period of two years. These finder warrants were valued $2,585 using the Black-Scholes Option Pricing Model. The Company also granted 300,000 incentive options to its directors, officers and certain technical consultants, as outlined in the prospectus, exercisable at a price of $0.10 per share for a period of five years, vesting immediately.

Finder's Warrants
The Company has 43,000 finder's warrants outstanding as at July 31, 2018 and September 28, 2018.

Stock Options
The Company has 300,000 stock options outstanding as at July 31, 2018 and September 28, 2018.

Escrow Shares
The Company has 2,100,000 shares held in escrow as at July 31, 2018 and September 28, 2018.

Related Party Transactions

As of July 31, 2018, the Company owed $248 to directors and officers for expenses incurred for the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Note 2 to the financial statements discusses these critical accounting policies.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company has no assets included in this category.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value less transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has no assets included in this category.

Available-for-sale

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company’s strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. The Company has no assets included in this category.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity. Financial assets classified as held-to-maturity are measured at amortized cost using the effective interest method.

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company has no assets included in this category.

Financial liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities are included in this category.

Business Risk and Uncertainties

The Company, like all companies in the mining sector, is exposed to a variety of risks which include title to mining interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The mining industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The mining industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward Looking Statements.

Management's Responsibility for Financial Information

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

Subsequent Events

No subsequent events.

SCHEDULE D

AUDITED FINANCIAL STATEMENTS OF POSABIT FOR THE YEAR ENDED DECEMBER 31, 2017

POSaBIT, Inc.

Financial Statements

As at December 31, 2017

(Expressed in United States Dollars)

Independent Auditors' Report

To the Board of Directors and Shareholders of POSaBIT, Inc.:

We have audited the accompanying financial statements of POSaBIT, Inc., which comprise the statement of financial position as at December 31, 2017, and the statement of operations and comprehensive loss, changes in deficiency, and cash flows for then year end ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of POSaBIT, Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of POSaBIT, Inc. to continue as a going concern.

MNP LLP

Toronto, Ontario
November 21, 2018

Chartered Professional Accountants
Licensed Public Accountants

MNP

POSaBIT, Inc.
Statement of Financial Position
As at December 31,
(Expressed in United States dollars)

	2017	2016 (unaudited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**207,879**	30,535
Receivables	**451,668**	3,750
Due from related parties *(note 9)*	**39,946**	—
Digital assets *(note 3)*	**38,067**	14,761
Inventories *(note 4)*	**24,094**	—
Prepaid expenses	**8,963**	2,310
Total current assets	**770,617**	51,356
Equipment, net *(note 5)*	**3,386**	—
Intangible assets *(note 6)*	**129,461**	89,132
Total assets	**903,464**	140,488
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	**616,571**	77,666
Due to related parties *(note 9)*	**—**	14,542
Total current liabilities	**616,571**	92,208
Derivative Liability *(note 7)*	**3,096,631**	317,773
Convertible Debentures *(note 7)*	**1,112,069**	637,965
Convertible Notes *(note 7)*	**247,500**	—
Total liabilities	**5,072,771**	1,047,946
Shareholders' Deficiency		
Share capital *(note 8)*	**145,652**	124,364
Warrants reserve *(note 8)*	**24,750**	-
Contributed surplus *(note 8)*	**85,525**	42,811
Deficit	**(4,425,234)**	(1,074,633)
Total shareholders' deficiency	**(4,169,307)**	(907,458)
Total liabilities and shareholders' deficiency	**903,464**	140,488

Approved by the Board of Directors

"Ryan Hamlin" (Director) *"Jon Baugher"* (Director)

POSaBIT, Inc.
Statement of Loss and Comprehensive Loss
For the year ended December 31,
(Expressed in United States dollars)

	2017	2016 (unaudited)
	$	$
REVENUE		
Digital assets processing services	**667,258**	41,634
Total revenue	**667,258**	41,634
COST OF SALES		
Processing fees	**288,394**	49,260
Software license fees	**139,052**	118,868
Mining fees	**129,467**	—
Hardware cost of sales	**103,265**	68,916
Total cost of sales	**660,178**	237,044
Gross loss	**7,080**	(195,410)
OPERATING EXPENSES		
Professional fees	**119,062**	272,350
Travelling	**51,603**	31,456
Rent	**22,828**	14,006
Salaries and wages	**413,265**	365,468
Marketing	**49,219**	14,645
Amortization	**93,193**	29,710
Meals and entertainment	**36,014**	26,660
Share-based compensation	**85,048**	37,954
General and administrative	**64,851**	39,508
Total operating expenses	**935,083**	831,757
OTHER EXPENSES		
Change in fair value of digital assets	**(55,989)**	157
Change in fair value of derivative liability	**1,657,178**	(50,901)
Finance Costs	**806,963**	43,407
Acquisition transaction costs	**14,446**	—
Total other expenses	**2,442,598**	(7,337)
Loss and comprehensive loss	**(3,350,601)**	(1,019,830)
Basic and diluted loss per common share	**(0.138)**	(0.046)
Basic and diluted weighted average number of common shares outstanding	**24,284,087**	21,985,087

POSaBIT, Inc.
Statement of Changes in Deficiency
For the year ended,
(Expressed in United States dollars)

	Number of Common Shares	Share Capital	Contributed surplus	Warrants reserve	Deficit	Total
		$	$	$	$	$
January 1, 2016 (unaudited)	18,485,087	120,800	-	-	(54,803)	65,997
Shares issued (unaudited)	143,999	5,768	-	-	-	5,768
Share-based compensation (unaudited)	-	-	40,607	-	-	40,607
Loss (unaudited)	-	-	-	-	(1,019,830)	(1,019,830)
December 31, 2016 (unaudited)	18,629,086	126,568	40,607	-	(1,074,633)	(907,458)
Shares issued	**234,375**	**19,084**	**-**	**-**	**-**	**19,084**
Warrants issued *(note 8)*	**-**	**-**	**-**	**24,750**	**-**	**24,750**
Share-based compensation *(note 8)*	**-**	**-**	**44,918**	**-**	**-**	**44,918**
Loss	**-**	**-**		**-**	**(3,350,601)**	**(3,350,601)**
December 31, 2017	**18,863,461**	**145,652**	**85,525**	**24,750**	**(4,425,234)**	**(4,169,307)**

POSaBIT, Inc.
Statement of Cash Flows
For the year ended December 31,
(Expressed in United States dollars)

	2017	2016 (Unaudited)
	$	$
OPERATING ACTIVITIES		
Net loss for the year	**(3,350,601)**	(1,074,633)
Adjustment for non-cash items		
Change in fair value of derivative liability	**1,573,921**	(50,901)
Financing costs	**806,963**	-
Amortization expenses	**93,193**	29,710
Changes in operating assets and liabilities:		
Receivables	**(447,918)**	(3,750)
Digital assets	**(23,306)**	(14,761)
Inventories	**(24,094)**	-
Prepaid expenses	**(6,653)**	(2,310)
Accounts payable and accrued liabilities	**538,905**	77,666
Net cash used for operating activities	**(839,590)**	**(1,028,078)**
INVESTING ACTIVITIES		
Purchase of equipment	**(3,908)**	-
Purchase of intangible assets	**(133,000)**	(118,842)
Net cash used for operating activities	**(137,430)**	**(118,842)**
FINANCING ACTIVITIES		
Net proceeds from issuance of common stock	**89,174**	167,175
Change in fair value of derivative liability	**2,045,209**	-
Net proceeds from issuance of convertible note	**495,000**	-
Net proceeds from issuance of convertible debentures	**625,000**	955,738
Advances to related parties	**(39,936)**	-
Advances from (to) related parties	**(14,452)**	14,542
Net cash provided by financing activities	**1,154,364**	**1,177,455**
Net increase in cash and cash equivalents during the year	**177,344**	**30,535**
Cash and cash equivalents, beginning of year	**30,535**	-
Cash and cash equivalents, end of year	**207,879**	**30,535**
Cash paid for interest	**14,348**	3,561

1. NATURE OF OPERATIONS AND GOING CONCERN

POsaBIT, Inc. (the "Company"), was incorporated on November 19, 2015 under the laws of the State of Washington. The Company's operations primarily involve point-of-sale arrangements designed to offer consumers an easy way to acquire digital currency and purchase goods and services. The registered address of the Company is 1128 8th Street, Kirkland, Washington 98033.

The Company has a reported working capital of $154,046 and has an accumulated deficit of $4,425,234 as at December 31, 2017. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The Board of Directors approved these financial statements on November 21, 2018.

The Company's fiscal year-end is December 31.

Basis of presentation

The financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company's functional and reporting currency is United States dollars (USD).

Functional and presentation currency

These financial statements are presented in USD, which is the functional and presentation currency of the Company.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency is translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Company recognizes revenue from the following major sources:

- Transaction fees charged to merchants for use of the Company's point of sale system.
- Sale and installation of the Company's point of sale system hardware to merchants.

Revenue is measured at the fair value of the consideration received or receivable and is shown net of sales returns and discounts. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. The Company principally operates fixed price contracts. Contract revenue and costs are recognised as revenue and expenses, respectively, by the terms of the contract, mainly being when a point of sale transaction has occurred or when installation of point of sale hardware is complete.

Cash and Cash Equivalents

The Company considers all investments with original maturities of three months or less, that are highly liquid and readily convertible into cash and cash equivalents.

Digital assets

The Company purchases digital assets in connection with its business, which are recorded at the cost of the related digital currency on the date of receipt. The digital assets are recorded on the balance sheet at their fair value and re–measured at each reporting date. Revaluation gains or losses, as well as gains or losses on sale of digital assets are recorded as a component of cost of revenues in the statement of loss. Expenses associated with purchasing the digital assets include mining fees, which are recorded as cost of revenues.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the purchase and receipt of digital assets. Management has examined various factors surrounding the substance of the Company's operations. In the event authoritative guidance is enacted by the Institute of Chartered Accountants of Ontario, the Company may be required to change its policies which could result in a change in the Company's financial statements.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost of finished goods and packaging materials comprises purchase cost and other manufacturing expenses. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale. A provision is made for slow moving inventory, where considered necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring the assets to the location and condition necessary for them to be operated in the manner intended by management. Equipment is amortized on a straight-line basis over a 5-year useful life.

Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Intangible Assets

Identifiable intangible assets with finite useful lives are amortized over two years using the straight-line method and are reviewed for impairment whenever facts and circumstances indicate that their carrying values may not be fully recoverable. The Company evaluates the recoverability of the infinite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable.

Related party transactions

A party is related to an entity if the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the key management personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model. The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to warrant reserve. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Share issuance costs

Share issuance costs attributable to the raising of capital are charged against the related share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Equity

The common shares and preference shares are classified as equity. Costs, such as commissions, professional fees and regulatory fees directly attributable to common shares issuances are deducted from the proceeds of the offering. Share capital issued for other than cash is valued at the price at which the stock trades at the time the risks and rewards of ownership of the asset are transferred to the Company or the Company's liability is extinguished. Contributed surplus includes the value of share-based payments. Accumulated deficits include all current and prior period retained losses.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Income Taxes

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

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax‑related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Basic Earnings per Share

The basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

Financial Instruments

All financial instruments are recognized when the Company becomes party to the contractual provisions of the financial instrument and are initially measured at fair value for instruments not at fair value through profit or loss, plus any directly attributable transaction costs. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial instruments are classified into the following categories upon initial recognition:

- loans and receivables (“L&R”)
- financial instruments at fair value through profit or loss (“FVTPL”)
- held to maturity investments
- available-for-sale assets (“AFS”)
- other financial liabilities

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets, except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is recognized in profit or loss within general administrative expenses. If in a subsequent period the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss or a portion of such is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

The Company's loans and receivables comprise 'cash and cash equivalents', 'receivable from processors', 'loans and advances' and 'accounts receivable' in the statement of financial position.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains and losses recognized in profit or loss.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held to maturity if the Corporation has the intention and ability to hold them until maturity. Held to maturity investments are
measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale assets

Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive loss until the asset is removed from the statements of financial position.

Other financial liabilities

Other financial liabilities include liabilities that have not been classified as fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance.

The Company's financial assets include cash and cash equivalents, receivable from processors, accounts receivable and another receivable. All the Company's financial assets are classified as loans and receivables.

The Company's financial liabilities include accounts payable and accrued liabilities, salaries payable and loan from shareholder. All the Company's financial liabilities are classified as other financial liabilities. The Company classifies its fair value measurements and disclosures using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability. Inputs into the determination of the fair value require management judgment or estimation.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes to valuation methods may result in transfers into or out of an investment's assigned level.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets, including digital currencies and equipment, to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Application of accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made.

Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

The following areas require management's significant accounting estimates and judgments:

Significant accounting estimates

i. The assessment of indications of impairment of goodwill, intangible assets and digital currencies
ii. The value of inventories carried at the lower of cost and net realizable value
iii. The valuation of derivative liabilities, convertible debentures and notes, share-based payments, options and warrants reserves

Significant accounting judgments

i. Determination of categories of financial assets and financial liabilities
ii. The evaluation of the Company's ability to continue as a going concern

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting standards not yet effective

IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* ("IFRS 9"), which brings together the classification and measurement, impairment, and hedge-accounting phases of the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39").

Classification and measurement – Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the entity's own credit risk recognized in Other Comprehensive Income ("OCI") instead of Net Income, unless this would create an accounting mismatch.

Impairment – The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

Hedge accounting – The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect actual risk management activities.

IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2018. The Company does not expect the impact of IFRS 9 on its Financial Statements to be material.

IFRS 15 - Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15"), which replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue* and IFRIC 13 – *Customer Loyalty Programmes* ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact on its financial statements upon adoption of this standard. The Company does not expect the impact of IFRS 15 on its Financial Statements to be material.

