



POSaBIT, Inc.

Unaudited Interim Consolidated Financial Statements
Three Months Ended March 31, 2019 and 2018
(Expressed in United States Dollars)

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of POSaBIT, Inc. (the “Company”) have been prepared by and are the responsibility of management. These unaudited interim consolidated financial statements as at and for the three months ended March 31, 2019 and 2018 have not been reviewed by the Company's auditors.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of POSaBIT, Inc., are the responsibility of the management and the Board of Directors (the "Board") of the Company and have been prepared in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim unaudited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

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.

As the Company is a Venture Issuer (as defined under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), 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, as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis 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.

"Ryan Hamlin"

Ryan Hamlin
President and Chief Executive Officer

May 28, 2019

"Stephen M. Gledhill"

Stephen M. Gledhill
Chief Financial Officer

May 28, 2019

POSaBIT, Inc.Unaudited Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)

	March 31, 2019	December 31, 2018
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	659,460	1,433,907
Restricted cash (note 6)	746,903	767,246
Receivables (notes 5 and 14)	848,256	622,044
Due from related parties (note 13)	51,643	10,749
Digital assets (note 3)	8,357	4,326
Inventories (note 7)	65,145	33,452
Prepaid expenses	39,174	46,964
Total current assets	2,418,938	2,918,688
Other asset (note 8)	120,000	120,000
Equipment, net (note 9)	37,892	26,419
Intangible assets (notes 4 and 10)	445,555	409,553
Customer lists (notes 4 and 10)	40,000	40,000
Goodwill (note 4)	511,000	511,000
Total assets	3,573,385	4,025,660
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities	3,534,059	3,248,150
Total current liabilities	3,534,059	3,248,150
Note payable (note 11)	200,000	200,000
Total liabilities	3,734,059	3,448,150
Shareholders' equity (deficiency)		
Share capital (note 12)	758,614	756,912
Preferred shares (note 12)	5,784,834	5,784,834
Common shares to be issued (note 12)	1,942,010	1,942,010
Warrants reserve (note 12)	24,750	24,750
Contributed surplus (note 12)	381,138	353,008
Deficit	(9,052,019)	(8,284,004)
Total shareholders' equity (deficiency)	(160,673)	577,510
Total liabilities and shareholders' equity (deficiency)	3,573,386	4,025,660

Approved for filing by the Board of Directors

"Mike Markette" _____ (Director)

"Ryan Hamlin" _____ (Director)

POSaBIT, Inc.

Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31,

(Expressed in United States Dollars)

	2019	2018
	\$	\$
REVENUE		
Digital assets processing services	1,065,004	258,919
Total revenue	1,065,004	258,919
COST OF SALES		
Processing fees	518,837	154,344
Software license fees	106,321	38,613
Hardware cost of sales	99,087	35,656
Sales labour and commissions	215,376	29,000
Total cost of sales	939,621	257,613
Gross margin	125,383	1,306
OPERATING EXPENSES		
Amortization and depreciation	85,961	36,623
Forex	20,342	-
General and administration	100,780	45,095
Marketing	86,396	12,416
Meals and entertainment	13,641	9,534
Professional fees	197,213	107,656
Rent	16,385	8,419
Salaries and wages	346,740	180,164
Share-based compensation <i>(note 12)</i>	35,184	7,432
Travelling	29,406	14,932
Total operating expenses	932,048	422,271
OTHER EXPENSES		
Change in fair value of digital assets	4,033	(1,776)
Change in expected credit losses	37,142	-
Change in fair value of derivative liability	-	(115,007)
Finance Costs	(8,877)	(367,211)
Total other expenses	32,298	(483,994)
Loss and comprehensive loss	(774,367)	(904,959)
Basic and diluted loss per common share	(0.031)	(0.045)
Basic and diluted weighted average number of common shares outstanding	25,373,371	20,066,535

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

POSaBIT, Inc.

