Calyx Ventures Inc.
(formerly Calyx Bio-Ventures Inc.)

Consolidated Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

For the years ended
December 31, 2017 and 2016

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Calyx Ventures Inc.

We have audited the accompanying consolidated financial statements of Calyx Ventures Inc. (formerly Calyx Bio-Ventures Inc.), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Calyx Ventures Inc. (formerly Calyx Bio-Ventures Inc.) as at December 31, 2017 and 2016, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Calyx Ventures Inc.'s ability to continue as a going concern.

(signed) "DMCL LLP"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 30, 2018

CALYX VENTURES INC (formerly CALYX BIO-VENTURES INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at

		December 31, 2017		December 31, 2016
ASSETS				
Current				
Cash	$	393,676	$	188,657
Receivables (Note 4)		63,791		19,388
Digital currencies (Note 5)		34,048		-
Prepaid expenses and deposits		50,931		47,646
		542,446		255,691
Non-current assets				
Equipment (Note 6)		777,004		12,436
Intangible assets (Note 7)		913,733		609,239
Total Assets	$	2,333,183	$	877,366
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 10, 13)	$	553,278	$	44,623
Promissory note (Note 9)		52,000		141,302
		605,278		185,925
Non-current liabilities				
Unearned revenue		5,500		5,500
Total Liabilities		610,778		191,425
Shareholders' Equity				
Capital stock (Note 11)		9,847,086		7,680,624
Subscriptions received (Note 18)		28,750		-
Contributed Surplus (Note 11)		2,763,656		2,570,076
Deficit		(11,017,087)		(9,564,759)
		1,622,405		685,941
Total Liabilities and Shareholders' Equity	$	2,233,183	$	877,366

Nature and Continuance of Operations (Note 1)
Subsequent Event (Note 18)

Approved and authorized for issue by the Board of Directors:

"Roger Forde"	Director	*"Gavin McMillan"*	Director
Roger Forde		Gavin McMillan	

CALYX VENTURES INC. (formerly CALYX BIO-VENTURES INC.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended December 31, 2017		Year ended December 31, 2016
REVENUE	$	128,375	$	105,438
COST OF SALES (Note 13)		52,845		44,301
GROSS PROFIT		75,530		61,137
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
Depreciation (Note 6)		17,000		3,589
Depreciation of intangible assets (Note 7)		126,806		134,696
Development expenses		530,743		18,457
Payroll costs		16,296		-
Personnel costs (Note 13)		292,876		123,410
Professional and regulatory		95,186		63,832
Investor relations		15,635		10,510
Office and administrative		87,564		43,061
Share-based compensation (Note 11)		344,169		358,412
		(1,526,275)		(755,967)
OTHER INCOME (EXPENSES)				
Accretion		8,698		(1,369)
Change in fair value of digital currency		1,352		-
Foreign exchange gain		(319)		(141)
Other income		(8,148)		-
Net and comprehensive loss	$	(1,452,328)	$	(696,340)
Basic and diluted loss per common share	$	(0.02)	$	(0.01)
Weighted average number of common shares outstanding		63,294,549		52,473,836

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

CALYX VENTURES INC. (formerly CALYX BIO-VENTURES INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2017	Year Ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (1,452,328)	$ (696,340)
Items not affecting cash:		
Accretion	8,698	1,369
Depreciation	17,000	3,589
Revaluation of cryptocurrencies	1,352	-
Depreciation of intangible assets	126,806	134,696
Share issued for management bonus	-	25,000
Share issued for management fees	-	25,000
Share-based compensation	344,169	308,412
Changes in working capital items relating to operations:		
Receivables	(44,405)	(3,630)
Prepaid expenses and deposits	(3,285)	(22,979)
Digital currencies	(35,400)	-
Accounts payable and accrued liabilities	173,656	7,025
Unearned revenue	-	(2,500)
Net cash flows used in operating activities	(863,737)	(220,358)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(446,568)	-
Acquisition of intangible assets	-	(50,000)
Net cash flows used in investing activities	(446,568)	(50,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of shares, net of issuance costs	1,584,574	323,932
Subscriptions received	28,750	-
Repayment of promissory note	(98,000)	-
Net cash flows provided from financing activities	1,515,324	451,432
Change in cash during the period	205,019	181,074
Cash, beginning of period	188,657	7,583
Cash, end of period	$ 393,676	$ 188,657