(Expressed in United States dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16"), which replaces IAS 17 – *Leases*, and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its financial statements and plans to adopt the requirements in 2019.

IFRIC 23, Uncertainty over Income tax treatments

IFRIC 23 was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its financial statements and plans to adopt the requirements in 2019.

3. DIGITAL ASSETS

Digital assets consist of Bitcoin (BTC), Litecoin (LTC) and Bitcoin Cash (BCH) coins. Below is a continuity of digital assets, acquired through purchase, settled and impaired during the year.

	December 31, 2017				December 31, 2016 (unaudited)			
	BTC	LTC	BCH	Total	BTC	LTC	BCH	Total
	$	$	$	$	$	$	$	$
Opening balance	14,761	-	-	14,761	-	-	-	-
Additions	71,812	32,780	6,298	110,890	14,761	-	-	14,761
Used	(51,602)	-	-	(51,602)	-	-	-	-
Impairment loss	(16,047)	(17,045)	(2,890)	(35,982)	-	-	-	-
Ending balance	18,924	15,735	3,408	38,067	14,761	-	-	14,761

(Expressed in United States dollars)

4. INVENTORIES

	2017	2016 (unaudited)
	$	$
Finished goods	24,094	-
	24,094	-

5. EQUIPMENT

	2017	2016 (unaudited)
	$	$
Cost	3,908	-
Less: accumulated amortization	(522)	-
	3,386	-

6. INTANGIBLE ASSETS

Intangible assets relate to internally generated software.

Cost	$
December 31, 2015 (unaudited)	118,842
Additions	-
December 31, 2016 (unaudited)	118,842
Additions	133,000
December 31, 2017	251,842

Accumulated Amortization	$
December 31, 2015 (unaudited)	-
Amortization	29,710
December 31, 2016 (unaudited)	29,710
Amortization	92,671
December 31, 2017	122,381

Net Book Value	
December 31, 2016 (unaudited)	89,132
December 31, 2017	129,461

(Expressed in United States dollars)

7. DERIVATIVE LIABILITY

	2017	2016 (unaudited)
	$	$
Derivative Liability, Convertible Debentures	**2,346,841**	317,773
Derivative Liability, Convertible Notes	**749,790**	-
	3,096,631	317,773

The movement in the Company's convertible debentures and notes is as follows:

	Debentures	**Notes**	**Total**
	$	**$**	**$**
2017			
2016 Principal of issuance			
Fair value of 2016 liability component at January 1, 2017	637,965	-	637,965
Accretion expense during 2017 on 2016 liability component	161,616	-	-
Fair value of 2016 liability component at December 31, 2017	799,581	-	799,581
Fair value of 2016 derivative liability at January 1, 2017	317,773	-	317,773
Change of 2016 fair value of derivative liability on revaluation	672,300	-	672,300
Fair value of 2016 derivative liability remeasured at December 31, 2017	990,073	-	990,073
2017 Principal of issuances			
Principal of issuance	625,000	495,000	1,120,000
Less: issue costs	-	-	-
Less: fair value of derivative liability on initial recognition of 2017 issuances	1,356,767	749,790	2,106,557
Fair value of 2017 liability component on initial recognition	-	-	-
Accretion expense during 2017 on 2017 liability component	312,488	247,500	559,988
Change of fair value of 2017 derivative liability on revaluation	731,767	254,790	986,557

(Expressed in United States dollars)

7. DERIVATIVE LIABILITY (continued)

Total Principal of issuances			
Total change of fair value of derivative liability during the year	1,404,068	254,790	1,658,858
Total accretion expense during the year	474,104	247,500	721,604
Total fair value of derivative liability at December 31, 2017	2,346,841	749,790	3,096,631
Total fair value of liability component at December 31, 2017	1,112,069	247,500	1,359,569
2016 (Unaudited)			
Principal of issuance	975,000	-	975,000
Less: issue costs	(33,144)	-	(33,144)
Less: fair value of derivative liability on initial recognition	(317,773)	-	(317,773)
Fair value of liability component on initial recognition	624,084	-	-
Accretion expense	13,881	-	13,881
Fair value of liability component on revaluation,	637,965	-	637,965
Change of fair value of derivative liability on initial recognition	-	-	-
Change of fair value of derivative liability on revaluation	(50,901)	-	(50,901)
Change in fair value of derivative liability	(50,901)	-	(50,901)

On December 21, 2016, the Company completed an agreement for 1% convertible debentures up to a maximum amount of $1,500,000. The convertible debentures in notes are convertible into common shares of the Company at a 20% discount to the price of Series A Preferred Stock, subject to a $5 million valuation cap. They will automatically convert when the Company raises a minimum of $2 million of Series A Preferred Stock. As at December 31, 2017 and 2016, the amount borrowed under the debentures was $1,600,000 and $975,000, respectively.

On July 14, 2017, the Company completed an agreement for 10% convertible notes up to a maximum amount of $600,000. Each note issued under the agreement is repayable in cash or convertible at the option of the holder. As at December 31, 2017, the amount borrowed under the note was $495,000 with 99,000 warrants.

(Expressed in United States dollars)

7. DERIVATIVE LIABILITY (continued)

The conversion features require a variable number of shares to settle the convertible debentures and notes and is accounted for as a derivative liability under IFRS. The fair value of the convertible debenture was $624,084 on the date of issuance and $637,965 as at December 31, 2016 (unaudited). This led to an accretion expense of $13,881 as at December 31, 2016 with the remainder of $317,773 being classed as a derivative liability. Due to the increase in the valuation of the Company's share price in 2017, the convertible debenture portion was eliminated, and the entire convertible debenture became a derivative liability. The fair value of the derivative liability for the convertible debentures was $2,346,841 (2016 - $317,773 unaudited), and convertible notes was $749,790 (2016 - Nil, unaudited).

The fair value was determined using the Black Scholes valuation model using the following assumptions: stock price of $0.12 (2016: $0.05); expected life of 1 years (2016: 2 years); $nil dividends; 70% volatility (2016:98.99%); risk-free interest rate of 1.76% (2016:1.76%); and the exercise price of $0.05.

Finance Costs

	2017	2016 (unaudited)
	$	$
Interest on debt and borrowings	39,100	4,458
Bank and interest charges	46,259	25,068
Interest accretion expense	721,604	13,881
Total finance costs	806,963	43,407

8. SHARE CAPITAL

COMMON STOCK - AUTHORIZED

As at December 31, 2017, the Company was authorized to issue 500,000,000 shares of common stock, with par value of $0.001 per share and 100,000,000 preferred stock with par value of $0.001 per share. Upon issuance, the holders of any series of preferred stock will have such preferences over the holders of common stock, including preferences upon liquidation and/or as to dividends and such voting, conversion, redemption and other rights as the Board of Directors determines in creating such series.

COMMON STOCK - ISSUED AND OUTSTANDING

	Number of Common Shares	Amount
		$
Balance at January 1, 2016 (unaudited)	18,485,087	120,800
Shares issued (unaudited)	143,999	5,768
Balance at December 31, 2016 (unaudited)	18,629,086	126,568
Balance at January 1, 2017	18,629,086	126,568
Shares issued	234,375	19,084
Balance at December 31, 2017	18,863,461	145,652

(Expressed in United States dollars)

8. SHARE CAPITAL (continued)

In March 2017, 34,375 shares were issued from the exercise of stock options, and in October 2017, 200,000 common shares were issued, both issuances combining for total proceeds of $19,084.

Warrants Reserve

On 1 July 2017, the Company issued 99,000 warrants as part of its $495,000 reserve notes offering. Each warrant is exercisable at $0.250 per share and expires on December 31, 2018. The fair value of these warrants on the grant date is $24,750, which was estimated using the Black Scholes valuation model using the following assumptions: stock price of $0.12, expected life of a share-based compensation expense was recognized for the value of the warrants at issuance of $24,750, with the net effect being classed as a derivative liability.

Options Reserve

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors and employees enabling them to acquire common shares of the Company. The options granted can be exercised for up to a maximum of 10 years and vest from immediately up to four years, as determined by the Board of Directors. The option price of each option may not be less than the management determined price of the common shares on the date of the grant.

The Company recognized a share-based compensation expense of $85,048 during the 12 months ending December 31, 2017 (2016: $37,954). The total fair value of options granted during the period was $154,530 (2016: $147,680) which was estimated using the Black Scholes valuation model using the following assumptions: stock price of $0.120 (2016: $0.05), expected life various depending on agreement, $nil dividends, 70% volatility and discount rate of 1.760%. The number and prices of the options are as follows:

	Number of options	Weighted average price
Outstanding, January 1, 2016	-	-
Issued during the year	3,137,833	0.05
Outstanding, December 31, 2016	3,137,833	0.05
Issued during the year	1,975,000	0.05
Exercised/terminated during the year	(1,594,708)	0.05
Outstanding, December 31, 2017	3,518,125	0.05

(Expressed in United States dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

Included in operating expenses are expenses paid to PlaceFull Inc., a company in which through the CEO owns significant shareholdings, for year ended December 31:

	2017	2016 (unaudited)
	$	$
Executive Compensation to CEO	120,000	120,000
Licence Fees to PlaceFull Inc.	120,000	120,000
Rent to PlaceFull Inc.	20,174	14,104
Totals	140,174	134,104

At December 31, 2016, the Company had loans from shareholders amounting to $14,542. These loans were unsecured, interest free and due on demand and were repaid during the year ended December 31, 2017. During the year ended December 31, 2017, the Company provided loans to shareholders for an amount of $20,000 and to PlaceFull Inc. for an amount of $19,946. These loans are unsecured, interest free and due on demand.

10. INCOME TAX

Management uses judgment and estimates in determining the appropriate rates and amounts in recording deferred income taxes, giving consideration to timing and probability of realization. Actual taxes could significantly vary from these estimates because of a variety of factors including future events, changes in income tax law or the outcome of reviews by tax authorities and related appeals.

The corporation has not recognized any deferred tax assets on its deductible temporary differences and unused tax losses as it has determined that it is not probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Corporation's deferred and current tax assets and liabilities.

(Expressed in United States dollars)

10. INCOME TAX (continued)

The following table reconciles the amount of income tax expense, recoverable and valuation on the application of the combined statutory federal and state income tax rates:

	2017	2016 (Unaudited)
Combined statutory tax rates	34.00%	34.00%
	$	$
Income tax recovery at combined statutory rates	300,000	300,000
Non-deductible expenses and other	-	-
Change in unrecognized deferred tax assets	(300,000)	(300,000)
Income tax expense	-	-

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	2017	2016 (Unaudited)
	$	$
Non-capital and capital loss carry-forwards:		
Total deferred tax assets	300,000	300,000
Unrecognized deferred tax assets	(300,000)	(300,000)
Net deferred tax assets	-	-

11. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program and business practices seek to minimize any potential adverse effects on the Company's financial performance.

Risk management is carried out by the senior management team.

a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, receivable from processors, accounts receivables and other receivables.

The Company maintains bank deposits with reputable financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost-effective manner to fund its obligations as they come due. The Company has no current or long-term debt with specified repayment terms.

(Expressed in United States dollars)

11. FINANCIAL RISK MANAGEMENT (continued)

c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to minimize the cost of capital. The Company considers stockholders' equity as capital.

To maintain or adjust the capital structure, the Company may issue new shares to the shareholders, draw upon existing credit facilities or sell assets. There are no changes in the Company's capital management policies for the year-ended December 31, 2017. There are no external capital management requirements or covenants as December 31, 2017 and 2016.

12. COMMITMENTS

Software Licence

The Company has a software licence agreement with PlaceFULL Inc., requiring it to pay $10,000 per month to PlaceFULL Inc.'s to use their software perpetually until either party terminates the agreement.

Operating Lease

The Company has an operating lease agreement with PlaceFULL Inc., requiring it to pay $3,000 per month to PlaceFULL Inc.s' to use their premises for the next five years.

Year	**Total**
2018	$ 36,000
2019	36,000
2020	36,000
2021	36,000
2022	36,000
Total	**$ 180,000**

13. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to the date of filing of the Financial Statements, pursuant to the requirements of IAS 10 (Events after the Reporting Period) and has determined the following significant events to report:

Acquisition of DoubleBeam, Inc.

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam, Inc. (the "DoubleBeam"), a private company based in the state of Washington that specializes in point of sale payment processing. The Company has acquired DoubleBeam to expand its operations and integrate DoubleBeam's structure with its own. The acquisition will be accounted for using the acquisition method, which will include the operating results of DoubleBeam since the acquisition date.

13. SUBSEQUENT EVENTS (continued)

The total purchase price paid for DoubleBeam was $640,000 by way of the Company issuing 5,345,730 common.

Additional Financings

a) In May 2018, the Company authorized the sale and issuance of up to 25,000,000 shares of the Company's Series A Preferred Stock with par value $0.001 per share (the "Preferred Shares"), having the rights, privileges, preferences and restrictions set forth in the Amended and Restated Articles of Incorporation of the Company. All convertible debentures and notes were converted to the Preferred Shares.
b) In May and June 2018, the Company raised additional financing of $455,000 with the issuance of 1,137,500 Preferred Shares at $0.40 each.
c) In June 2018, the Company raised additional financing of $350,000 with the issuance of 433,607 common shares at $0.807 each.
d) In August 2018, the Company raised additional financing of $145,000 with the issuance of 179,637 common shares at $0.807 each.
e) In September 2018, the Company issued 85,520 common shares with the amount of $86 at $0.001 per share, to its Chief Financial Officer.
f) In October 2018, the Company issued a convertible note with a face amount of $50,000. The note accrues interest at 1% per year and is convertible into 549,804 Resulting Issuer (as defined hereinafter) common shares.
g) In October 2018, the Company raised additional financing of $445,535 with the issuance of 551,967 common shares at $0.807 each.
h) In September and October 2018, the Company raised additional financing of $1,022,259 (C$1,330,676) with the issuance of 1,264,432 subscription receipts at $0.808 (C$1.052) each. Each subscription receipt is exchangeable for 1 common share of the Company.