Unaudited Interim Consolidated Statement of Changes in Equity (Deficiency)

(Expressed in United States Dollars)

	Common shares		Shares to be issued	Preferred shares		Contributed surplus	Warrants reserve	Deficiency	Total
	Number	Amount		Number	Amount				
		\$	\$		\$	\$	\$	\$	\$
January 1, 2018	18,863,461	145,652	-	-	-	85,525	24,750	(4,389,252)	(4,133,325)
Shares issued to DoubleBeam shareholders on acquisition	3,446,786	400,404	-	-	-	-	-	-	400,404
Shares held pending completion of public transaction	577,320	-	54,969	-	-	-	-	-	54,969
Redemption of capital	(668,873)	(19,917)	-	-	-	-	-	-	(19,917)
Share-based compensation	-	-	-	-	-	7,432	-	-	7,432
Net loss	-	-	-	-	-	-	-	(904,959)	(904,959)
March 31, 2018	22,223,694	526,139	54,969	-	-	92,957	24,750	(5,294,211)	(4,595,396)
Preferred shares issued for cash	-	-	-	1,075,000	430,000	-	-	-	430,000
Cost of issued shares	-	-	-	-	(73,686)	-	-	-	(73,686)
Shares to be issued for cash	2,187,985	-	1,767,091	-	-	-	-	-	1,767,091
Shares to be issued, until IPO	549,804	-	50,000	-	-	-	-	-	50,000
Cost of shares to be issued	-	-	(10,519)	-	-	-	-	-	(10,519)
Shares issued to DoubleBeam shareholders on acquisition	1,898,944	200,596	-	-	-	-	-	-	200,596
Shares issued on conversion	-	-	-	13,571,300	5,428,520	-	-	-	5,428,520
Shares issued for debt	99,127	-	80,469	-	-	-	-	-	80,469
Exercise of options	1,250	500	-	-	-	-	-	-	500
Share-based compensation	85,520	10,177	-	-	-	260,051	-	-	270,228
Net loss	-	-	-	-	-	-	-	(2,989,793)	(2,989,793)
December 31, 2018	27,046,324	756,912	1,942,010	14,646,300	5,784,834	353,008	24,750	(8,284,004)	577,510
Exercise of options	10,000	1,000	-	-	-	-	-	-	1,000
Fair value of exercised options	-	702	-	-	-	(702)	-	-	-
Expiry of options	-	-	-	-	-	(6,352)	-	6,352	-
Share-based compensation	-	-	-	-	-	35,184	-	-	35,184
Net loss	-	-	-	-	-	-	-	(774,367)	(774,367)
March 31, 2019	27,056,324	758,614	1,942,010	14,646,300	5,784,834	381,138	24,750	(9,052,019)	(160,673)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

POSaBIT, Inc.
 Unaudited Interim Consolidated Statements of Cash Flows
 For the three months ended March 31,

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(774,367)	(904,959)
Adjustment for non-cash items		
Amortization and depreciation		
Change in fair value of derivative liability	85,961	36,623
Change in fair value of digital assets	(4,033)	1,776
Change in expected credit losses	(37,142)	-
Forex	20,343	-
Interest accretion on convertible debentures and notes	-	372,269
Stock based compensation	35,184	7,432
Changes in operating assets and liabilities:		
Receivables	(189,069)	(293,907)
Digital assets	2	1,187
Inventories	(31,693)	2,131
Prepaid expenses	7,790	(32,154)
Accounts payable and accrued liabilities	285,907	337,127
Net cash used for operating activities	(601,117)	(357,468)
INVESTING ACTIVITIES		
Purchase of equipment	(15,318)	(22,285)
Purchase of intangible assets	(118,118)	(70,695)
Net cash used for investing activities	(133,436)	(93,080)
FINANCING ACTIVITIES		
Issuance of convertible notes	-	350,000
Exercise of options	1,000	-
Repayments from (to) related parties	(40,894)	-
Net cash provided by (used for) financing activities	(39,894)	350,000
Net increase in cash and cash equivalents during the period	(774,447)	(100,548)
Cash and cash equivalents, beginning of year	1,433,907	207,879
Cash and cash equivalents, end of period	659,460	107,331

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

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 use it to purchase goods and services. The registered address of the Company is 1128 8th Street, Kirkland, Washington 98033.