Non-cash investing and financing activities		
Shares issued for acquisition of intangible assets	$ 431,300	$ 262,500
Equipment in accounts payable	335,000	-
Promissory note issued for acquisition of intangible assets	-	150,000
Share issued for services received	-	71,000
Fair value of options exercised	-	63,529

CALYX VENTURES INC. (formerly CALYX BIO-VENTURES INC.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Capital Stock					
	Number	**Amount**	**Subscriptions Received**	**Contributed Surplus**	**Deficit**	**Total**
Balance as at December 31, 2015	**50,618,673**	**$ 6,832,163**	**$ -**	**$ 2,325,193**	**$ (8,868,419)**	**$ 288,937**
Units issued for private placement	4,701,571	329,110	-	-	-	329,110
Share issuance cost	-	(5,178)	-	-	-	(5,178)
Shares issued for services	1,014,285	71,000				71,000
Shares issued for intangible assets	2,500,000	262,500	-	-	-	262,500
Shares issued from options exercised	2,550,000	191,029	-	(63,529)	-	127,500
Share-based compensation	-	-	-	308,412	-	308,412
Loss for the year	-	-	-	-	(696,340)	(696,340)
Balance as at December 31, 2016	**61,384,529**	**7,680,624**	**-**	**2,570,076**	**(9,564,759)**	**685,941**
Subscriptions received	-	-	28,750	-	-	28,750
Shares issued for intangible assets	4,540,000	431,300	-	-	-	431,300
Private placement	14,857,143	1,040,000	-	-	-	1,040,000
Share options exercised	1,250,000	287,839	-	(150,589)	-	137,250
Share-based compensation	-	-	-	344,169	-	344,169
Warrants exercised	3,014,286	452,143	-	-	-	452,143
Share issue costs	-	(44,820)	-	-	-	(44,820)
Loss for the year	-	-	-	-	(1,452,328)	(1,452,328)
Balance as at December 31, 2017	**85,045,958**	**$ 9,847,086**	**$ 28,750**	**$ 2,763,656**	**$ (11,017,087)**	**$ 1,622,405**

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Calyx Ventures Inc. (formerly Calyx Bio-Ventures Inc.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 10, 2008. The registered address of the Company is located at 2200 – 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The Company, through its wholly owned subsidiaries, is in the business of bringing technology solutions to advanced indoor agriculture, including the mining of digital currencies.

Going concern

These consolidated financial statements have been prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned significant revenue and has an accumulated deficit of $11,017,087. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and/or achieve profitable operations in the future. The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations. Management will pursue funding initiatives if, as and when required to meet the Company's requirements on an ongoing basis. Nevertheless, there is no assurance that these initiatives will be successful or sufficient. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary if the Company were not to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 30, 2018.

Basis of preparation and consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Cannigistics Agri-Solutions Corp., LEAFHub Technology Inc., and Canada Blockchain Hosting Corp. All intercompany balances and transactions have been eliminated upon consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Critical accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future.

Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

2. BASIS OF PRESENTATION (continued)

Critical accounting judgments and estimates (continued)

Intangible assets

The Company's intangible assets relate to acquired technology. The Company reviews the carrying value of amortizable intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In assessing the recoverability of these intangible assets, the Company must make assumptions regarding estimated future cash flows, market conditions and other factors to determine the fair value of the assets. If these estimates or related assumptions change in the future, the Company may be required to record impairment charges for these assets.

Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations. The Company determined that Canada Blockchain Hosting Corp. (Note 8) did not meet the criteria for a business based on the indicators outlined by IFRS 3. As such, the Company determined that the acquisition of Canada Blockchain Hosting Corp. was not a business combination and accordingly it was accounted for as an asset acquisition.