Issuance of options

a) In January 2018, the Company issued 988,873 options with an exercise price of $0.05.
b) In March 2018, the Company issued 2,026,453 options with an exercise price of $0.40.
c) In May 2018, the Company issued 345,000 options with an average exercise price of $0.10.
d) In August 2018, the Company issued 117,500 options with an exercise price of $0.40.

Letter of Intent

On June 7, 2018, a binding letter of intent was signed by the Company and Foreshore Exploration Partners Corp. ("Foreshore"), a capital pool company listed on the TSX Venture Exchange (the "TSXV"), whereby Foreshore will acquire all of the issued and outstanding securities of POSaBIT by way of a share exchange, amalgamation or such other form of business combination as the parties may determine (the "Transaction"). The terms of the transaction comprise consideration to be received by the POSaBIT Shareholders pursuant to the Merger in consideration for their POSaBIT shares, being 1.7539815 Foreshore's shares for each POSaBIT share held. Upon the successful completion of the Transaction, the go-forward entity (the "Resulting Issuer") will be deemed to be a continuation of POSaBIT and it is anticipated that the Resulting Issuer will list as a Tier 2 Technology issuer on the TSXV, then delist from the TSXV, then list and be listed on The Canadian Securities Exchange ("CSE").

13. SUBSEQUENT EVENTS (continued)

The Transaction will constitute a reverse take-over of the Company. It does not meet the definition of a business combination. POSaBIT has issued the following securities in accordance with the Transaction:

i) 4,250,000 shares with fair value of $0.4609 (C$0.60) per share for total fair value of $1,958,977;
ii) 300,000 options with a fair value of $0.4056 per option for total fair value of $121,687;
iii) 43,000 Foreshore IPO Agent Options (the "Agent Options") with a fair value of $0.3895 per option for total fair value of $16,748; and
iv) The difference of $1,937,954 between the total fair value of shares, options and IPO Agent Options issued to Foreshore shareholders, option and Agent Option holders and the net assets of Foreshore acquired by POSaBIT of $159,458, will be recorded as a listing expense.

SCHEDULE E

MD&A OF POSABIT FOR THE YEAR ENDED DECEMBER 31, 2017

POSaBIT, Inc. Management's Discussion and Analysis of the Financial Condition and Results of Operations Year ended December 31, 2017

*This annual management discussion and analysis (**"MD&A"**) has been prepared based on information available to POSaBIT, Inc. (**"POSaBIT"** or the **"Company"**) as of August 28, 2018. The Annual MD&A of the operating results and financial condition of the Company as at and for the year ended December 31, 2017, should be read in conjunction with the Company's audited annual consolidated financial statements and the related notes as and for years ended December 31, 2017 and unaudited financials for 2016 (the **"Consolidated Financial Statements"**). The Consolidated Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards (**"IFRS"**) and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Consolidated Financial Statements. Additional information relating to the Company can be found on the Company's website www.posabit.com*

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures (**"DC&P"**) and/or ICFR, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This document contains "forward-looking statements", which may include, but are not limited to, statements with respect to the future financial or operating performance of POSaBIT or future events related to POSaBIT, which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends. These forward-looking statements reflect POSaBIT's current internal projections, expectations or beliefs and are based on information currently available to POSaBIT. Often, but not always, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "predict", "potential", "continue", "budget", "schedule", "estimate", "forecast" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ materially from those anticipated in such statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; changes in labour costs and other costs of materials, equipment or processes to operate as anticipated; the ability to attract and retain qualified personnel; market competition; governmental regulation and approvals; and, the factors discussed in the ***Risks and uncertainties*** section of this MD&A. Although POSaBIT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, unless otherwise required by applicable securities laws, POSaBIT disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should notplace undue reliance on forward-looking statements.

General

POSaBIT, Inc. was incorporated in the State of Washington on November 19, 2015 as a wholly-owned subsidiary of PlaceFull, Inc. ("PlaceFull"). On March 4, 2016, pursuant to a corporate spin-off transaction, POSaBIT became a separate standalone corporation. POSaBIT has its registered office and head office at 1128 8th St., Kirkland, Washington 98033. The only subsidiary of POSaBIT is DoubleBeam, Inc. ("DoubleBeam").

POSaBIT is a privately held company organized for the purpose of developing and selling its blockchain based, payment processing and point-of-sale ("POS") technologies and devices that are uniquely suited to cash-based business where traditional credit and debit card transactions are limited or prohibited, such as legal retail cannabis stores.

Since the spin-off transaction, POSaBIT has financed its growth separately from PlaceFull, and following the spin-off, completed the acquisition of DoubleBeam, a California-based POS systems company, and positioned its future growth by entering new states and markets. POSaBIT originally obtained licensing and launched only in the state of Washington with its payment-only service, ending 2017 with 23 locations. Starting in 2018, POSaBIT began selling its payment solution into Colorado, Nevada and California, and now serves over 70 merchant locations with gross transaction sales volumes nearing $2 million per month. Additionally, since the DoubleBeam acquisition in January 2018, POSaBIT has integrated its POSaBIT payment-only service with DoubleBeam's proven, full-feature POS offering to provide a full end-to-end cloud-based payment and POS offering. This new service focuses on integrating the abundance of disjointed point solutions into one complete software service. This fully integrated, customer-first offering is the next evolution of POSaBIT's product suite, and in September of 2018, POSaBIT will be releasing its offering to current and new merchant customers in the cannabis industry to provide them with a complete seed-to-sale offering. POSaBIT expects merchants in Washington State, California, Colorado and Oregon to begin leveraging this new offering in 2018. The cash-only cannabis industry is highly regulated, limiting the speed of new entrees into the software market, and provides substantial barriers to competition.

POSaBIT also maintains and operates DoubleBeam's original hospitality and food services POS offering, which serves over 200 companies in the United States. Large corporate cafeterias use the Doublebeam POS for their retail checkout experience, including companies like Nike, Albertsons, Safeway, Under Armor and Ross Dress for Less. POSaBIT will continue to focus on the broad food services business in addition to high risk, cash-only industries, such as Cannabis.

Principal Business and Stated Business Objectives

The POSaBIT product line is feature-rich and is the first fully integrated POS and Payment (Debit/Credit) solution for cash-only industries and the standard food services industry. POSaBIT provides visibility, compliance and increased sales to merchants, as well as an enhanced buying experience for the consumer.

- POSaBIT Payments Service is the core payment engine that leverages the public blockchain and allows customers to easily purchase cryptocurrency using a Debit or Credit card and either spend in the store or upload to a customer preferred digital wallet. This was POSaBIT's beachhead entry into the industry in January 2017.

- POSaBIT Point of Sale (Cannabis) is the cornerstone product that tracks all sales ("seed-to-sale tracking"), integrates full customer history and preferences, and offers the first fully integrated cash, debit/credit and cryptocurrency (Litecoin and Bitcoin) payment options for product. This product is expected to be live in September 2018.

- POSaBIT Point of Sale (Food Service) is POSaBIT's POS offering to the hospitality and food services industry. Currently, this product services over 200 cafes and retailers in the hospitality industry in the U.S. This is the original product offering acquired in the DoubleBeam acquisition and has been in market for over 7 years.

Target projected revenue streams

POSaBIT has a diverse set of revenue streams. The POSaBIT payments service generates revenue via setup costs, hardware costs, transaction fees and convenience fees. The POSaBIT POS (both for the food services industry and the cash-only industry) has a traditional SaaS subscription model (pay per terminal/console on a monthly, or yearly basis). Details of all revenue streams are below:

Revenue Form	Description
Transaction Fees	POSaBIT charges a transaction fee for each debit or credit charge to the merchant. This fee is variable based on volume projections by merchant and can range between 1.5% and 5% per transaction.
Transaction Swipe Fees	Each debit or credit transaction includes a "per swipe" fee paid by the merchant. This fee can range between $.25 and $.35 per transaction.
Setup Fees	POSaBIT charges a fee per install to each merchant. This fee can range between $250 to $1,000 based on how complex the install is.
Hardware Costs	POSaBIT charges the merchant for the cost of the hardware - typically this is approximately $1,850 and covers the cost for the iPad, debit terminal, scanners, receipt printers and kiosk stand.
Convenience Fees	Convenience fees are charged to the consumer for each debit or credit transaction. The convenience fee can range from $2.00 to $4.50 depending up the merchant contract.
Subscription Fee	POSaBIT and Doublebeam charge merchants a monthly or yearly subscription fee per terminal/console. This fee can range from $29 to $250 per month. This fee is negotiated on a case-by-case basis with each merchant based on the volume of transactions and size of the merchant installation.

Selected annual financial information

	2017	2016 (unaudited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	207,879	30,535
Receivables	451,668	3,750
Due from related parties	39,946	—
Digital assets	38,067	14,761
Inventories	24,094	—
Prepaid expenses	8,963	2,310
	770,617	51,356
Equipment, net	3,386	—
Intangible assets	129,461	89,132
Total assets	**903,464**	**140,488**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	616,571	77,666
Due to related parties	—	14,542
Total current liabilities	616,571	92,208
Derivative Liability	3,096,631	317,773
Convertible Debentures	1,112,069	637,965
Convertible Notes	247,500	—
Total liabilities	**5,072,771**	**1,047,946**
Shareholders' Deficiency		
Share capital	145,652	126,568
Warrants reserve	24,750	-
Options reserve	85,525	40,607
Deficit	(4,445,234)	(1,074,633)
Total shareholders' deficiency	(4,169,307)	(907,458)
Total liabilities and shareholders' deficiency	**903,464**	**140,488**

	2017 $	2016 (unaudited) $
REVENUE		
Digital assets processing services	667,258	41,634
Total revenue	**667,258**	**41,634**
COST OF SALES		
Processing fees	288,394	49,260
Software license fees	139,052	118,868
Mining fees	129,467	—
Hardware cost of sales	103,265	68,916
Total cost of sales	**660,178**	**237,044**
Gross loss	**7,080**	**(195,410)**
OPERATING EXPENSES		
Professional fees	119,062	272,350
Travelling expenses	51,603	31,456
Rent	22,828	14,006
Salaries and wages	413,265	365,468
Marketing expense	49,219	14,645
Amortization expense	93,193	29,710
Meals and entertainment expense	36,014	26,660
Share-based compensation expense	85,048	37,954
General and administrative expense	64,851	39,508
Total operating expenses	**935,083**	**831,757**
OTHER EXPENSES		
Change in fair value of digital assets	(55,989)	157
Change in fair value of derivative liability	1,657,178	(50,901)
Finance Costs	806,963	43,407
Acquisition transaction costs	14,446	—
Total other expenses	**2,442,598**	**(7,337)**
Loss and comprehensive loss	**(3,350,601)**	**(1,019,830)**

Basic and diluted loss per common share	(0.138)	(0.046)

Basic and diluted weighted average number of common shares outstanding	24,284,087	21,985,087

	Number of Common Shares	Shares Amount	Warrants Reserve	Deficit	Total
2016		$	$	$	$
January 1, 2016 (unaudited)	18,485,087	120,800	-	(54,803)	65,997
Loss (unaudited)	-	-	-	(1,019,830)	(1,019,830)
Shares issued (unaudited)	143,999	5,768	-	-	5,768
Options reserve (unaudited)	-	40,607	-	-	40,607
December 31, 2016 (unaudited)	**18,629,086**	**167,175**	**-**	**(1,074,633)**	**(907,458)**
2017					
January 1, 2017	18,629,086	167,175	-	(1,074,633)	(907,458)
Loss	-	-	-	(3,350,601)	(3,350,601)
Shares issued	234,375	19,084	-	-	19,084
Warrants reserve	-	-	24,750	-	24,750
Options reserve	-	44,918	-	-	44,918
December 31, 2017	**18,863,461**	**231,177**	**24,750**	**(4,452,234)**	**(4,169,307)**

Overall performance

As at December 31, 2017, the Company had assets totaling $903,464 and shareholders' deficiency of $4,169,307. This compares to assets of $140,488 and a shareholders' deficiency of $907,458, as at December 31, 2016.

As at December 31, 2017 versus December 31, 2016

Total assets increased by $762,976 during the year ended December 31, 2017. The majority of this increase was attributed to cash from the convertible notes issued July 14, 2017, which if included, increased by $625,000. This increase resulted from financing activities that raised net proceeds of $1,154,364 offset by investing activities and cash used for operating activities of $839,590. The remainder of the increase of $137,976 to total assets was the result of changes to non-cash working capital.

Results of operations

The Company generated $667,258 in operating revenue and incurred significant losses mostly due to finance costs and the change in fair value of derivative liability resulting in a net loss of $3,350,601 ending December 31, 2017.

Year ended December 31, 2017 and December 31, 2016

As at December 31, 2017, the net loss and comprehensive loss for the year was $3,350,601, or a loss of $0.138 per share. This compares to a net loss and comprehensive loss of $1,019,830, or a loss of $0.046 per share, as at December 31, 2016. The significant changes are detailed below:

Cost of Goods Increase of $660,178 *(2016: $237,044)*

Processing Fees of $288,394 (2016: $49,260)

The increase of approximately $239,000 over 2016 is due to the increase in total volume of transactions processed.

Mining Fees of $129,467 (2016: $0)

The $129,467 increase is due to the cost inflation of bitcoin miner fees to ensure all transactions were approved in a timely fashion on the blockchain. This cost was reduced later in the year when POSaBIT moved to Litecoin transactions vs. Bitcoin and significantly reduced miner fees in Q4 of 2017.

