POSaBIT, Inc.

Amended and Restated
Condensed Interim Consolidated Financial Statements
(Unaudited)
(Expressed in United States Dollars)

For the three and nine months ended
September 30, 2018 and 2017

POSaBIT, Inc.
Amended and Restated Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)

As at,	September 30, 2018 Unaudited and Restated (Note 17)	December 31, 2017 Restated (Note 17)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**616,505**	207,879
Restricted cash and cash equivalents *(note 6)*	**882,480**	-
Receivables *(note 5)*	**632,519**	451,668
Due from related parties *(note 14)*	**41,850**	39,946
Digital assets	**60,728**	74,049
Inventories *(note 7)*	**41,940**	24,094
Prepaid expenses	**31,074**	8,963
Total current assets	**2,307,096**	806,599
Other asset *(note 8)*	**120,000**	-
Equipment, net *(note 9)*	**25,647**	3,386
Intangible assets, net *(note10)*	**900,968**	129,461
Total assets	**3,353,711**	939,446
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities	**1,702,117**	616,571
Total current liabilities	**1,702,117**	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	**1,902,117**	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	**(7,021,876)**	(4,389,252)
Total shareholders' equity (deficiency)	**1,451,594**	(4,133,325)
Total liabilities and shareholders' equity	**3,353,711**	939,446

Approved by the Board of Directors

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

The accompanying notes are an integral part of these amended and restated condensed interim consolidated financial statements.

POSaBIT, Inc.
Amended and Restated Condensed Interim Consolidated Statements of Loss and Comprehensive loss (Unaudited)
(Expressed in United States Dollars)

	Three months ended		Nine months ended	
	September 30, 2018 Restated (Note 17)	September 30, 2017 Restated (Note 17)	**September 30, 2018 Restated (Note 17)**	September 30, 2017 Restated (Note 17)
	$	$	**$**	$
REVENUE				
Digital processing services	**1,054,768**	85,969	**1,386,447**	380,278
Total revenue	**1,054,768**	85,969	**1,386,447**	380,278
COST OF SALES				
Digital 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)	**13,157**	(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**	5,441	**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**	85,048	**210,222**	85,048
General and administrative	**6,062**	19,720	**42,278**	51,685
Total operating expenses	**706,634**	298,547	**1,975,055**	732,278
OTHER INCOME (EXPENSES)				
Change in fair value of digital assets	**1,350**	(1,680)	**(58,456)**	-
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)	**(670,726)**	(49,033)
Loss and comprehensive loss	**(328,474)**	(368,119)	**(2,632,624)**	(830,875)
Basic and diluted loss per common share	**(0.01)**	(0.03)	**(0.12)**	(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 amended and restated condensed interim consolidated financial statements.

POSaBIT, Inc.

Amended and Restated Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in United States Dollars)

	Common Shares			Preferred Shares			Contributed		
	Number Restated (Note 17)	**Amount Restated (Note 17)**	**To be Issued (Note 17)**	**Number**	**Amount**	**Warrants Reserve**	**Surplus Restated (Note 17)**	**Deficit Restated (Note 17)**	**Total Restated (Note 17)**
		$	**$**		**$**	**$**	**$**	**$**	**$**
January 1, 2017	18,629,086	124,364	-	-	-	-	42,811	(1,074,633)	(907,458)
Share-based compensation	34,375	17,584	-	-	-	24,750	42,714	-	85,048
Net loss (unaudited)	-	-	-	-	-	-	-	(830,875)	(830,875)
September 30, 2017	18,663,461	141,948	-	-	-	24,750	85,525	(1,905,508)	(1,653,285)
Shares issued for cash	200,000	3,704	-	-	-	-	-	-	3,704
Net loss (unaudited)	-	-	-	-	-	-	-	(2,483,744)	(2,483,744)
December 31, 2017	18,863,461	145,652	-	-	-	24,750	85,525	(4,389,252)	(4,133,325)
(Unaudited)									
Shares issued for cash	**-**	**-**	**-**	**1,075,000**	**430,000**	**-**	**-**	**-**	**430,000**
Cost of issued shares	**-**	**-**	**-**	**-**	**(59,979)**	**-**	**-**	**-**	**(59,979)**
Shares issued for acquisition	**5,345,730**	**641,488**	**-**	**-**	**-**	**-**	**-**	**-**	**641,488**
Shares issued on conversion	**-**	**-**	**-**	**13,571,300**	**5,428,520**	**-**	**-**	**-**	**5,428,520**
Shares to be issued for cash	**2,355,869**	**-**	**1,517,259**	**-**	**-**	**-**	**-**	**-**	**1,517,259**
Cost of shares to be issued	**-**	**-**	**(10,519)**	**-**	**-**	**-**	**-**	**-**	**(10,519)**
Shares to be issued for debt	**99,127**	**-**	**80,469**	**-**	**-**	**-**	**-**	**-**	**80,469**
Redemption of capital	**(663,873)**	**(19,917)**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,917)**
Share-based compensation	**85,520**	**10,177**	**-**	**-**	**-**	**-**	**200,045**	**-**	**210,222**
Net loss	**-**	**-**	**-**	**-**	**-**	**-**		**(2,632,624)**	**(2,632,624)**
September 30, 2018	**26,085,834**	**777,400**	**1,587,209**	**14,646,300**	**5,798,541**	**24,750**	**285,570**	**(7,021,876)**	**1,451,594**