These unaudited interim consolidated financial statements (the “Consolidated Financial Statements”) have been prepared using International Financial Reporting Standards (“IFRS”) applicable to going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Consolidated Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

As at March 31, 2019, the Company has a reported working capital deficit of \$1,115,121 (December 31, 2018 – \$329,462) and has shareholders’ deficiency \$160,673 (December 31, 2018 – equity of \$577,510). 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 upon the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited 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”).

The Consolidated Financial Statements were approved and authorized for issuance by the Board on May 28, 2019.

Basis of presentation and measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured on amortized cost or at fair value. In addition, these unaudited interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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 are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

Basis of consolidation

The Consolidated Financial Statements consolidate the accounts of the Company and its wholly-owned subsidiary, DoubleBeam, Inc. (“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. DIGITAL ASSETS

Digital assets consist of Bitcoin (BTC) and Litecoin (LTC) coins.

4. BUSINESS COMBINATION AND GOODWILL (2018)**Acquisition of DoubleBeam**

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam (“Acquisition”), an unlisted 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 using the acquisition method.

The total purchase price paid for DoubleBeam was \$621,000 by way of the Company issuing common shares in the amount for 22.7% of the fair value of its common shares on February 16, 2018.

The fair value of the identifiable assets and liabilities of DoubleBeam as at the date of acquisition were:

	Total
	\$
Purchase Price:	
Shares exchanged	621,000
	621,000
Net assets acquired:	
Cash	17,400
Accounts receivable	45,600
Equipment	18,000
Intangible assets	51,000
Customer list and software	40,000
Accounts payable	(62,000)
Goodwill	511,000
	621,000



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

*(Expressed in United States Dollars)***5. RECEIVABLES**

	March 31, 2019	December 31, 2018
	\$	\$
Receivables	856,824	778,869
Impairment of receivables	-	(65,475)
Allowance for expected credit losses	(8,568)	(45,310)
	848,256	622,044

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 \$8,568 for the three months ended March 31, 2019 (2018 - \$nil).

6. RESTRICTED CASH

In September 2018, POSaBIT issued 1,264,432 subscription receipts for common shares to be issued, raising \$882,480 (C\$965,520) in cash, \$60,000 in digital assets and a reduction of \$80,469 in accounts payable and accrued liabilities. On December 14, 2018, a subscriber withdrew \$115,234 (C\$150,000) in subscription receipts, representing 142,533 shares to issued. The funds are being held in trust by the escrow agent and will be released upon completion of a go-public transaction. As at March 31, 2019, the balance of Canadian funds held has been converted to \$746,903 (December 31, 2018 - \$767,246).

See note 16 for details of the transaction, which comprises consideration received by the POSaBIT shareholders and subscription receipt holders pursuant to a merger (the "Merger") in consideration for their POSaBIT shares and subscription receipts, being 1.7539815 Foreshore shares for each POSaBIT share or subscription receipt held.

7. INVENTORIES

	March 31, 2019	December 31, 2018
	\$	\$
Finished goods	65,145	33,452
	65,145	33,452

8. OTHER ASSET

The other asset in the amount of \$120,000 is a surety bond provided by Philadelphia Insurance and required for the Company's Money Transfer Licence in Washington State.



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

*(Expressed in United States Dollars)***9. EQUIPMENT, net**

Cost	
	\$
January 1, 2018	15,511
Additions from the acquisition <i>(note 4)</i>	18,000
December 31, 2018	37,419
Additions	15,318
March 31, 2019	52,737
Accumulated Depreciation	
January 1, 2018	522
Depreciation	10,478
December 31, 2018	11,000
Depreciation	3,845
March 31, 2019	14,845
Net Book Value	
December 31, 2018	26,419
March 31, 2019	37,892

10. INTANGIBLE ASSETS, net

Intangible assets relate to software internally generated and acquired from DoubleBeam and a customer list acquired from DoubleBeam.