Operating loss of $935,083 *(2016: $831,757)*

Salary and Wages of $413,265 (2016: $365,468)

The increase of approximately $48,000 was mainly the result of increased staffing for Product Development resources.

Other Expenses of $2,442,598 *(2016: $1,019,830)*

Finance Costs of $806,963 (2016: $43,407)

The increase of approximately $764,000 is due to the accreted value regarded as a theoretical pricing on a bond if it were to be sold and the market interest rates remained consistent at their most recent level

Change in fair value of derivative liability of $1,657,178 (2016: ($50,901))

The increase of approximately $1,708,000 is due to amortization of the software recognized, accretion of the convertible debentures, and change in fair value of the derivative liability (convertible debentures and convertible notes).

Liquidity and capital resources

As at December 31, 2017, the Company had working capital of $154,046 (December 31, 2016: $48,280) and has sustained operating losses and negative cash flows from operations since its inception. Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. At its current development stage, the Company is exposed to significant liquidity risk, as it continues to have net cash outflows to support its operations.

The Company monitors its financial position on a continual basis and updates its expected use of cash resources based on the latest available data.

There are no off-statement-of-financial-position conditions that would adversely affect the Company's liquidity and the Company has not changed its approach to capital management during the year ended December 31, 2017.

Transactions with related parties

Year ended December 31, 2017 and December 31, 2016

The Company had outstanding convertible note loans obtained from its shareholders amounting to $975,000 as at December 31, 2016, which carried interest of 1% and are due upon a Series A funding round or December 31, 2018 at a $5 million cap, or 20% discount, whichever is larger.

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors and employees enabling them to acquire common shares of the Company. The options granted can be exercised for up to a maximum of 10 years and vest from immediately up to four years, as determined by the Board of Directors. The option price of each option may not be less than the management determined price of the common shares on the date of the grant.

During the year ended December 31, 2017, the company granted 1,915,000 options.

The Company recognized a share-based compensation expense of $85,048 during the 12 months ending December 31, 2017 (2016: $37,954). The total fair value of options granted during the period was $154,530 (2016: $147,680) which was estimated using the Black Scholes valuation model using the following assumptions: stock price of $0.120 (2016: $0.05), expected life varies depending on agreement, $0 dividends, 70% volatility and discount rate of 1.760%.

In March 2017, 34,375 shares were issued from the exercise of stock options, and in October 2017, 200,000 common shares were issued, both issuances combining for total proceeds of $19,084.

Risk and uncertainties

Capital management

The Company's main objective in managing capital is to ensure sufficient liquidity to pursue and fund product development and sales. Secondarily, the Company strives to continue to fund research and development and pursue its growth strategy, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is considered to be its shareholders' equity. The Company's primary uses of capital are financing operations and capital expenditures. The Company currently funds these requirements from existing cash resources and/or cash raised through the issuance of debt and/or shares. The Company's objectives when managing capital is to ensure the Company will continue to have enough liquidity so that it can provide its products and services to its customers and shareholder returns. The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize the capacity to finance the Company's ongoing growth, the Company does not currently pay a dividend to holders of its common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and stage of development of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2017. The Company is not subject to externally imposed capital restrictions.

Regulatory Risks

Bitcoin and cryptocurrency regulation is relatively new and evolving, and POSaBIT's ability to continue to use its system is dependent on a regulatory environment supporting its use. POSaBIT's Money Transfer License ("MTL") is granted via the Washington State Department of Financial Institutions ("DFI") and POSaBIT is obligated to perform annual onsite audits with the DFI to maintain the MTL license. Likewise, POSaBIT is subject to regulatory control on the use of Bitcoin and Litecoin processing in cannabis stores. POSaBIT business will fail if it is unable to maintain its Money Services Business ("MSB") registration or MTL license in the states that require this.

POSaBIT is dependent on the use of Bitcoin and Litecoin processing for its primary business model and faces many general risks related to Bitcoin/Litecoin processing.

POSaBIT was established to process cryptocurrency payment transactions on the POSaBIT merchant platform, and has recently expanded to include full POS functionality. General risks to POSaBIT associated with the use of cryptocurrency processing are:

- Regulation (State or Federal) that limits the ability to continue acceptance of cryptocurrency payments income or all of the applications in which it is accepted and used by the Company
- Rapidly changing exchange rates and price volatility that could result in loss on Bitcoin/Litecoin to dollar exchange transactions
- Fraud that impacts the Company's receipts at the merchant, processor or exchange level
- The emergence of available alternative payment processing systems that reduce or eliminate the Company's revenues associated with its cryptocurrency payment processing system

In the event the use of cryptocurrency processing is curtailed or restricted, or if alternative processing systems make use of Bitcoin or Litecoin less profitable, POSaBIT will not achieve its projected growth and its earning and prospects will be diminished. We will face similar risks with any cryptocurrency we feature in connection with POSaBIT's system.

Market risk

The POS equipment and services business is highly competitive, with a substantial number of large and well-entrenched competitors. We have current and potential competitors in merchant processing, almost all of which have considerably greater financial and other resources than we do. We expect new entrants to obtain licensing and directly compete with us in merchant processing based on cryptocurrency transactions. In addition, changes in the regulatory and technological environment are bringing about a global consolidation of financial services, a proliferation of competitors, and convergence among various forms of media. As a result, our profitability could face increased pressure from competition and developments of existing providers, consolidation of our customers, increased competition from new entrants and deployment of new technologies. If we are unable to respond effectively to any increased competitive pressure arising from the above factors, our revenues and results of operation could be adversely affected. Further, if our services are successful, others will enter the market, which may draw our customers away from us or preclude us from obtaining any additional customers.

Other risk factors

Key personnel

The success of the Company for the foreseeable future will depend largely upon the ability of its management team and other key personnel, including but not limited to Ryan Hamlin, President and Chief Executive Officer. The loss of any one of these individuals could have a material adverse effect on the Company's business, and the Company would need to devote substantial resources to finding replacements. The Company currently does not carry "key-man" life insurance policies covering any of these officers. Competition for qualified and experienced personnel in the technology field is generally intense, and the Company will rely heavily on its ability to attract and retain qualified personnel in order to successfully implement its business objectives. The failure to attract or retain key executives and personnel could impact the Company's operations.

Dependencies

POSaBIT may have our processing limits reduced or have our credit card and debit card processing completely shut off because it provides services in the controversial areas of both cryptocurrency sales and legal cannabis sales and certain credit and debit card companies and processors may elect (for no reason) to terminate services in either of these areas, and any such termination would have a materially negative impact on POSaBIT's business.

POSaBIT has established positive relationships with its local bank, as well as its processor and sponsor banks, that allow it to accept credit and debit cards as a form of payment for cryptocurrency. The most difficult and complex relationship is with the sponsor and acquiring banks because POSaBIT will be operating a business that is considered high risk by the debit and credit card companies. Though POSaBIT will look to build and maintain strong relationships with multiple providers in an effort to maintain its operations, there is no guarantee that it will be able to do so. Termination or limitations of services allowing our processing would have a materially negative impact on POSaBIT's business.

Disclosure of outstanding share information

The following table sets forth information concerning the outstanding securities of the Company as of December 31, 2017:

	Number of Common Shares	Shares Amount	Warrants Reserve	Deficit	Total
2017					
January 1, 2017	18,629,086	167,175	-	(1,074,633)	(907,458)
Loss	-	-	-	(3,078,643)	(3,078,643)
Shares issued	234,375	19,084	-	-	19,084
Warrants reserve	-	-	24,750	-	24,750
Options reserve	-	44,918	-	-	44,918
December 31, 2017	**18,863,461**	**231,177**	**24,750**	**(4,153,276)**	**(3,897,349)**

SCHEDULE F

INTERIM FINANCIAL STATEMENTS OF POSABIT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

POSaBIT, Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
(Expressed in United States Dollars)

For the three months and nine months ended
September 30, 2018 and 2017

POSaBIT, Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)

As at,	**September 30, 2018 (unaudited)**	December 31, 2017
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**616,505**	207,879
Restricted cash and cash equivalents *(note 6)*	**882,480**	-
Receivables *(note 5)*	**1,056,694**	451,668
Due from related parties *(note 14)*	**41,850**	39,946
Digital assets *(note 7)*	**60,728**	38,067
Inventories *(note 8)*	**41,940**	24,094
Prepaid expenses	**31,074**	8,963
Total current assets	**2,731,271**	770,617
Other assets	**120,000**	-
Equipment, net *(note 9)*	**25,647**	3,386
Intangible assets, net *(note 10)*	**900,968**	129,461
Total assets	**3,777,886**	903,464
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities	**1,690,670**	616,571
Total current liabilities	**1,690,670**	616,571
Note payable *(note 12)*	**200,000**	-
Convertible Debentures *(note 11)*	**-**	1,112,069
Convertible Notes *(note 11)*	**-**	247,500
Derivative Liability *(note 11)*	**-**	3,096,631
Total liabilities	**1,890,670**	5,072,771
Shareholders' equity (deficiency)		
Common share capital *(note 13)*	**777,400**	145,652
Preferred share capital *(note 13)*	**5,798,541**	-
Common shares to be issued *(note 13)*	**1,587,209**	-
Warrants reserve *(note 13)*	**24,750**	24,750
Contributed surplus *(note 13)*	**285,570**	85,525
Deficit	**(6,586,254)**	(4,425,234)
Total shareholders' equity (deficiency)	**1,887,216**	(4,169,307)
Total liabilities and shareholders' equity	**3,777,886**	903,464

Approved by the Board of Directors

"Ryan Hamlin" (Director) *"Jon Baugher"* (Director)

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

POSaBIT, Inc.
Condensed Interim Consolidated Statements of Loss and Other Comprehensive Loss
(Expressed in United States Dollars)
For the,

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	$	$	$	$
REVENUE				
Digital processing services	**1,054,768**	85,969	**1,822,069**	380,278
Total revenue	**1,054,768**	85,969	**1,822,069**	380,278
COST OF SALES				
Processing fees	**261,368**	81,292	**548,761**	265,373
Software license fees	**77,111**	34,650	**172,823**	104,517
Hardware cost of sales	**182,091**	3,802	**382,914**	59,952
Sales labor and commissions	**148,657**	-	**268,792**	-
Total cost of sales	**669,227**	119,744	**1,373,290**	429,842
Gross profit (loss)	**385,541**	(33,775)	**448,779**	(49,564)
OPERATING EXPENSES				
Professional fees	**168,365**	23,934	**579,964**	102,407
Traveling	**29,025**	5,740	**83,806**	24,615
Rent	**16,386**	5,4441	**40,131**	16,234
Salaries and wages	**239,610**	131,360	**678,227**	363,535
Marketing	**48,978**	17,591	**79,449**	31,174
Depreciation and amortization	**70,785**	196	**233,837**	30,037
Meals and entertainment	**8,359**	9,517	**27,141**	27,543
Share-based compensation	**119,064**	-	**210,222**	-
General and administrative	**6,062**	19,720	**42,278**	51,685
Total operating expenses	**706,634**	262,499	**1,975,055**	647,230
OTHER INCOME (EXPENSES)				
Change in fair value of digital assets	**1,350**	(1,680)	**(22,474)**	-
Change in fair value of derivative liability	**-**	(1,193)	**287,877**	1,680
Gain on disposal of assets	**-**	2,873	**2,366**	2,873
Finance Costs	**(8,731)**	(35,797)	**(902,513)**	(53,586)
Total other expenses	**(7,381)**	(35,797)	**(634,744)**	(49,033)
Loss and other comprehensive loss	**(328,474)**	(332,071)	**(2,161,020)**	(745,827)
Basic and diluted loss per common share	**(0.01)**	(0.03)	**(0.10)**	(0.07)
Basic and diluted weighted average number of common shares outstanding	**24,648,199**	11,165,565	**22,084,347**	11,156,127

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

POSaBIT, Inc.
Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in United States Dollars)

	Common Shares			Preferred Shares					
	Number	Amount	To be Issued	Number	Amount	Warrants Reserve	Contributed Surplus	Deficit	Total
		$	$		$	$	$	$	$
January 1, 2017	18,629,086	126,568	-	-	-	-	40,607	(1,074,633)	(907,458)
Shares issued	234,375	19,084	-	-	-	-	-	-	19,084
Warrants issued	-	-	-	-	-	24,750	-	-	24,750
Share-based compensation	-	-	-	-	-	-	44,918	-	44,918
Net loss	-	-	-	-	-	-	-	(3,350,601)	(3,350,601)
December 31, 2017	18,863,461	145,652	-	-	-	24,750	85,525	(4,425,234)	(4,169,307)
(Unaudited)									
Shares issued for cash	**-**	**-**	**-**	**1,075,000**	**430,000**	**-**	**-**	**-**	**430,000**
Shares issued for acquisition *(notes 4 & 13)*	**5,345,730**	**641,488**	**-**	**-**	**-**	**-**	**-**	**-**	**641,488**
Shares issued on conversion	**-**	**-**	**-**	**13,571,300**	**5,428,520**	**-**	**-**	**-**	**5,428,520**
Shares to be issued *(note 13)*	**2,513,883**	**-**	**1,587,209**	**-**	**(59,979)**	**-**	**-**	**-**	**1,527,230**
Redemption of capital	**(683,873)**	**(19,917)**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,917)**
Share-based compensation	**85,520**	**10,177**	**-**	**-**	**-**	**-**	**200,045**	**-**	**210,222**
Net loss	**-**	**-**	**-**	**-**	**-**	**-**		**(2,161,020)**	**(2,161,020)**
September 30, 2018	**26,267,254**	**777,400**	**1,587,209**	**14,646,300**	**5,798,541**	**24,750**	**285,570**	**(6,586,254)**	**1,887,216**