Impairment of assets

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

Revenue Recognition

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IAS 18, Revenues, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Digital currency valuation

Digital currencies consist of cryptocurrency denominated assets (Note 5) and are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the hourly volume weighted average from www.cryptocompare.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The Company's consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect at the reporting date. Non-monetary assets and liabilities are translated using historical exchange rates. Revenue and expense items are translated at the average exchange rate during the year. Exchange gains and losses are recognized in profit or loss.

Digital currencies

Digital currencies consist of cryptocurrency denominated assets (Note 5) and are included in current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through the statement of profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the US dollar.

Equipment

Equipment is carried at cost less accumulated depreciation. The Company provides for depreciation of its equipment using the declining balance method with annual rates ranging from 20% to 55%.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash- generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that 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 reversal of an impairment loss is recognized immediately in profit or loss.

Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss. The Company records the revaluation gains and losses in the Statement of Loss.

Loss per common share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year excluding contingently issuable shares, if any. Since the Company's stock options are anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

Intangible assets

Intangible assets with finite lives consist of acquired technologies and software. Intangible assets with finite lives are depreciated on a straight-line basis over their estimated useful lives of three years and are measured at cost less accumulated depreciation and accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments
The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Financial liabilities are classified as either fair value through profit or loss or other financial liabilities, based on the purpose for which the liability was incurred, and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument. Other financial liabilities comprise trade payables and accrued liabilities and promissory note payable are 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 statement of financial position. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Share-based compensation and other share-based payments
The Company records all share-based compensation awards to the Company's officers, directors and employees at fair value of the awards at the date they are granted. The Company records all share-based compensation awards to the Company's non-employees at fair value of the awards at measurement date. Graded vesting awards are accounted for as though each installment is a separate award. The fair value of stock options is determined using the Black-Sholes option pricing model. The estimate of fair value requires the determination of the most appropriate inputs to the model including the expected life of the award and volatility and making assumptions about them. The fair value of stock options that vest in the year is recorded as an expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Deferred tax is provided using the 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. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in associates, where deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 at the reporting date.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and has the ability to use or sell the asset. The expenditures capitalized includes cost of materials, direct labor, and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalized development expenditures will be amortized over it useful life once the product is available for use.

Business combinations

The Company accounts for a transaction as a business combination when the acquisition of an asset or group of assets constitutes a business and when the Company obtains control of the entity being acquired.

Business combinations are accounting for using the acquisition method. In applying the acquisition method, the Company separately records the identifiable assets acquired, the liabilities assumed, and goodwill acquired and any non-controlling interest in the acquired entity.

The Company measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, less any non-controlling interest at fair value. Goodwill is measured as the excess of the fair value of the consideration transferred, less any non-controlling interest in the entity being acquired over the fair value of the net identifiable assets acquired. The consideration transferred in a business combination is measured as the aggregate of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquired entity and the equity interests issued by the Company.

Acquisition costs in connection with a business combination are expensed as incurred. Those costs include finder’s fees, professional fees, consulting fees and general administrative costs.

New accounting standards effective January 1, 2017

The Company has adopted the narrow scope amendments to IFRS 12 - Disclosure of Interests in Other Entities, IAS 7 - Statement of Cash Flows and IAS 12 - Income Taxes which are effective for annual periods beginning on or after January 1, 2017. The amendments did not have an impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended accounting standards not yet effective for the year ended December 31, 2017

Revenue Recognition
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018. The adoption of this standard is not expected to materially impact the Company's consolidated financial statements.

Financial instruments
In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The adoption of this standard will not impact the Company's financial statements as currently the Company does not hold any financial instruments for which the underlying accounting will be impacted.

Leases
In January 2016, the IASB published a new accounting standard, IFRS 16 – Leases ("IFRS 16") which supersedes IAS 17 – Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, has also been applied. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its consolidated financial statements.