Software

	\$
January 1, 2018	251,842
Additions	491,350
Additions from acquisition <i>(note 4)</i>	50,000
December 31, 2018	793,192
Additions	118,120
March 31, 2019	911,312
Accumulated Amortization	
January 1, 2018	122,381
Amortization	261,258
December 31, 2018	383,639
Amortization	82,118
March 31, 2019	465,757



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

Net Book Value	
December 31, 2018	409,553
March 31, 2019	445,555

Customer List

	\$
December 31, 2018 and March 31, 2019	40,000

11. NOTE PAYABLE

On September 20, 2018, the Company issued an unsecured note payable (the "Note") in the amount of \$200,000. 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. There is a 9% penalty if repaid within the first six months of issuance, and no penalty after six months. The note payable matures on September 30, 2020. For the 3 months ended March 31, 2019, interest expense of \$8,877 (2018 - \$nil) has been recorded.

12. SHARE CAPITAL***Common and preferred shares***

The Company is 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.

2019

In January 2019, the Company issued 10,000 common shares on the exercise of options that raised \$1,000. The fair value of the exercised options of \$702 was transferred from contributed surplus to share capital.

2018

In October 2018, the Company raised additional financing of \$445,535 with the issuance of 551,967 common shares at \$0.81 each.

In October 2018, the Company issued a convertible note with a face amount of \$50,000. The note accrues interest at 1% per year, which converted to 549,804 Resulting Issuer (as defined hereinafter) common shares to be issued.

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.



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(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.

In May and June 2018, the Company issued 1,075,000 preferred shares for cash with costs of issuance of \$73,686, raising gross and net proceeds of \$430,000 and \$356,314, respectively.

In February 2018, 5,345,730 common shares were issued as consideration for the DoubleBeam acquisition.

In January 2018, the Company redeemed 663,873 shares of common stock from the CEO at \$0.03 per share.

Common shares to be issued**2018**

In September 2018, gross proceeds of \$907,025 were raised with the issuance of 1,121,899 subscription receipts. Costs of the issuance amounted to \$10,519.

In August 2018, \$145,000 was raised for which 179,638 common shares are to be issued. In addition, 99,127 common shares are to be issued in settlement of debt in the amount of \$80,469.

In June 2018, \$350,000 was raised for which 433,608 common shares are to be issued.

In March 2018, 577,320 common shares were held in escrow pending the completion of the going-public transaction.

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 \$0.25 per share and expires on the date of the go-public transaction (note 18). The fair value of these warrants on the grant date is \$24,750.

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 \$35,184 for the three months ended March 31, 2019 (2018: \$7,432). The fair value of the options issued during the three months ended March 31, 2019 was \$nil (2018: \$241,852). The grant-date fair values of the options issued during the first quarter of 2018, were estimated using the Black-Scholes option pricing model with the following weighted-average assumptions: share price of \$0.18, exercise price of \$0.29, dividend yield of nil, risk-free rate of 1.76%, expected life of 4.6 years and volatility of 148.1%.

The number and prices of the outstanding options are as follows:

	Number of options	Weighted average price
		\$
Outstanding, as at January 1, 2018	3,518,125	0.05



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

Issued during 2018	3,477,826	0.05
Exercised/cancelled during 2018	(1,250)	0.05
Outstanding, as at December 31, 2018	6,994,701	0.05
Exercised/cancelled during the period	(150,000)	0.05
Outstanding, as at March 31, 2019	6,844,701	0.16
Exercisable, as at March 31, 2019	4,390,852	0.25

13. 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 licence fees paid to PlaceFull Inc., a company in which the CEO owns significant shareholdings.

Key management compensation

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, named executive officers, being the Chief Executive Officer and the Chief Financial Officer. Others include the Company's Chief Technology Officer and its Chief Revenue Officer. Related-party compensation paid or payable to key management is detailed below:

	March 31, 2019	March 31, 2018
	\$	\$
Executive Compensation to key managers	134,000	30,000
Licence Fees to PlaceFull Inc.	30,000	30,000
Totals	164,000	60,000

At March 31, 2019, the Company had loans from shareholders amounting to \$51,543 (December 31, 2018 - \$10,749). These loans are unsecured, interest free and due on demand

During the comparative three months ended March 31, 2018, the loan to PlaceFull Inc. in the amount of \$19,917, was repaid through the surrender and redemption of 663,873 common shares by the Company's CEO.