POSaBIT, Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States dollars)
For the,

	Nine months ended	
	September 30, 2018	September 30, 2017
	$	$
OPERATING ACTIVITIES		
Loss and other comprehensive loss	**(2,161,020)**	(745,827)
Adjustment for non-cash items		
Expected credit losses	**10,648**	-
Depreciation and amortization	**233,837**	30,037
Change in fair value of derivative liability	**(287,877)**	-
Change in fair value of digital asset	**22,474**	
Finance costs	**893,782**	-
Gain on disposal of equipment	**(2,366)**	-
Share-based compensation	**210,222**	-
Changes in operating assets and liabilities:		
Receivables	**(495,674)**	(270,689)
Digital assets	**(45,135)**	(15,366)
Inventories	**(17,763)**	(17,824)
Prepaid expenses	**(142,111)**	(7,192)
Accounts payable and accrued liabilities	**973,099**	226,460
Net cash used for operating activities	**(807,884)**	(800,401)
INVESTING ACTIVITIES		
Net purchases of equipment	**(9,117)**	(3,908)
Purchase of intangible assets	**(416,634)**	(29,710)
Cash acquired on completion of acquisition	**23,000**	-
Net cash used in investing activities	**(402,751)**	(33,618)
FINANCING ACTIVITIES		
Proceeds from issuance of common stock	**575,000**	-
Proceeds from issuance of convertible debentures	**350,000**	625,000
Proceeds from the issuance of subscription receipts	**1,012,209**	-
Proceeds from the issuance of convertible notes	**-**	495,000
Proceeds from issuance of preferred stock	**386,436**	-
Proceeds from the issuance of note payable	**200,000**	-
Advances from related parties	**(21,904)**	(5,855)
Exercise of options	**-**	5,994
Net cash provided from financing activities	**2,501,741**	1,120,139
Net increase in cash and cash equivalents during the period	**1,291,106**	286,120
Restricted cash and cash equivalents	**(882,480)**	-
Cash and cash equivalents, beginning of year	**207,879**	30,535
Cash and cash equivalents, end of period	**616,505**	316,655

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

1. NATURE OF OPERATIONS AND GOING CONCERN

POSaBIT, Inc. (the "Company"), was incorporated on November 19, 2015 under the laws of the State of Washington. The Company's operations primarily involve point-of-sale arrangements designed to offer consumers an easy way to acquire digital currency and purchase goods and services. The registered address of the Company is 1128 8th Street, Kirkland, Washington 98033.

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam, Inc. (the "Acquisition", "DoubleBeam"), a private company that specializes in point of sale payment processing. Note 4 discloses the details of the Acquisition.

The Company has reported a working capital deficit of $1,040,601 (working capital of $154,046 at December 31, 2017) and has an accumulated deficit of $6,607,291 as at September 30, 2018 (December 31, 2017, $4,425,235). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with *International Accounting Standards ("IAS") 34* 'Interim Financial Reporting' using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2017 audited financial statements and accompanying notes.

The condensed interim consolidated financial statements were approved and authorized for issuance by the Board on December 20, 2018.

2.2 Basis of presentation and measurement

The consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments that are measured on amortized cost of fair value. The condensed interim consolidated financial statements are presented in United States dollars, which is the functional and presentation currency of the Company.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency is translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

2.3 Basis of consolidation

The condensed interim consolidated financial statements consolidate the accounts of the Company and all its wholly-owned subsidiary, DoubleBeam. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

At the date of the condensed interim consolidated financial statements, the IASB and IFRIC have issued the following revised standards, some of which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 2 – Share-based Payment

"IFRS 2" was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

IFRS 9 – Financial Instruments

"IFRS 9" was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

IFRS 10 – Consolidated Financial Statements

"IFRS 10" and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted. The Company has not yet adopted this standard and is currently assessing the impact on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

"IFRS 15" replaces IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

(Expressed in United States dollars)

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

"IFRIC 22" was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this interpretation.

IFRIC 23 – Uncertainty Over Income Tax Treatments

"IFRIC 23" was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment.

If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted. The Company has not yet adopted this interpretation and is currently assessing the impact on its condensed interim consolidated financial statements.

4. BUSINESS COMBINATION AND GOODWILL

Acquisition of DoubleBeam

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam, a private company based in the state of Washington that specializes in point of sale payment processing. The Company has acquired DoubleBeam to expand its operations and integrate DoubleBeam's structure with its own. The acquisition has been accounted for as a business acquisition and includes the operating results of DoubleBeam for the 45-day period from the date of acquisition.

The total purchase price paid for DoubleBeam was $641,488 by way of the Company issuing 5,345,730 common shares.

The fair value of the identifiable assets and liabilities of DoubleBeam as at the date of acquisition were estimated as:

	Total (unaudited)
	$
Purchase Price:	
Shares exchanged	**641,488**

(Expressed in United States dollars)

	641,488

Net assets acquired:	
Cash	**23,000**
Accounts receivable	**120,000**
Inventory	**18,000**
Intangible assets - software	**481,488**
Intangible assets – customer list	**100,000**
Accounts payable	**(101,000)**
	641,488

Since the date of acquisition, DoubleBeam has generated $359,262 of revenue, and a net loss of $120,070, before tax, from the continuing operations of the Company.

5. RECEIVABLES

	September 30, 2018 (unaudited)	December 31, 2017
	$	$
Receivables	**1,064,842**	451,668
Allowance for expected credit losses	**(10,648)**	-
	1,056,694	451,668

The receivables are generally on terms due within 30 days.

The Company adopted IFRS 9 on January 1, 2018. The Company recognized expected credit losses expense of $3,580 and $10,648 during the three and nine months ended September 30, 2018 (2017: $nil), respectively (unaudited).

(Expressed in United States dollars)

6. RESTRICTED CASH AND CASH EQUIVALENTS AND SUBSCRIPTION RECEIPTS

In September 2018, POSaBIT issued 1,264,432 subscription receipts for common shares to be issued, raising $882,480 in cash, $60,000 in digital assets and a reduction of $80,000 in accounts payable and accrued liabilities.. The funds are being held in trust by the escrow agent and will be released upon completion of a go-public transaction. It is anticipated that the Company will complete a merger with Foreshore Exploration Partners Inc. (or a subsidiary thereof) and seek listing on the Canadian Securities Exchange. The terms of the transaction (note 17) comprise consideration to be received by the POSaBIT shareholders and subscription receipt holders pursuant to the merger in consideration for their POSaBIT shares and subscription receipts, being 1.7539815 Foreshore's shares for each POSaBIT share or subscription receipt held.

7. DIGITAL ASSETS

Digital assets consist of Bitcoin (BTC), Litecoin (LTC) and Bitcoin Cash (BCH) coins. Below is a continuity of digital assets, acquired through purchase, settled and fair valued during the year.

	September 30, 2018 (unaudited)				December 31, 2017			
	BTC	**LTC**	**BCH**	**Total**	BTC	LTC	BCH	Total
	$	**$**	**$**		$	$	$	$
Opening balance	**18,924**	**15,735**	**3,408**	**38,067**	14,761	-	-	14,761
Additions	**64,281**	**-**	**-**	**64,281**	71,812	32,780	6,298	110,890
Transfers	**(7,560)**	**-**	**7,560**	**-**	-	-	-	-
Used	**(16,440)**	**-**	**(2,706)**	**(19,146)**	(51,602)	-	-	(51,602)
Fair-value adjust.	**(6,963)**	**(7,249)**	**(8,262)**	**(22,474)**	(16,047)	(17,045)	(2,890)	(35,982)
Ending balance	**52,242**	**8,486**	**-**	**60,728**	18,924	15,735	3,408	38,067

8. INVENTORIES

	September 30, 2018 (unaudited)	December 31, 2017
	$	$
Finished goods	**41,940**	24,094
	41,940	24,094

(Expressed in United States dollars)

9. EQUIPMENT, net

Cost	
	$
January 1, 2017	-
Additions	3,908
December 31, 2017	3,908
Additions (unaudited)	**29,483**
September 30, 2018 (unaudited)	**33,391**

Accumulated Depreciation	
January 1, 2017	-
Depreciation	522
December 31, 2017	522
Depreciation (unaudited)	**7,222**
September 30, 2018 (unaudited)	**7,744**

Net Book Value	
December 31, 2017	3,386
September 30, 2018 (unaudited)	**25,647**

10. INTANGIBLE ASSETS, net

Intangible assets relate to software internally generated and acquired from Double Beam and a customer list acquired from Double Beam.

Software

Cost	
	$
January 1, 2017	118,842
Additions	133,000
December 31, 2017	251,842
Additions (unaudited)	**898,122**
September 30, 2018 (unaudited)	**1,149,964**

Accumulated Amortization	
January 1, 2017	29,710
Amortization	92,671
December 31, 2017	122,381
Amortization (unaudited)	**226,615**
September 30, 2018 (unaudited)	**348,996**

(Expressed in United States dollars)

Net Book Value	
December 31, 2017	129,461
September 30, 2018 (unaudited)	**800,968**

Customer List

December 31, 2017	-
Additions (unaudited)	**100,000**
September 30, 2018 (unaudited)	**100,000**

Total Intangible Assets

	September 30, 2018 (unaudited)	December 31, 2017
	$	$
Software	**800,968**	129,461
Customer Lists	**100,000**	-
September 30, 2018	**900,968**	**129,461**

Amortization expense of intangibles in the amounts of $67,049 and $29,710 was recorded for the three months ended September 30, 2018 and 2017, respectively and $226,615 and $59,420 was recorded for the nine months ended September 30, 2018 and 2017, respectively.

11. DERIVATIVE LIABILITY, CONVERTIBLE DEBENTURES AND CONVERTIBLE NOTES

Derivative liability

	September 30, 2018 (unaudited)	December 31, 2017
	$	$
Derivative Liability, Convertible Debentures	**-**	2,346,841
Derivative Liability, Convertible Notes	**-**	749,790
	-	3,096,631

(Expressed in United States dollars)

Convertible debentures and notes

	Debentures	Notes	Total
	$	$	$
2018			
2016 Principal of issuance			
Fair value of 2016 liability component at January 1, 2018	799,581	-	799,581
Accretion expense during 2018 on 2016 liability component	175,419	-	175,419
Fair value of 2016 liability component at May 11, 2018	975,000	-	975,000
Fair value of 2016 derivative liability at January 1, 2018	990,073	-	990,073
Change of fair value of 2016 derivative liability on revaluation @ May 11, 2018	(141,807)	-	(141,807)
Fair value of 2016 derivative liability remeasured at May 11, 2018	848,266	-	848,266

	Debentures	Notes	Total
	$	$	$
2017 Principal of issuances			
Fair value of 2017 liability component at January 1, 2018	312,488	247,500	559,988
Accretion expense during 2018 on 2017 liability component	312,512	247,500	560,012
Fair value of 2017 liability component at May 11, 2018	625,000	495,000	1,120,000
Fair value of 2017 derivative liability at January 1, 2018	1,112,069	749,790	1,861,859
Change of fair value of 2017 derivative liability on revaluation @ May 11, 2018	(159,280)	-	(159,280)
Fair value of 2017 derivative liability remeasured at May 11, 2018	952,789	749,790	1,702,579
2018 Principal of issuances (unaudited)			
Principal of issuance	350,000	-	350,000
Less: issue costs	-	-	-
Less: fair value of derivative liability on initial recognition of 2018 issuances	350,000	-	350,000
Fair value of 2018 liability component on 2018 issuances on initial recognition	-	-	-
Accretion expense during 2018 on 2018 liability component	350,000	-	350,000
Fair value of 2018 derivative liability on 2018 issuances on initial recognition	504,691	-	504,691
Change of fair value of 2018 derivative liability on revaluation @ May 11, 2018	(72,285)	-	(72,285)
Fair value of 2018 liability component at May 11, 2018	350,000	-	350,000
Fair value of 2018 derivative liability remeasured at May 11, 2018	432,406	-	432,406

(Expressed in United States dollars)

Total Principal of issuances converted to Preferred Shares at May 11, 2018 (unaudited)			
Fair value of 2016 liability component at May 11, 2018	975,000	-	975,000
Fair value of 2016 derivative liability remeasured at May 11, 2018	848,266	-	848,266
Fair value of 2017 liability component at May 11, 2018	625,000	495,000	1,120,000
Fair value of 2017 derivative liability remeasured at May 11, 2018	952,789	749,790	1,702,579
Fair value of 2018 liability component at May 11, 2018	350,000	-	350,000
Fair value of 2018 derivative liability remeasured at May 11, 2018	432,406	-	432,406
Total Principal of issuances converted to Preferred Shares at May 11, 2018	4,183,460	1,244,790	5,428,250

	Debentures	Notes	Total
	$	$	$
2017			
2016 Principal of issuance			
Fair value of 2016 liability component at January 1, 2017	637,965	-	637,965
Accretion expense during 2017 on 2016 liability component	161,616	-	-
Fair value of 2016 liability component at December 31, 2017	799,581	-	799,581
Fair value of 2016 derivative liability at January 1, 2017	317,773	-	317,773
Change of 2016 fair value of derivative liability on revaluation	672,300	-	672,300
Fair value of 2016 derivative liability remeasured at December 31, 2017	990,073	-	990,073
2017 Principal of issuances			
Principal of issuance	625,000	495,000	1,120,000
Less: issue costs	-	-	-
Less: fair value of derivative liability on initial recognition of 2017 issuances	1,356,767	749,790	2,106,557
Fair value of 2017 liability component on initial recognition	-	-	-
Accretion expense during 2017 on 2017 liability component	312,488	247,500	559,988
Change of fair value of 2017 derivative liability on revaluation	731,767	254,790	986,557

(Expressed in United States dollars)

Total Principal of issuances			
Total change of fair value of derivative liability during the year	1,404,068	254,790	1,658,858
Total accretion expense during the year	474,104	247,500	721,604
Total fair value of derivative liability at December 31, 2017	2,346,841	749,790	3,096,631
Total fair value of liability component at December 31, 2017	1,112,069	247,500	1,359,569

On May 11, 2018, the convertible debentures and notes converted to 13,571,300 preferred shares for a total fair value of $5,428,520 (unaudited).