The accompanying notes are an integral part of these amended and restated condensed interim consolidated financial statements.

POSaBIT, Inc.
Amended and Restated Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in United States dollars)

	Nine months ended	
	September 30, 2018 Restated (Note 17)	September 30, 2017 Restated (Note 17)
	$	$
OPERATING ACTIVITIES		
Loss and comprehensive loss	**(2,632,624)**	(830,875)
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)**	(1,680)
Change in fair value of digital assets	**58,456**	-
Interest accretion expense	**837,931**	-
Gain on disposal of equipment	**(2,366)**	(2,873)
Share-based compensation	**210,222**	85,048
Changes in operating assets and liabilities:		
Receivables	**(71,499)**	(270,689)
Digital assets	**(45,135)**	(15,366)
Inventories	**237**	(17,824)
Prepaid expenses	**(22,111)**	(7,192)
Accounts payable and accrued liabilities	**1,137,281**	228,140
Net cash used in operating activities	**(573,000)**	(803,274)
INVESTING ACTIVITIES		
Net purchases of equipment	**(27,117)**	(1,035)
Acquisition of other asset	**(120,000)**	-
Purchase of intangible assets	**(416,634)**	(29,710)
Cash acquired on completion of acquisition	**23,000**	-
Net cash used in investing activities	**(540,751)**	(30,745)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of costs	**494,531**	-
Proceeds from issuance of convertible debentures	**350,000**	625,000
Proceeds from the issuance of subscription receipts, net of costs	**1,012,209**	-
Proceeds from the issuance of convertible notes	**-**	495,000
Proceeds from issuance of preferred shares, net of costs	**370,021**	-
Proceeds from the issuance of note payable	**200,000**	-
Repayments to related parties	**(21,904)**	(5,855)
Exercise of options	**-**	5,994
Net cash provided from financing activities	**2,404,857**	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 period	**207,879**	30,535
Cash and cash equivalents, end of period	**616,505**	316,655

The accompanying notes are an integral part of these amended and restated condensed 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.

The Company has reported a working capital of $604,979 (restated, note 17)(unaudited) (December 31, 2017 - $190,028) (restated, note 17) and has an accumulated deficit of $7,021,876 (restated, note 17) (unaudited) as at September 30, 2018 (December 31, 2017, $4,389,252)(restated, note 17). 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 amended and restated 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 amended and restated 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").

The amended and restated 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 amended and restated condensed interim consolidated financial statements were approved and authorized for issuance by the Board on March 20, 2019.

2.2 Basis of presentation and measurement

The amended and restated condensed interim consolidated 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 amended and restated 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 amended and restated 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 9 – Financial Instruments

On January 1, 2018, the Company adopted IFRS 9. 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.

There was a no impact on the Company's opening numbers of the consolidated financial statements on adoption of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers

On January 1, 2018, the Company adopted IFRS 15. "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.

There was a no impact on the Company's opening numbers of the consolidated financial statements on adoption of IFRS 15.

(Expressed in United States dollars)

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...