4. RECEIVABLES

	December 31, 2017	December 31, 2016
Trade receivables	$ 10,364	$ 2,135
GST receivable	53,427	17,253
	$ 63,791	$ 19,388

5. DIGITAL CURRENCIES

Digital currencies are recorded at their fair value on the date they are received as revenues, and are revalued to their current market value at each reporting date. Fair value is determined by taking the hourly volume weighted average price (per the Central European Time zone) from www.cryptocompare.com.

	December 31, 2017	December 31, 2016
Bitcoin	$ 13,336	$ -
Ethereum	20,712	-
	$ 34,048	$ -

(Expressed in Canadian Dollars)

6. EQUIPMENT

		Computer Equipment
Balance December 31, 2015	$	16,025
Depreciation for the period		(3,589)
Balance December 31, 2016		12,436
Additions		781,568
Depreciation for the period		(17,000)
Balance December 31, 2017	$	777,004

7. INTANGIBLE ASSETS

As of December 31, 2017, the Company's intangible assets consist entirely of software. The Company's intangible assets are as follows:

		Software
Balance December 31, 2015	$	291,502
Addition		452,433
Depreciation		(134,696)
Balance December 31, 2016		609,239
Addition		431,300
Depreciation		(126,806)
Balance December 31, 2017	$	913,733

On November 10, 2016, the Company acquired the rights to software. In consideration for the acquisition, the Company issued 2,500,000 common shares valued at $0.105 per share, paid $50,000 cash, and issued a promissory note payable (the "Note") having a principal balance of $150,000 payable on November 10, 2017. The Note does not bear any stated terms of interest and accordingly, the Company recorded its fair value to $139,933 at inception. The resulting debt discount of $10,067 was accreted by way of a charge to the Company's statement of loss and comprehensive loss over the term of the Note using an effective interest rate of 7%. During the year ended December 31, 2017, upon determining to repay the Note in its entirety, the Company recorded accretion of the remaining debt discount in the amount of $8,698 (2016: $1,369)

On May 2, 2017, the Company issued 4,540,000 common shares valued at $0.095 per share for a total of $431,300 to complete the acquisition of the remaining rights to the software which it did not already own.

8. ACQUISITION OF CANADA BLOCKCHAIN HOSTING CORP.

On November 14, 2017, the Company acquired 100% of the outstanding common shares and preferred shares (the "Transaction") of Canada Blockchain Hosting Corp. ("CBH"), for consideration of $400,000 cash. CBH held certain equipment and software.

The transaction has been accounted for as an asset acquisition with the value of the computer equipment and software acquired in the transaction expenses as development expenses during the year ended December 31, 2017.

(Expressed in Canadian Dollars)

9. PROMISSORY NOTE

As of December 31, 2017, the Company's promissory note consisted of the following:

Balance, December 31, 2015	**$**	**-**
Issued		150,000
Accretion expense		1,369
Discount recognized		(10,067)
Balance, December 31, 2016		**141,302**
Accretion expense		8,698
Repayment		(98,000)
Balance, December 31, 2017	**$**	**52,000**

During the year ended December 31, 2017, the Company recorded accretion expense of $8,698 and repaid $98,000. Subsequent to year end, the Company repaid the remaining balance of $52,000.

10. ACCOUNTS PAYABLE

		December 31, 2017		**December 31, 2016**
Accounts payable	$	510,216	$	10,470
Accrued liabilities		43,062		34,153
Total	$	553,278	$	44,623

11. SHARE CAPITAL

Capital Stock

Authorized:
Common shares: unlimited number, without par value;
Preferred shares: unlimited number, issuable in series.

Issued and outstanding shares:

During the year ended December 31, 2017, the Company:

Issued 4,540,000 common shares valued at $0.095 per share to complete the acquisition of the rights to its software platform (Note 7).

Issued 14,857,143 common shares at $0.07 from a non-brokered private placement for gross proceeds of $1,040,000. Each Unit consists one common share of the Company, and one-half-of-one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable to acquire one additional common share of the Company at a price of $0.15 per share for a period of twenty-four months.

Issued 1,150,000 common shares at $0.115 from the exercise of options for gross proceeds of $132,250. These options had a initial fair value of $141,869.