During the three months ended March 31, 2019, the Company provided loans to PlaceFull Inc. in the amount of \$48,894 (2018 - \$nil). These loans were unsecured, interest free and due on demand.

During three months ended March 31, 2019 (year ended December 31, 2018), related parties subscribed for, or were otherwise issued, the following securities:



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

	2019	2018
	#	#
Common shares	-	199,040
Preferred shares (issued for cash)	-	37,500
Preferred shares (issued on conversion of debt)	-	3,641,303
Shares to be issued	-	30,972
Total	-	3,908,815

14. FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of 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; and

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.

At March 31, 2019, the Company's financial instruments consist of cash and cash equivalents, receivables, restricted cash, due from related parties, accounts payable and accrued liabilities, and note payable and for the comparative year, derivative liability. The fair values of cash and cash equivalents, restricted cash, accounts receivable, due from related parties, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity nature. The Company classifies its notes payable as FVTPL. The inputs used to fair value the notes payable are as follows:

March 31, 2019	Level 1	Level 2	Level 3	31-Dec-18
	\$	\$	\$	\$
Financial Liabilities				
Note payable	-	200,000	-	200,000
	-	200,000	-	200,000

December 31, 2018	Level 1	Level 2	Level 3	31-Dec-18
	\$	\$	\$	\$
Financial Liabilities				
Note payable	-	200,000	-	200,000
	-	200,000	-	200,000

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.



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables and monies due from its processors.

The Company believes that its receivables balance is fully collectable. As of March 31, 2019, \$848,256 (December 31, 2018 – \$622,044) in receivables remains outstanding. The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables:

March 31, 2019	1-30	31-60	61-90	>90	Total
Accounts receivable outstanding	586,969	130,717	103,631	35,507	856,824
Expected loss rate (%)	0.50	1.75	2.25	3.00	
Loss allowance provision	2,934	2,287	2,331	1,016	8,568
Accounts receivable, net	584,035	128,430	101,300	34,491	848,256

December 31, 2018	1-30	31-60	61-90	>90	Total
Accounts receivable outstanding	514,700	62,981	3,766	85,871	667,354
Expected loss rate	7%	6%	6%	6%	
Loss allowance provision	36,029	3,865	264	5,152	45,310
Accounts receivable, net	478,671	59,116	3,502	80,719	622,044

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) Interest rate risk

The Company is subject to interest rate risk on future cash flows as the note payable bears a fixed rate of interest. The related party loans are interest free.

d) 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 three months ended March 31, 2017 or the year ended December 31



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

2018. There are no external capital management requirements or covenants as at March 31, 2019 and December 31, 2018.

15. COMMITMENTS**Software Licence**

The Company has a software licence agreement with PlaceFull, requiring it to pay \$10,000 per month to PlaceFull to use their payment, billing and customer management software perpetually 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.

Year	Total
	\$
2019 (remainder)	52,721
2020	23,555
Total	92,698

The Company also has additional consulting commitments summarized in the table below.

	2019	2020
	\$	\$
Consulting	82,500	-
Totals	82,500	-

Consulting commitments include \$33,000 payable to a company controlled by the Company's CFO.

16. SUBSEQUENT EVENTS**(a) Canadian Securities Exchange ("CSE") listing**

On April 8 2019, the Company commenced trading on the CSE under the symbol PBIT.

(b) Transaction with Foreshore Exploration Partners Corp. ("Foreshore")

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. The Transaction will constitute a reverse take-over of Foreshore. It does not meet the definition of a business combination. Once completed, the go-forward company (the "Resulting Issuer") will issue 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;



POSaBIT, Inc.

Notes to the Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in United States Dollars)

- 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.