Finance Costs

	Three months ended (unaudited)		**Nine months ended (unaudited)**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	$	$	**$**	$
Interest on debt and borrowings		-	**34,834**	-
Bank and interest charges	**8,731**	7,091	**29,748**	17,789
Interest accretion expense		-	**837,931**	-
Total finance costs	**8,731**	7,091	**902,513**	17,789

12. NOTE PAYABLE

On September 20, 2018, the Company issued an unsecured note payable (the "Note") in the amount of $200,000 (unaudited). Starting October 1, 2018, the Note accrues interest at 18% per annum, with interest payable on a quarterly basis. The Note can be repaid in full at any time with a 9% penalty prepayment. It is due at the earlier of either: when the Company becomes public or when it matures on September 30, 2020.

13. SHARE CAPITAL

Common and preferred shares

As at December 31, 2017, the Company was authorized to issue 500,000,000 shares of common stock, with par value of $0.001 per share and 100,000,000 shares of preferred stock with par value of $0.001 per share. Upon issuance, the holders of any series of preferred stock will have such preferences over the holders of common stock, including preferences upon liquidation and/or as to dividends and such voting, conversion, redemption and other rights as the Board of Directors determines in creating such series.

2018

In September 2018, the Company issued 85,520 common shares with a fair value of $10,177. The fair value of the shares issued were estimated using the Black-Scholes valuation model using the following assumptions: Risk-free interest rate of 2.12%, volatility of 7.5%, dividend yield of nil, share price on issuance of $0.12 and an issue price of $0.001 per share.

(Expressed in United States dollars)

On May 11, 2018, 13,571,300 preferred shares were issued with a value of $5,428,520, on the conversion of the convertible debentures and notes with share-issuance costs $59,979 (note 11).

In May and June 2018, the Company issued 1,075,000 preferred shares for cash, raising $430,000.

In February 2018, 5,345,730 common shares were issued as consideration for the DoubleBeam acquisition and 577,320 shares were held in escrow in connection with a possible going-public transaction (note 6).

In January 2018, the Company redeemed 663,873 shares of common stock from the CEO at $0.05.

2017

In March 2017, 34,375 common shares were issued on the exercise of options at $0.172, raising proceeds of $5,994.

In October 2017, 200,000 common shares were issued at $0.065 each, raising proceeds of $13,072.

Warrants reserve

In July 2017, the Company issued 99,000 warrants as part of its $495,000 reserve notes offering. Each warrant is exercisable at $0.250 per share and expires on December 31, 2018. The fair value of these warrants on the grant date is $24,750, which was estimated using the Black Scholes valuation model using the following assumptions: stock price of $0.12, expected life of a share-based compensation expense was recognized for the value of the warrants at issuance of $24,750, with the net effect being classed as a derivative liability.

Contributed surplus

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors and employees enabling them to acquire common shares of the Company. The options granted can be exercised for up to a maximum of 10 years and vest from immediately up to four years, as determined by the Board of Directors. The option price of each option may not be less than the management determined price of the common shares on the date of the grant.

The Company recognized a share-based compensation expense of $119,064 and $210,222 during the three and nine months ended September 30, 2018 (2017: $nil), respectively. The total fair value of options granted and shares issued during the period was $191,089 (2017: $nil) and $19,133 (2017: $nil), respectively, both of which were estimated using the Black Scholes valuation model. The assumptions used for calculating the fair value of the common shares issued, is noted above and for the option issued, were the following: stock price of $0.12, expected life various depending on agreement, $nil dividends, 75% volatility and discount rate of 2.360%. The number and prices of the options are as follows:

	Number of options	**Weighted average price**
		$
Outstanding, as at January 1, 2017	3,137,833	0.05
Issued during 2017	1,975,000	0.05
Exercised/cancelled during 2017	(1,594,708)	0.05
Outstanding, as at December 31, 2017	3,518,125	0.05
Issued during the 9 months ended	3,477,826	0.27

(Expressed in United States dollars)

September 30, 2018 (unaudited)		
Outstanding, as at September 30, 2018 (unaudited)	**6,995,951**	**0.16**

Common Shares to be issued

In September 2018, POSaBIT issued 1,264,432 subscription receipts for common shares to be issued, raising $882,480 in cash, $60,000 in digital assets and a reduction of $80,000 in accounts payable and accrued liabilities.

In August 2018, $225,000 was received from friends and family for common shares to be issued at $0.4602.

In June 2018, $350,000 was received from friends and family for common shares to be issued at $0.4602.

In March 2018, 577,320 common shares were issued at $0.01 each. The shares are held in escrow by the Company's legal counsel.

14. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

Included in operating expenses are expenses paid to PlaceFull Inc., a company in which the CEO owns significant shareholdings:

	Three months ended (unaudited)		**Nine months ended (unaudited)**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	$	$	**$**	$
Executive Compensation to CEO	**30,000**	30,000	**90,000**	90,000
Rental fees to PlaceFull Inc.	**-**	2,342	**7,576**	7,220
Licence fees to PlaceFull Inc.	**30,000**	30,000	**90,000**	90,000
Totals	**60,000**	62,342	**187,576**	187,220

As at September 30, 2018, the Company provided loans to shareholders for an amount of $nil (December 31, 2017 - $20,000) and to PlaceFull Inc. for an amount of $90,824 (unaudited) (December 31, 2017 - $19,946). These loans are unsecured, interest free and due on demand.

As at September 30, 2018, the Company owed to PlaceFull Inc. for an amount of $48,974 (unaudited) (December 31, 2017 - $nil). These payables are unsecured, interest free and due on demand. The Company settles its PlaceFull Inc. loans on a net basis. As at September 30, 2018 the net balance due from PlaceFull Inc. was $41,850.

15. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program and business practices seek to minimize any potential adverse effects on the Company's financial performance.

Risk management is carried out by the senior management team.

a) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash and cash equivalents and receivables.

The Company maintains bank deposits with reputable financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost-effective manner to fund its obligations as they come due. The Company's liquidity risk is subject to a Note which has interest and repayment terms.

c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to minimize the cost of capital. The Company considers shareholders equity as capital.

To maintain or adjust the capital structure, the Company may issue new shares to the shareholders, draw upon existing credit facilities or sell assets. There are no changes in the Company's capital management policies for the nine months ended September 30, 2018. There are no external capital management requirements or covenants as at September 30, 2018 and December 31, 2017.

16. COMMITMENTS

Software License

The Company has a software licence agreement with PlaceFull Inc., requiring it to pay $10,000 per month to PlaceFull Inc. to use their software in-perpetuity, or until either party terminates the agreement.

Operating Lease

The Company has an operating lease agreement with The Perrin Building., requiring it to pay $5,609 per month from May 1, 2018 to April 30, 2019, and $5,889 from May 1, 2019 to April 2020.

(Expressed in United States dollars)

Year	**Total (unaudited)**
	$
2018 (remainder)	16,525
2019	69,143
2020	23,555
Total	109,223

Consulting Contracts

The company is contractually obligated with various third-party companies, requiring to pay the following:

Year	**Total (unaudited)**
	$
2018 (remainder)	54,500
2019	108,500
Total	163,000

17. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to the date of filing of these condensed interim consolidated financial statements, pursuant to the requirements of IAS 10 (Events after the Reporting Period) and has determined the following significant events to report:

Additional Financings

a) In October 2018, the Company issued a convertible note with a face amount of $50,000. The note accrues interest at 1% per year and is convertible into 549,804 Resulting Issuer (as defined hereinafter) common shares.
b) In October 2018, the Company raised additional financing of $445,535 with the issuance of 968,133 common shares at $0.807 each.
c) On December 14, 2018, a shareholder of the Company withdrew $115,000 in subscription receipts (note 6).

Letter of Intent

On June 7, 2018, a binding letter of intent was signed by the Company and Foreshore Exploration Partners Corp. ("Foreshore"), a capital pool company listed on the TSX Venture Exchange (the "TSXV"), whereby Foreshore will acquire all of the issued and outstanding securities of POSaBIT by way of a share exchange, amalgamation or such other form of business combination as the parties may determine (the "Transaction"). The terms of the transaction comprise consideration to be received by the POSaBIT Shareholders pursuant to the Merger in consideration for their POSaBIT shares, being 1.7539815 Foreshore's shares for each POSaBIT share held. Upon the successful completion of the Transaction, the go-forward entity (the "Resulting Issuer") will be deemed to be a continuation of POSaBIT and it is anticipated that the Resulting Issuer will list as a Tier 2 Technology issuer on the TSXV, then delist from the TSXV, then list and be listed on The Canadian Securities Exchange ("CSE").

The Transaction will constitute a reverse take-over of the Company. It does not meet the definition of a business combination. POSaBIT has issued the following securities in connection with the Transaction:

i) 4,250,000 shares with fair value of $0.4609 (C$0.60) per share for total fair value of $1,958,977;
ii) 300,000 options with a fair value of $0.4056 per option for total fair value of $121,687;
iii) 43,000 Foreshore IPO Agent Options (the "Agent Options") with a fair value of $0.3895 per option for total fair value of $16,748; and
iv) The difference of $1,937,954 between the total fair value of shares, options and IPO Agent Options issued to Foreshore shareholders, option and Agent Option holders and the net assets of Foreshore acquired by POSaBIT of $159,458, will be recorded as a listing expense.

SCHEDULE G

MD&A OF POSABIT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

POSaBIT, Inc.

Interim Management's Discussion and Analysis

Quarterly Highlights

Nine months ended September 30, 2018

(Expressed in United States dollars)

December 20, 2018

POSaBIT, Inc.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTERLY HIGHLIGHTS
(Expressed in United States dollars)
Nine months ended September 30, 2018

*This interim management discussion and analysis – quarterly highlights ("**Interim MD&A**") has been prepared based on information available to POSaBIT, Inc. ("**POSaBIT**" or the "**Company**") as at December 20, 2018. This Interim MD&A is based on information available to POSaBIT and updates disclosure previously provided in the Company's Annual MD&A, up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three and nine months ended September 30, 2018 and 2017 (the "**Unaudited Interim Consolidated Financial Statements**") and the Company's audited financial statements for the years ended January 31, 2018 and 2017 (unaudited). Both the Audited Financial Statements and the Unaudited Interim Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") and all amounts are expressed in United States dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Unaudited Interim Consolidated Financial Statements. Additional information relating to the Company can be found on the Company's website at www.posabit.com.*

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures (**"DC&P"**) and/or ICFR, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This document contains "forward-looking statements", which may include, but are not limited to, statements with respect to the future financial or operating performance of POSaBIT or future events related to POSaBIT, which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends. These forward-looking statements reflect POSaBIT's current internal projections, expectations or beliefs and are based on information currently available to POSaBIT. Often, but not always, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "predict", "potential", "continue", "budget", "schedule", "estimate", "forecast" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward- looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ materially from those anticipated in such statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; changes in labour costs and other costs of materials, equipment or processes to operate as anticipated; the ability to attract and retain qualified personnel; market competition; governmental regulation and approvals; and, the factors discussed in the ***Risks and uncertainties*** section of this MD&A. Although POSaBIT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and, unless otherwise required by applicable securities laws, POSaBIT disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

General

POSaBIT, Inc. was incorporated in the State of Washington on November 19, 2015, as a wholly-owned subsidiary of PlaceFull, Inc. ("**PlaceFul**l"). On March 4, 2016, pursuant to a corporate spin-off transaction, POSaBIT became a separate standalone corporation. POSaBIT has its registered and head office at 1128 8th St., Kirkland, Washington, USA, 98033.

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam, Inc. (the "**Acquisition**", "**DoubleBeam**"), a private California-based point-of-sale ("**POS**") company that specializes in point of sale payment processing. See *Acquisition of DoubleBeam* section of this Interim MD&A.

POSaBIT is a privately-held company organized for the purpose of developing and selling its blockchain based, payment processing and POS technologies and devices that are uniquely suited to cash-based business where traditional credit and debit card transactions are limited or prohibited, such as legal retail cannabis stores.

Since the spin-off transaction, POSaBIT has financed its growth separately from PlaceFull, and following the spin-off, completed the Acquisition and positioned its future growth by entering new states and markets. POSaBIT originally obtained licensing and launched only in the state of Washington with its payment-only service, ending 2017 with 23 locations. Starting in 2018, POSaBIT began selling its payment solution into Colorado, Nevada and California, and now serves over 70 merchant locations with gross transaction sales volumes over $2 million per month. Additionally, since the Acquisition, POSaBIT has integrated its POSaBIT payment-only service with DoubleBeam's proven, full-feature POS offering to provide a full end-to-end cloud-based payment and POS offering. This new service focuses on integrating the abundance of disjointed point solutions into one complete software service. This fully integrated, customer-first offering is the next evolution of POSaBIT's product suite, and in September of 2018, POSaBIT released its offering to current and new merchant customers in the cannabis industry to provide them with a complete seed-to-sale offering. POSaBIT expects merchants in Washington State, California, Colorado, Oklahoma and Oregon to begin leveraging this new offering in late 2018/early2019. The cash-only cannabis industry is highly regulated, limiting the speed of new entrees into the software market, and provides substantial barriers to competition.