Issued 100,000 common shares at $0.05 from the exercise of options for gross proceeds of $5,000. These options had an initial fair value of $8,720.

Issued 3,014,286 common shares at $0.15 from the exercise of warrants for gross proceeds of $452,143.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

During the year ended December 31, 2016, the Company:

Completed an issuance of 5,715,856 units. Included in this issuance was a private placement of 4,701,571 units for proceeds of $329,110 and 1,014,285 units issued for services in the amount of $71,000. Each unit consists of one common share of the Company and one-half-of-one common share purchase warrant. Each full warrant is exercisable to acquire one additional common share at $0.15 per share for a period of 2 years. There were no proceeds allocated to the warrants in the private placement and, in connection with the private placement, the Company incurred share issue costs of $5,178.

Issued 2,500,000 common shares to acquire the rights to software with a fair value of $262,500 (Note 7).

Issued 2,550,000 common shares at $0.05 from the exercise of options for gross proceeds of $127,500.

Cancelled 733,219 common shares and issued 3,000,000 common shares in connection with the acquisition of an asset.

Common share purchase warrants

Common share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2015	-	$ -
Issued	2,857,929	0.15
Balance, December 31, 2016	2,857,929	$ 0.15
Issued	7,428,571	0.15
Exercised	(3,014,286)	0.15
Balance, December 31, 2017	7,272,214	$ 0.15

As at December 31, 2017, the outstanding share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
543,643	$ 0.15	October 28, 2018
6,728,571	$ 0.15	November 10, 2019
7,272,214		

Stock options

The Company has a “rolling” stock option plan (the “Plan”) that allows the Company to issue a number of stock options of up to 10% of the Company’s issued and outstanding common shares at any given time. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or not more than 2% of the issued shares on a yearly basis if granted to any one consultant or to any one employee engaged in investor relations activities. The term, subject to a maximum of ten years, and vesting period of the options is determined by the Board of Directors. The exercise price of the options are required to have an exercise price no less than the Discounted Market Price (as such term is defined in the policies of the TSX Venture Exchange, or “TSX-V”), or such other price as may be required by the TSX-V; there are no cash settlement alternatives for the option holders.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (CONTINUED)

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2015	2,650,000	$ 0.050
Exercised	(2,550,000)	0.050
Granted	2,500,000	0.115
Balance, December 31, 2016	2,600,000	$ 0.115
Exercised	(1,250,000)	0.110
Granted	1,650,000	0.210
Balance, December 31, 2017	3,000,000	$ 0.167

In November 2017, the Company granted 1,650,000 incentive stock options to directors, officers and consultants of the Company. The options are exercisable at $0.21 per share for a period of 5 years and vested on the date of their grant. The fair value of these options was $344,169. The value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility 171.49%, risk-free interest rate 0.86%, and an expected life of five years.

As at December 31, 2017, the following stock options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life in Years
October 24, 2021	$ 0.115	1,350,000	3.82
November 19, 2022	$ 0.210	1,650,000	4.89
	$ 0.167	3,000,000	4.41

During the year ended December 31, 2016, the Company:

In October 2016, the Company granted 2,500,000 incentive stock options to directors, officers and consultants of the Company. The options are exercisable at $0.115 per share for a period of 5 years and vested on the date of their grant. The fair value of these options was $308,412. The value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility 171.49%, risk-free interest rate 0.66%, and an expected life of five years.

On June 12, 2015, 2,650,000 options were granted to directors and consultants of the Company. These options vested on issue, have a five year term and are exercisable at $0.05 per share. The calculated value of these options was $66,020 and is included in share-based compensation expense with the corresponding credit in contributed surplus. The value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0.0%, expected volatility 118.68%, risk-free interest rate 0.94%, and an expected life of five years.

As at December 31, 2016, the following stock options were outstanding:

Expiry date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life in Years
June 12, 2020	$0.050	100,000	3.45
October 24, 2021	$0.115	2,500,000	4.82
	$0.113	2,600,000	4.76

12. FINANCIAL INSTRUMENTS

Recognition and Measurement
The Company has made the following classifications for its financial instruments:

a) Cash and receivables are classified as loans and receivables;
b) Accounts payable are classified as other financial liabilities; and
c) Promissory note is classified as other financial liabilities.