The total purchase price paid for DoubleBeam was $641,488 (unaudited) by way of the Company issuing 5,345,730 (unaudited) 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**
	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 (unaudited) of revenue, and a net loss of $120,070 (unaudited), before tax, from the continuing operations of the Company. If the acquisition had taken place at the beginning of the year, revenue from continuing operations may have been $500,000 (unaudited) and the profit from continuing operations for the period may have been $0 (unaudited) before tax from the continuing operations of the Company.

(Expressed in United States dollars)

5. RECEIVABLES

	September 30, 2018 (Unaudited) Restated (Note 17)	December 31, 2017
	$	$
Receivables	**643,167**	451,668
Allowance for expected credit losses	**(10,648)**	-
	632,519	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 (unaudited) and $10,648 (unaudited) during the three and nine months ended September 30, 2018 (2017: $nil), respectively (unaudited).

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 (unaudited) in cash, $60,000 (unaudited) in digital assets and a reduction of $80,000 (unaudited) 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 18) 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. INVENTORIES

	September 30, 2018 (Unaudited)	December 31, 2017
	$	$
Finished goods	**41,940**	24,094

8. OTHER ASSET

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

(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 (unaudited) and $29,710 (unaudited) 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
Derivative Liability	**-**	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 liability component at May 11, 2018	350,000	-	350,000
Fair value of 2018 derivative liability on 2018 issuances on initial recognition	504,691	-	504,691

(Expressed in United States dollars)

Change of fair value of 2018 derivative liability on revaluation @ May 11, 2018	(72,285)	-	(72,285)
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 (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	-	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 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 adjustment on initial recognition	731,767	254,790	986,557
Fair value of 2017 liability component on initial recognition	-	-	-
Interest accretion expense during 2017 on 2017 liability component	312,488	247,500	559,988
Fair value of 2017 liability component at December 31, 2017	312,488	247,500	559,988

(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**
Interest accretion expense on convertible debentures and notes	**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) Restated (Note 17)		**Nine months ended (Unaudited) Restated (Note 17)**
	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**	35,797	**29,748**	53,586
Interest accretion expense	**-**	-	**837,931**	-
Total finance costs	**8,731**	35,797	**902,513**	53,586

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 and it matures on September 30, 2020.

13. SHARE CAPITAL (Restated – Note 17)

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.

2018

In September 2018, the Company issued 85,520 common shares (unaudited) with a fair value of $10,177 (unaudited). 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.

On May 11, 2018, 13,571,300 preferred shares (unaudited) were issued with a value of $5,428,520 (unaudited), on the conversion of the convertible debentures and notes.

In May and June 2018, the Company issued 1,075,000 preferred shares (unaudited) for cash with costs of issuance of $59,979 (unaudited), raising gross and net proceeds of $430,000 (unaudited) and $370,021 (unaudited), respectively.

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

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

Common shares to be issued

In September 2018, gross proceeds of $1,022,259 (unaudited)(see note 6) were raised with the issuance of 1,264,432 subscription receipts (unaudited). Costs of the issuance amounted to $10,519 (unaudited).

In August 2018, $145,000 (unaudited) was raised for which 179,637 common shares (unaudited) are to be issued. In addition, 99,127 common shares (unaudited) are to be issued in settlement of debt in the amount of $80,469 (unaudited).

In June 2018, $350,000 (unaudited) was raised for which 433,607 common shares (unaudited) are to be issued.

In March 2018, 577,320 common shares (unaudited) were held in escrow in connection with a possible going-public transaction (note 6).

2017

In March 2017, 34,375 stock options were issued then exercised into common shares issued as share-based compensation in the amount of $17,584. In October 2017, 200,000 common shares were issued for cash proceeds of $3,704.

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.

(Expressed in United States dollars)

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: $85,048 and $85,048)(restated – note 17), respectively. The total fair value of options granted and shares issued during the period was $191,089 (2017: $85,048) and $19,133 (2017: $nil), respectively, which were estimated using the Black Scholes valuation model. For the three and nine months ended September 30, 2018 and 2017, the assumptions used for calculating the fair value of the common shares issued, is noted above and for the options 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 September 30, 2018 (unaudited)	3,477,826	0.27
Outstanding, as at September 30, 2018 (unaudited)	**6,995,951**	**0.16**
Exercisable, as at September 30, 2018 (unaudited)	**3,656,569**	**0.07**

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, receivables, and due from related parties.