POSaBIT also maintains and operates DoubleBeam's original hospitality and food services POS offering, which serves over 200 companies in the United States. Large Fortune 500 corporate cafeterias use the Doublebeam POS for their retail checkout experience, including companies like Nike, Albertsons, Safeway, Under Armor and Ross Dress for Less. POSaBIT will continue to focus on the broad food services business in addition to high risk, cash-only industries, such as Cannabis.

The Unaudited Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on December 19, 2018.

Acquisition of DoubleBeam

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam, a private company based in the state of California that specializes in point of sale payment processing. The Company has acquired DoubleBeam to expand its operations and integrate DoubleBeam's structure with its own. The acquisition has been accounted for as a business acquisition and includes the operating results of DoubleBeam for the 45-day period from the acquisition date. DoubleBeam was moved to Washington state and merged with POSaBIT post-acquisition.

The total purchase price paid for DoubleBeam was $641,488 by way of the Company issuing 5,345,730 common.

(Expressed in United States dollars)

The fair value of the identifiable assets and liabilities of DoubleBeam as at the date of acquisition were estimate at:

	Total
	$
Purchase price:	
Shares exchanged	641,488
	641,488
Net assets acquired:	
Cash	23,000
Accounts receivable	120,000
Inventory	18,000
Intangible assets[1]	481,488
Customer List	100,000
Accounts payable	(101,000)
	641,488

[1]Remeasurement may be made up to February 16, 2019 (one year after the transaction, per IFRS).

From the date of acquisition, DoubleBeam has contributed $217,516 of revenue but increased net loss by $99,072, before tax from the continuing operations of the Company.

Transaction with Foreshore Exploration Partners Corp. ("Foreshore")

On December 14, 2018, the Company and Foreshore entered into a merger agreement that provides or a reverse three-cornered merger, whereby a wholly-owned subsidiary of Foreshore (incorporated specifically to complete the merger) and the Company will merge, and the surviving corporation will be a wholly-owned subsidiary of Foreshore and which will be renamed POSaBIT Systems Corporation. Shareholders of POSaBIT will receive in the merger 1.7539815 shares of Foreshore in exchange for each POSaBIT share held. Similarly, POSaBIT option holders will receive Foreshore options exercisable for 1.7539815 shares of Foreshore.

A non-offering preliminary prospectus is being filed with the securities regulatory authorities in British Columbia, Alberta and Ontario for the purpose of allowing Foreshore to comply with Policy 2 – *Qualifications for Listing* of the Canadian Securities Exchange ("CSE") in order for Foreshore to meet one of the eligibility requirements for the listing of its common shares on the CSE. Foreshore has applied to list its common shares on the CSE and the listing will be subject to it fulfilling all of the listing requirements of that exchange. In addition, as Foreshore is currently a capital pool company ("CPC") listed on the TSX Venture Exchange (the "TSXV"), it intends to delist its shares from the TSXV contemporaneously with its CSE listing.

Financial condition

As at September 30, 2018, the Company had assets totaling $3,746,459 and shareholders' equity of $486,700. This compares with assets of $903,464 and shareholders' deficiency of $4,169,308, as at December 31, 2017.

During the 9 months ended September 30, 2018, the Company's net assets decreased by $227,212, the result of an increase in assets of $2,874,422, offset by an increase in liabilities of $3,101,634. The increase in assets was the result of an increase in cash and cash equivalents of $1,291,106 (cash used for operating activities of $748,453 plus cash used for investing activities of $402,751, offset by cash provided from financing activities of $2,442,310 and increase to restricted cash of $882,480), increases in accounts receivable of $605,026, due from related parties of $1,904, digital assets of $22,661, inventories of $17,846, prepaid expenses of $142,111, equipment of $22,261 and intangible assets of 771,507. The increases were offset by increases to accounts payable of $1,154,566 and notes payable of $200,000 offset by decreases in derivative liabilities of $3,096,631, convertible debentures of $1,112,069 and convertible notes of $247,500.

Operations

As at September 30, 2018, the Company had 18 full time employees and 24 full time contractors. The Company continued to expand the number of stores in Colorado, California and Washington.

Product development efforts focused on incremental feature enhancements to the Payment service to allow for both Litecoin and Bitcoin purchases as well as EMV card compliance for debit transactions.

The majority of product planning and development focused on the new Point of Sale which was acquired from Doublebeam. An entirely new front-end console design and experience was built to support the cash-only industry. Additionally, all the necessary state requirements for seed-to-sale tracking was implemented to support the Leaf system in the State of Washington.

Lastly, the Company moved into a new corporate headquarters based in Kirkland, WA. This move tripled the amount of space and allows for the planned headcount expansion of the company in 2019.

Corporate

Financings and issuance of shares

In December 2018, $115,234 (C$150,000), or 142,533 subscription receipts were withdrawn.

In October 2018, the Company issued a convertible note with a face amount of $50,000. The note accrues interest at 1% per year and is convertible into 549,804 Resulting Issuer common shares.

In October 2018, the Company raised additional financing of $445,535 with the issuance of 968,133 common shares at $0.4602 each.

In September and October 2018, the Company raised additional financing of $1,022,259 (C$1,330,674) with the issuance of 1,264,432 subscription receipts at $0.4602 each. Each subscription receipt is exchangeable for 1 common share of the Resulting Issuer.

In September 2018, the Company issued 85,520 common shares with the amount of $86 at $0.001 per share, to its Chief Financial Officer

In August 2018, the Company raised additional financing of $145,000 with the issuance of 315,079 common shares at $0.4602 each.

In May 2018, 13,571,300 preferred shares were issued with a value of $5,428,520, on the conversion of the convertible debentures and notes.

In May and June 2018, the Company issued 1,075,000 preferred shares for cash, raising $430,000.

(Expressed in United States dollars)

In February 2018, 5,345,730 shares were issued as consideration for the Double Beam acquisition and 577,320 shares were held in escrow in connection with a possible going public transaction (note 14 - Letter of Intent).

In January 2018, the Company redeemed 663,873 shares of common stock from the CEO at $0.05.

Issuance of options

In August 2018, the Company issued 117,500 options with an exercise price of $0.40.

Related-party transactions and balances

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

Included in operating expenses are expenses paid to PlaceFull Inc., a related company, through the Company's CEO:

	September 30, 2018	December 31, 2017
	$	$
Executive Compensation	**90,000**	120,000
Licence fees	**90,000**	120,000
Rent	**7,576**	20,174
Totals	**187,576**	140,174

As at September 30, 2018, the Company provided loans to shareholders for an amount of $nil (December 31, 2017 - $20,000) and to PlaceFull Inc. for an amount of $90,824 (December 31, 2017 - $19,946). These loans are unsecured, interest free and due on demand.

As at September 30, 2018, the Company owed to PlaceFull Inc. an amount of $48,974 (December 31, 2017 - $nil). The payables are unsecured, interest free and due on demand.

Outstanding securities

As at the date of this Interim MD&A, POSaBIT has the following securities issuable or outstanding:

Security	**Number outstanding**	**Number issuable**
Common shares	24,208,158	2,217,596
Preferred shares	14,646,300	-
Subscription receipts	1,121,899	-
Options	6,995,951	-

Warrants	99,000	-

SCHEDULE H

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER GIVING EFFECT TO THE TRANSACTION

FORESHORE EXPLORATION PARTNERS CORP.

PRO FORMA
CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2018

(UNAUDITED)

	Foreshore Exploration Partners Corp. (reviewed)	Foreshore Exploration Partners Corp. (converted)	POSaBIT, Inc. (reviewed)	Pro forma adjustments (unaudited)	Note	Total (unaudited)
	31-July-18 $CDN	31-July-18 $US	30-Sept-18 $US	$US		31-July-18 $US
Assets						
Current Assets						
Cash and cash equivalents	207,815	159,649	616,505	(75,000)	2(b)	
	-	-	-	50,000	3(a)	
	-	-	-	445,535	3(b)	
	-	-	-	767,246	3(d)	1,963,935
Restricted cash	-	-	882,480	(767,246)	3(d)	
	-	-	-	(115,234)	3(c)	-
Accounts receivable	-	-	1,056,694	-		1,056,694
Digital assets	-	-	60,728	-		60,728
Due from related parties	-	-	41,850	-		41,850
Inventories	-	-	41,940	-		41,940
Prepaid expenses	-	-	151,074	-		151,074
Total current assets	207,815	159,649	2,851,271	305,301		3,316,221
Non-current assets						
Equipment	-	-	25,647	-		25,647
Intangible asset	-	-	900,968	-		900,968
Total non-current assets	-	-	926,615	-		926,615
Total assets	207,815	159,649	3,777,886	305,301		4,242,836
Liabilities						
Current liabilities						
Accounts payable and accruals	248	191	1,690,670	467	3(a)	
	-	-	-	(467)	3(d)	1,771,329
Convertible note	-	-	-	50,000	3(a)	
	-	-	-	(50,000)	3(d)	-
Note payable	-	-	200,000	-		200,000
Total current liabilities	248	191	1,890,670	-		1,971,329
Total liabilities	248	191	1,890,670	-		1,971,329
Shareholders' equity						
Common shares	278,817	217,587	777,400	1,958,977	2(a)(i)	
	-	-	-	(217,587)	2(c)	
				(483,982)	2(d)	
	-	-	-	1,858,079	3(d)	
	-	-	-	50,467	3(d)	
	-	-	-	5,798,541	3(d)	9,959,482
Preferred shares	-	-	5,798,541	(5,798,541)	3(d)	-
Shares to be issued	-	-	1,587,290	(115,234)	3(c)	
				445,535	3(b)	
	-	-	-	(1,858,079)	3(d)	-
Contributed surplus	29,914	22,975	285,570	121,687	2(a)(ii)	
	-	-	-	(22,975)	2(c)	407,257
Warrants	-	-	24,750	16,748	3(c)(iii)	41,498
Deficit	(101,164)	(78,847)	(6,586,254)	(1,937,954)	2(a)(iv)	
	-	-	-	(159,458)	2(a)(iv)	
	-	-	-	(75,000)	2(b)	
	-	-	-	240,159	2(c)	
				483,982	2(d)	
	-	-	-	(467)	3(a)	(8,134,876)
Currency translation reserve	-	(2,257)	-	403	2(c)	(1,854)
Total shareholders' equity	207,567	159,458	1,806,748	305,301		2,271,507
Total liabilities and shareholders' equity	207,815	159,649	3,777,886	305,301		4,242,836

	Foreshore Exploration Partners Corp. (audited)	Foreshore Exploration Partners Corp. (converted)	POSaBIT, Inc. (audited)	Pro forma adjustments (unaudited)	Note	Total (unaudited)
	Period from 12-June-17 (date of incorporation) **to 31-Oct-17**	**Period from 12-June-17** (date of incorporation) **to 31-Oct-17**	**Year ended 31-Dec-17**			**Period from 12-June-17** (date of incorporation) **to 31-Dec-17**
	$CDN	$US	$US	$US		**$US**
Revenues	**-**	**-**	**603,541**	**-**		**603,541**
Cost of goods sold	**-**	**-**	**(660,178)**	**-**		**(660,178)**
Gross margin	**-**	**-**	**(56,637)**	**-**		**(56,637)**
Expenses						
Administrative expenses	19	15	175,296	-		194,226
Amortization and depreciation	-	-	93,193	-		93,193
Listing expense	-	-	-	1,937,954	2(a)(iv)	
	-	-	-	(483,982)	2(d)	1,453,972
Marketing	-	-	49,219			49,219
Professional fees	1,383	1,087	119,062	-		127,069
Salaries and benefits	-	-	413,265	-		413,265
Share-based compensation	-	-	85,048	-		85-048
Total expenses	**1,402**	**1,102**	**935,083**	**1,453,972**		**2,390,157**
Other income (expenses)						
Change in fair value of digital assets	-	-	55,989	-		55,989
Change in fair value of derivative liability	-	-	(995,447)	-		(995,447)
Gain on disposal of assets	-	-	(14,446)	-		(14,446)
Finance costs	-	-	(1,133,019)	467	3(a)	(1,132,552)
Total other income (expenses)	-	-	(2,086,923)	467		(2,086,456)
Net loss	**(1,402)**	**(1,102)**	**(3,078,643)**	**(1,453,505)**		**(4,533,250)**
Other comprehensive income						
Currency translation differences	-	(403)	-	-		**(403)**
Net loss and Other comprehensive loss	**(1,402)**	**(1,505)**	**(3,078,643)**	**(1,453,505)**		**(4,533,653)**
Loss per share	**(0.01)**	**(0.041)**	**(0.13)**			**(0.16)**
Weighted average number of shares outstanding	**118,311**	**118,311**	**24,284,087**		**7**	**29,002,036**

	Foreshore Exploration Partners Corp. (reviewed)	Foreshore Exploration Partners Corp. (converted)	POSaBIT, Inc. (reviewed)	Pro forma adjustments (unaudited)	Note	Total (unaudited)
9 months ended	**31-Jul-18**	**31-Jul-18**	**30-Sept-18**			**31-Jul-18**
	$CDN	$US	$US	$US		**$US**
Revenues	**-**	**-**	**1,822,069**	**-**		**1,822,069**
Cost of goods sold	**-**	**-**	**(1,373,290)**	**-**		**(1,373,289)**
Gross margin	**-**	**-**	**448,779**	**-**		**448,780**
Expenses						
Administrative expenses	6,382	4,973	193,356	-		198,329
Amortization and depreciation	-	-	233,837	-		233,837
Consulting fees	3,675	2,864	-	-		2,864
Listing expense	-	-	-	1,937,954	2(a)(iv)	
	-	-	-	(483,982)	2(d)	1.453.972
Marketing	-	-	79,449			79,449
Professional fees	26,803	20,888	579,964	75,000	2(b)	675,852
Salaries and benefits	-	-	678,227	-		678,227
Share-based compensation	27,329	21,298	210,022	-		231,520
Transfer agent and filing fees	35,573	27,722	-	-		27,722
Total expenses	**99,762**	**77,745**	**1,975,055**	**1,528,972**		**3,581,772**
Other income (expenses)						
Change in fair value of digital assets	-	-	(22,474)	-		(22,474)
Change in fair value of derivative liability	-	-	287,877	-		287,877
Gain on disposal of assets	-	-	2,366	-		2,366
Finance costs	-	-	(902,513)	467	3(a)	(902,046)
Total other income (expenses)	-	-	(634,744)	467		(634,277)
Net loss	**(99,762)**	**(77,745)**	**(2,161,020)**	**(1,528,505)**		**(3,689,525)**
Other comprehensive income						
Currency translation differences	-	(1,854)	-	75,000	2(b)	**73,146**
Net loss and Other comprehensive loss	**(99,762)**	**(79,599)**	**(2,161,020)**	**(1,453,505)**		**(3,614,525)**
Loss per share	**(0.07)**	**(0.05)**	**(0.10)**			**(0.14)**
Weighted average number of shares outstanding	**1,442,320**	**1,442,320**	**22,084,347**		**7**	**26,802,296**

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements (the "Consolidated Pro forma Financial Statements") of Foreshore Exploration Partners Corp. ("Foreshore" or the "Company") have been prepared by management of Foreshore and management of POSaBIT, Inc. ("POSaBIT") for inclusion in a prospectus (the "Prospectus") filed with the British Columbia, Ontario and Alberta securities regulators to comply with Policy 2 – *Qualifications for Listing* of the Canadian Securities Exchange ("CSE") in order for Foreshore to meet one of the eligibility requirements for the listing of its common shares on the CSE. Foreshore has applied to list its common shares on the CSE and the listing will be subject to it fulfilling all of the listing requirements of the CSE.