Management of Financial Risk
The Company, through its financial assets and liabilities, is exposed to various risks. The following is an analysis of risks as at December 31, 2017:

Financial Risk Management
The Board of Directors is responsible for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables and accounts payable.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and accounts and other amounts receivable. The cash consists of operating funds with two commercial banks. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates.

Exchange Risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is exposed to foreign exchange risk on its cash and its obligations under accounts payable.

The Company has expenditures denominated in US dollars. Fluctuations in the value of the US dollar relative to the Canadian dollar are not expected to have a significant impact the Company's results from operations.

13. RELATED PARTY TRANSACTIONS

Key management personnel include directors and senior management members. The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Year ended December 31, 2017	Year ended December 31, 2016
Bonus	$ 25,000	-
Management fees	132,000	$ 108,581
	$ 157,000	$ 108,581

As at December 31, 2017, accounts payable and accrued liabilities includes $53,218 owed to the CEO, a company controlled by the CEO and a director (December 31, 2016: $18,531). These balances bear no specific terms of interest or repayment.

During the year ended December 31, 2017, the Company reimbursed a company controlled by an officer $39,000 (2016 – $9,750) for cloud hosting costs incurred on behalf of the Company.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (continued)

During the year ended December 31, 2017, CBH, a wholly owned subsidiary of the Company, purchased $400,000 of computer equipment and software from a company controlled by the CEO.

14. MAJOR CUSTOMERS

For the year ended December 31, 2017, the Company has two (2016 – two) significant customers which account for more than 10% of its revenue. These two customers account for 55% (2016 – 51%) and 45% (2016 – 49%) respectively.

15. INCOME TAXES

The reconciliation of the income tax provision at the statutory tax rate to the reported income tax provision is as follows:

		December 31, 2017		December 31, 2016
Net loss for the year before tax	$	(1,452,329)	$	(696,340)
Statutory tax rate		26%		26%
Expected income tax recovery		(377,000)		(181,000)
Non-deductible expenses and other permanent differences		89,000		83,000
Adjustment to prior year provision		-		818,000
Increase in unrecognized tax assets		288,000		(720,000)
Income tax expense	$	-	$	-

The Company has the following deferred tax assets and liabilities:

		December 31, 2017		December 31, 2016
Deferred tax assets				
Non-capital losses	$	1,093,000	$	816,000
Share issue costs		10,000		1,000
Property and equipment		8,000		-
Canadian eligible capital		14,000		22,000
Promissory note		-		(2,000)
Net deferred tax assets		1,125,000		837,000
Unrecognized deferred tax assets		(1,125,000)		(837,000)
	$		$	-

(Expressed in Canadian Dollars)

15. INCOME TAXES (continued)

As at December 31, 2017, the Company has approximately $ 3,827,000 of non-capital losses which can be carried forward to offset future taxable income as follows:

Year of expiry		
2028	$	412,000
2029		319,000
2030		253,000
2031		49,000
2032		6,000
2033		1,139,000
2034		563,000
2035		202,000
2036		300,000
2037		584,000
	$	3,827,000

16. DIGITAL CURRENCY AND RISK MANAGEMENT

Digital currencies are measured using level one fair values, determined by taking the rate from www.cryptocompare.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its coin sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. The Company's digital currencies currently consist of Bitcoin and Ethereum. The table below shows the impact of the 25% variance in the price of each of these digital currencies on the Company's earnings before tax, based on their closing prices at December 31, 2017.

Bitcoin	$	3,334
Ethereum		5,178
	$	8,512

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17. CAPITAL MANAGEMENT

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its strategic plan. The Company manages and performs regular review of financial information. The Company does not have any externally imposed capital requirement to which it is subject.

There was no change in the Company's approach to capital management during the period.

18. SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2017, the Company issued 450,000 shares of the Company's common stock on the exercise of stock options for total proceeds of $51,750 of which $28,750 had been received at December 31, 2017.