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 nine months ended September 30, 2018. There are no external capital management requirements or covenants as at September 30, 2018 and December 31, 2017.

(Expressed in United States dollars)

16. COMMITMENTS

Software License

The Company has a software licence agreement with PlaceFull Inc., a related party (see note 14), 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.

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 and is required to pay the following:

Year	Total (unaudited)
	$
2018 (remainder)	54,500
2019	108,500
Total	163,000

17. AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(a) Subsequent to the issuance of the three and nine months ended September 30, 2018 and 2017 on December 20, 2018, management became aware of the following accounting errors related to the three and nine months ended September 30, 2018 that are reflected in the tables below:

(i) revenue and receivables were overstated by $435,622 and $424,175, respectively, and accounts payable and accrued liabilities were understated by $11,447 as a result of a journal entry error;

(ii) opening shareholder's deficiency was overstated by $35,982 as a result of a prior period error with respect to valuation of digital assets as detailed in the amended and restated consolidated financial statements for the year ended December 31, 2017 (see also Note 17 (c)). As a result, change in fair value of digital assets for the nine months ended September 30, 2018 has been adjusted by $35,982 accordingly.

(Expressed in United States dollars)

Non-accounting changes include:

(i) shares to be issued decreased by $69,950, shares to be issued for debt increased by $80,469, and share issuance costs increased by $10,519 in order to provide more appropriate disclosure; and

(ii) certain amounts on the condensed interim consolidated statement of cash flows have been adjusted to more appropriately reflect their attributes.

The following tables summarize the effects of the adjustments described above as at and for the three and nine months ended September 30, 2018:

Line item on the amended and restated condensed interim consolidated statement of financial position:	As at 30-Sept-18 (Unaudited) (Previously reported)	Adjustments (Unaudited)	As at 30-Sept-18 (Unaudited) (Restated)
Condensed Interim Consolidated Statement of Financial Position	**$**	**$**	**$**
Receivables	1,056,694	(424,175)	632,519
Total Current Assets	2,731,271	(424,175)	2,307,096
Total Assets	3,777,886	(424,175)	3,353,711
Accounts payable and accrued liabilities	1,690,670	11,447	1,702,117
Total Current Liabilities	1,690,670	11,447	1,702,117
Total Liabilities	1,890,670	11,447	1,902,117
Deficit	(6,586,254)	(435,622)	(7,021,876)
Total Shareholders' Equity	1,887,216	(435,622)	1,451,594
Total Liabilities and Shareholders' Equity	3,777,886	(424,175)	3,353,711

Line item on the amended and restated condensed interim consolidated statement of loss and comprehensive loss:	For the nine months ended 30-Sept-18 (Unaudited) (Previously Reported)	Adjustments (Unaudited)	For the nine months ended 30-Sept-18 (Unaudited) (Restated)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss	**$**	**$**	**$**
Digital processing services	1,822,069	(435,622)	1,386,447
Total revenue	1,822,069	(435,622)	1,386,447
Gross profit (loss)	448,779	(435,622)	13,157
Change in fair value of digital assets	(22,474)	(35,982)	(58,456)
Total other expenses	(634,744)	(35,982)	(670,726)
Loss and comprehensive loss	(2,161,020)	(471,604)	(2,632,624)
Basic and diluted loss per common share	(0.10)	(0.02)	(0.12)

(Expressed in United States dollars)

Line item on the amended and restated condensed interim consolidated statement of changes in equity (deficiency):	**For the nine months ended 30-Sept-18 (Unaudited) (Previously Reported)**	**Adjustments (Unaudited)**	**For the nine months ended (Unaudited) 30-Sept-18 (Restated)**
Condensed Interim Consolidated Statement of Changes in Equity (Deficiency)	**$**	**$**	**$**
December 31, 2017 (deficit column)	(4,425,234)	35,982	(4,389,252)
December 31, 2017 (total column)	(4,169,307)	35,982	(4,133,325)
Shares to be issued for cash (common shares number column)	2,513,883	(158,014)	2,355,869
Shares to be issued for cash (common shares be issued and total columns)	1,587,209	(69,950)	1,517,259
Cost of shares to be issued (common shares to be issued and total columns)	-	(10,519)	(10,519)
Shares to be issued for debt (common shares number column)	-	99,127	99,127
Shares to be issued for debt (common shares to be issued and total columns)	-	80,469	80,469
Net loss (deficit and total columns)	(2,161,020)	(471,604)	(2,632,624)
September 30, 2018 (common shares number column)	26,267,254	(171,420)	26,085,834
September 30, 2018 (deficit column)	(6,586,254)	(435,622)	(7,021,876)
September 30, 2018 (total column)	1,887,216	(435,622)	1,451,594