In addition, as Foreshore is currently a capital pool company ("CPC") listed on the TSX Venture Exchange (the "TSXV"), it intends to delist its shares from the TSXV contemporaneously with its CSE listing. As a condition of the proposed delisting of Foreshore's shares on the TSXV, 1,050,000 of the CPC escrow shares will be cancelled.

The Unaudited Pro Forma Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 *'Interim Financial Reporting'* using accounting policies consistent with International Financial Reporting Standards ("IFRS") appropriate in the circumstances and has been reported in United States dollars.

The Unaudited Pro Forma Consolidated Financial Statements as at July 31, 2018, have been compiled from and include:

(a) Unaudited pro forma consolidated statement of financial position as at July 31, 2018 combining:

   i. The unaudited statement of financial position of Foreshore as at July 31, 2018, and;
   ii. The unaudited consolidated statement of financial position of POSaBIT as at September 30, 2018.

(b) Unaudited pro forma consolidated statement of comprehensive loss for the period from June 12, 2017 (date of incorporation) to October 31, 2017, combining:

   i. The audited statement of comprehensive loss of Foreshore for the period from June 12, 2017 (date of incorporation) to October 31, 2017, and;
   ii. The audited consolidated statement of comprehensive loss of POSaBIT for the year ended December 31, 2017.

(c) Unaudited pro forma consolidated statement of comprehensive loss for the 9 months ended July 31, 2018, combining:

   i) The unaudited statement of comprehensive loss of Foreshore for the 9 months ended July 31, 2018, and;
   ii) The unaudited statement of comprehensive loss of POSaBIT for the 9 months ended September 30, 2018.

The assets and liabilities of Foreshore are included in the pro forma consolidated statement of financial position at their historical carrying values, which approximates their fair values. The assets and liabilities of POSaBIT are included in the pro forma consolidated financial statement of financial position at their fair values.

The Unaudited Pro forma Consolidated Financial Statements should be read in conjunction with the audited financial statements of Foreshore as at and for the period from June 12, 2017 (date of incorporation) to December 31, 2017 and notes included therein; the audited consolidated financial statements of POSaBIT as at and for the years ended December 31, 2017 and 2016, and notes included therein; the unaudited financial statements of Foreshore as at and for the 9 months ended July 31, 2018 and the notes included therein; and the unaudited consolidated financial statements of POSaBIT as at and for the 9 months ended September 30, 2018, and the notes included therein, each included in a prospectus (the "Prospectus") filed by Foreshore, dated • . The audited financial statements for the period from June 12, 2017 (date of incorporation) to December 31, 2017 and the unaudited financial statements as at and for the 9 months ended July 31, 2018 of Foreshore, are available on its profile at ***www.sedar.com***.

1. BASIS OF PRESENTATION

It is management's opinion that the Unaudited Pro Forma Consolidated Financial Statements have been prepared within acceptable limits of materiality and are in accordance with IFRS using accounting policies consistent with IFRS standards appropriate in the circumstances and that the unaudited pro forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described herein and are in accordance with IFRS applied on a basis consistent with the Company's accounting policies. The Unaudited Pro Forma Consolidated Financial Statements are not intended to reflect the financial position or operations for the period from June 12, 2017 (date of incorporation) to October 31, 2017, of Foreshore, which would have actually resulted had the transactions been affected on the dates indicated. Furthermore, the unaudited consolidated pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon consummation of the transactions will differ from those recorded in the Unaudited Pro Forma Consolidated Financial Statements and the differences may be material.

2. PRO FORMA TRANSACTIONS

The accompanying Unaudited Pro Forma Consolidated Financial Statements of the Company give effect to the proposed merger between Foreshore and POSaBIT (the "Transaction"), by way of a three-cornered merger, whereby a newly-incorporated subsidiary of Foreshore (specifically formed to complete the Transaction) and POSaBIT will merge, and the surviving corporation will be a wholly-owned subsidiary of Foreshore, which will be renamed POSaBIT Systems Corporation. The definitive merger agreement provides that existing shareholders, option-holders and warrant-holders will receive 1.7539815 (the "Exchange Ratio") common shares, options or warrants, respectively, of the resulting issuer. Unless otherwise stated, all references to shares, options or warrants reflect the Exchange Ratio.

In addition, as a condition of Foreshore delisting from the TSX Venture Exchange

The Transaction will constitute a reverse take-over of the Company but does not meet the definition of a business combination. As a result and in accordance with reverse take-over accounting for a transaction that is not considered a business combination:

a) Foreshore is treated as the acquiree and POSaBIT is treated as the acquirer. As a result, the go-forward entity is deemed to be a continuation of POSaBIT and POSaBIT is deemed to have acquired control of the assets and business of Foreshore in the consideration of the issuance of capital, options and warrants, as applicable.

   For accounting purposes, POSaBIT is deemed to have issued the following securities:

   i) 3,200,000 (see note 3(d)) shares with fair value of $0.4609 (C$0.60) per share for total fair value of $1,474,880.
   ii) 300,000 options with a fair value of $0.4056 per option for total fair value of $121,687 (see note 3(d) below).
   iii) 43,000 Foreshore IPO Agent Options (the "Agent Options") with a fair value of $0.3895 per option for total fair value of $16,748 (see note 3(d), below).
   iv) The difference of $1,937,954 between the total fair value of shares, options and Agent Options issued to Foreshore shareholders, option and Agent Option holders and the net

assets of Foreshore acquired by POSaBIT of $159,458, has been charged to the pro forma deficit as a listing expense.

b) Transaction costs of $75,000 expended by POSaBIT to conclude the Transaction have been charged directly to retained earnings as Foreshore's cash position at July 31, 2018, was $159,649.

c) Share capital, contributed surplus and accumulated other comprehensive income/loss of Foreshore are eliminated by a charge to retained earnings.

d) Cancellation of 1,050,000 CPC escrow shares as a condition of delisting from the TSXV. The cancellation of these shares reduces the listing expense by $483,982.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The Pro forma Consolidated Financial Statements as at July 31, 2018, give effect to the following assumptions and adjustments:

(a) In October 2018, POSaBIT recognized a convertible note claim in the amount of $50,467 (including accrued interest of $467). The note is convertible into 549,804 common shares. As the issuance and conversion is contemporaneous for the purposes of this pro-forma, a bi-furcation of the debt and equity components has not been made and the entire amount of the note has been recorded to convertible note and then reallocated to common shares upon conversion.

(b) In October 2018, POSaBIT completed private placements totaling $445,535, which will result in the issuance of 551,967 POSaBIT common shares.

(c) In December 2018, subscriptions in the amount of $115,234 (142,533 subscription receipts) were withdrawn.

(d) Upon the close of the Transaction, all shares to be issued, preferred shares and the convertible note, are converted to common shares. Restricted cash, which is cash held in escrow pending the completion of the Transaction, is released and available for general corporate purposes.

4. PRO FORMA SHARE CAPITAL

	Number of common shares	Amount
		$
Existing POSaBIT common shareholders	**42,460,609**	**787,919**
Existing POSaBIT common shares to be issued	**3,293,428**	**1,517,259**
Existing POSaBIT preferred shareholders (converted to common)	**25,689,314**	**5,798,541**
Pro forma adjustment (note 3(a)), shares issued to convertible note holder	**549,804**	**50,467**
Pro forma adjustment (note 3 (b)), shares issued pursuant to private placement	**968,145**	**445,535**
Pro forma adjustment (note 3(c)), withdrawn subscription receipts	**(250,000)**	**(115,234)**
Pro forma adjustment (note 2 (a)(i)), shares issued to Foreshore shareholders	**4,250,000**	**1,958,977**
Pro forma adjustment (note 2(d)), cancellation of Foreshore CPC escrow shares pursuant to delist from TSXV	**(1,050,000)**	**(483,982)**

Pro forma balance at July 31, 2018	**75,911,300**	**9,959,482**

5. PRO FORMA RESERVE FOR WARRANTS

	Number of Warrants	Amount
		$
Existing POSaBIT warrant holders	173,640	24,750
Pro forma adjustment (note 2(a)(iii)), agent options issued to Foreshore Agent option holders	43,000	16,748
Pro forma balance at July 31, 2018	**216,640**	**41,498**

6. PRO FORMA CONTRIBUTED SURPLUS

	Number of Options	Amount
		$
Existing POSaBIT Optionholders	**12,270,755**	**285,570**
Pro forma adjustment (note 2(a)(ii)), options issued to Foreshore option holders	**300,000**	**121,687**
Pro forma balance at July 31, 2018	**12,570,755**	**347,470**

7. PRO FORMA EARNING PER SHARE (EPS)

	9 months ended 31-Jul-18	Period from 12-Jun-17* to 31-Oct-17
Weighted average shares outstanding of POSaBIT	22,084,347	24,284,087
Issued to acquire Foreshore (note 2(a)(i))	4,250,000	4,250,000
Withdrawn subscription receipts (note 2(c))	(250,000)	(250,000)
Foreshore CPC shares cancelled (note 2(d))	(1,050,000)	(1,050,000)
Issued to POSaBIT shareholders after 30-Sep-18 (note 3(b))	968,145	968,145
Issued for convertible note (note 3(a))	549,804	549,804
Pro forma basic and diluted weighted average shares outstanding	26,552,296	28,752,036
Pro forma adjusted net loss	$(3,614,525)	$(4,533,653)
Pro forma adjusted basic and diluted loss per share	$(0.14)	$(0.16)

*Date of incorporation.

SCHEDULE I

AUDIT COMMITTEE CHARTER OF THE ISSUER

CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS (the "Board") OF
FORESHORE EXPLORATION PARTNERS CORP.
(Adopted by the Board on January 27, 2017)

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 Each Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

(a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;

(b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;

(c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;

(d) review and discuss with management and the auditors the Company’s audited financial statements and accompanying Management’s Discussion and Analysis of Financial Conditions (“MD&A”), including a discussion with the auditors of their judgments as to the quality of the Company’s accounting principles and report on them to the Board;

(e) review and discuss with management the Company’s interim financial statements and interim MD&A and report on them to the Board;

(f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;

(g) evaluate the external auditor’s performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;

(h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;

(i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company’s financial reports, and report on them to the Board;

(j) oversee and annually review the Company’s Code of Business Conduct and Ethics;

(k) approve material contracts where the Board of Directors determines that it has a conflict;

(l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;

(m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company’s expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;

(n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;

(o) review and monitor all related party transactions which may be entered into by the Company; and

(p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

CERTIFICATE OF FORESHORE EXPLORATION PARTNERS CORP.

Dated December 20, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia, Alberta and Ontario.

(Signed) "*Chris Beltgens*"
Chief Executive Officer, Chief Financial Officer, Corporate Secretary and Director
Foreshore Exploration Partners Corp.

On behalf of the Board of Directors

(Signed) "*Benjamin Gelber*"
Director
Foreshore Exploration Partners Corp.

(Signed) "*Toby Pierce*"
Director
Foreshore Exploration Partners Corp.

CERTIFICATE OF POSABIT, INC.

Dated December 20, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia, Alberta and Ontario.

(signed) “*Ryan Hamlin*
Ryan Hamlin
President, CEO and Director
POSaBIT, Inc.

(signed) “*Stephen Gledhill*”
Stephen Gledhill
Chief Financial Officer
POSaBIT, Inc.

On behalf of the Board of Directors

(Signed) *“Michael Markette*”
Michael Markette
Director
POSaBIT, Inc. .

(signed) “*Paul Fiore*”
Paul Fiore
Director
POSaBIT, Inc.

CERTIFICATE OF PROMOTERS

Dated December 20, 2018

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia, Alberta and Ontario.

(Signed) "*Chris Beltgens*"
Promoter
Foreshore Exploration Partners Corp.

(Signed) "*Toby Pierce*"
Promoter
Foreshore Exploration Partners Corp.

(Signed) "*Benjamin Gelber*"
Promoter
Foreshore Exploration Partners Corp.