Line item on the amended and restated condensed interim consolidated statement of cash flows:	**For the nine months ended 30-Sept-18 (Unaudited) (Previously Reported)**	**Adjustments (Unaudited)**	**For the nine months ended 30-Sept-18 (Unaudited) (Restated)**
Condensed Interim Consolidated Statement of Cash Flow	**$**	**$**	**$**
Loss and comprehensive loss	(2,161,020)	(471,604)	(2,632,624)
Change in fair value of digital assets	22,474	35,982	58,456
Finance costs	893,782	(893,782)	-
Interest accretion expense	-	837,931	837,931
Changes in operating assets and liabilities (receivables)	(495,674)	424,175	(71,499)
Changes in operating assets and liabilities (accounts payable and accrued liabilities)	973,099	164,182	1,137,281
Changes in operating assets and liabilities (prepaid expenses)	(142,111)	120,000	(22,111)
Changes in operating assets and liabilities (inventories)	(17,763)	(18,000)	237
Net cash used in operating activities	(807,884)	234,884	(573,000
Net purchases of equipment	(9,117)	(18,000)	(27,117)
Acquisition of other asset	-	(120,000)	(120,000)
Net cash used in investing activities	(402,751)	(138,000)	(540,751)
Proceeds from issuance of common shares, net of costs	575,000	(80,469)	494,531

(Expressed in United States dollars)

Proceeds from issuance of preferred shares, net of costs	386,436	(16,415)	370,021
Advances from related parties	(21,904)	21,904	-
Repayments to related parties	-	(21,904)	(21,904)
Net cash provided from financing activities	2,501,741	(96,884)	2,404,857

(b) Subsequent to the issuance of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 on December 20, 2018, management became aware of the following accounting errors related to the three and nine months ended September 30, 2017, that are reflected in the tables below:

(i) share-based compensation was understated by $85,048 for both the three and nine months ended September 30, 2017; and
(ii) share issuance in the amount of $2,204 was reported on the condensed interim consolidated statement of changes in equity (deficiency) in 2016 (unaudited) rather than in the nine months ended September 30, 2017.

Non-accounting changes include:

(i) rent was overstated by $49,000 due to a typographical error; and
(ii) certain amounts in the condensed interim consolidated statement of changes in equity (deficiency), have been adjusted to more appropriately reflect their attributes.

The following tables summarize the effects of the adjustments described above for the periods ended September 30, 2017:

Line item on the amended and restated condensed interim consolidated statement of loss and comprehensive loss:	**For the three months ended 30-Sept-17 (Unaudited) (Previously reported)**	**Adjustments (Unaudited)**	**For the three months ended 30-Sept-17 (Unaudited) (Restated)**
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss	**$**	**$**	**$**
Rent	5,4441	(49,000)	5,441
Share-based compensation	-	85,048	85,048
Total operating expenses	262,499	36,048	298,547
Loss and comprehensive loss	(332,071)	(36,048)	(368,119)

The adjustments had no effect on basic and diluted EPS

(Expressed in United States dollars)

Line item on the amended and restated condensed interim consolidated statement of loss and comprehensive loss:	**For the nine months ended 30-Sept-17 (Unaudited) (Previously Reported)**	**Adjustments (Unaudited)**	**For the nine months ended 30-Sept-17 (Unaudited) (Restated)**
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss	**$**	**$**	**$**
Share-based compensation	-	85,048	85,048
Total operating expenses	647,230	85,048	732,278
Loss and comprehensive loss	(745,827)	(85,048)	(830,875)
The adjustments had no effect on basic and diluted EPS			

Line item on the amended and restated condensed interim consolidated statement of changes in equity (deficiency):	**For the period ended 30-Sept-17 (Previously Reported)**	**Adjustments**	**For the period year ended 30-Sept-17 (Restated)**
Condensed Interim Consolidated Statement of Changes in Equity (Deficiency)	**$**	**$**	**$**
Period from January 1, 2017 to September 30, 2017			
January 1, 2017 (common shares amount column)	126,568	(2,204)	124,364
January 1, 2017 (contributed surplus column)	40,607	2,204	42,811
Shares issued (number column)	234,375	(234,375)	-
Shares issued (amount and total columns)	19,084	(19,084)	-
Warrants issued (warrant and total columns)	24,750	(24,750)	-
Share-based compensation (contributed surplus column)	44,918	(2,204)	42,714
Share-based compensation (warrant column)	-	24,750	24,750
Share-based compensation (common shares amount column)	-	17,584	17,584
Share-based compensation (total column)	44,918	40,130	85,048
Share-based compensation (common shares number column)	-	34,375	34,375
Net loss (unaudited) (deficit and total columns)	-	(830,875)	(830,875)
September 30, 2017 (common shares number column)	-	18,863,461	18,863,461
September 30, 2017 (common shares amount column)	-	141,948	141,948
September 30, 2017 (warrants column)	-	24,750	24,750
September 30, 2017 (contributed surplus column)	-	85,525	85,525
September 30, 2017 (deficit column)	-	(1,905,508)	(1,905,508)
September 30, 2017 (total column)	-	(1,653,285)	(1,653,285)

(Expressed in United States dollars)

Line item on the amended and restated condensed interim consolidated statement of cash flows:	**For the nine months ended 30-Sept-17 (Unaudited) (Previously reported)**	**Adjustments (Unaudited)**	**For the nine months ended 30-Sept-17 (Unaudited) (Restated)**
Condensed Interim Consolidated Statement of Cash Flows	**$**	**$**	**$**
Loss and comprehensive loss	(745,827)	(85,048)	(830,875)
Finance costs	11,674	(11,674)	-
Change in fair value of derivative liability	-	(1,680)	(1,680)
Gain on sale of equipment	-	(2,873)	(2,873)
Share-based compensation	-	85,048	85,048
Changes in operating assets and liabilities (accounts payable and accrued liabilities)	226,460	1,680	228,140
Net purchases used for investing	(800,401)	(2,873)	(803,274)
Net purchases of equipment	(3,908)	2,873	(1,035)
Net cash used for investing activities	(33,618)	2,873	(30,745)
Advances from related parties	(5,855)	(5,855)	-
Repayments to related parties	-	(5,855)	(5,855)

(c) Subsequent to the issuance of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 on December 20, 2018, management became aware of the following accounting error related to the year ended December 31, 2017 that is reflected in the tables below:

(i) the fair value of digital assets was understated by $35,982 due to an error in the selection of the measurement date for valuation.

The following tables summarize the effects of the adjustments described above as at and for the period ended December 31, 2017:

Line item on the amended and restated condensed interim consolidated statement of financial position:	**As at 31-Dec-17 (Previously reported)**	**Adjustments**	**As at 31-Dec-17 (Restated)**
Condensed Interim Consolidated Statement of Financial Position	**$**	**$**	**$**
Digital Assets	38,067	35,982	74,049
Total Current Assets	770,617	35,982	806,599
Total Assets	903,464	35,982	939,446
Deficit	(4,425,234)	35,982	(4,389,252)
Total Shareholders’ Deficiency	(4,169,307)	35,982	(4,133,325)
Total Liabilities and Shareholders’ Deficiency	903,464	35,982	939,446

Line item on the amended and restated condensed interim consolidated statement of changes in equity (deficiency):	**For the period ended 31-Dec-17 (Previously Reported)**	**Adjustments (unaudited)**	**For the period ended 31-Dec-17 (Restated)**

Condensed Interim Consolidated Statement of Changes in Equity (Deficiency)	**$**	**$**	**$**
Period from October 1, 2017 to December 31, 2017			
Shares issued for cash (common shares number column)	-	200,000	200,000
Shares issued for cash (common shares amount and total columns)	-	3,704	3,704
Net loss (unaudited) (deficit and total columns)	(3,350,601)	866,857	(2,483,744)
December 31, 2017 (deficit column)	(4,425,234)	35,982	(4,389,252)

18. 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 551,967 common shares at $0.81 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. Once completed, POSaBIT 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;
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.