POSaBIT, Inc.

Amended and Restated Financial Statements

Year Ended December 31, 2017

(Expressed in United States Dollars)

Independent Auditors' Report

To the Board of Directors of POSaBIT, Inc.:

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

MNP

Independent Auditors' Report

Other Matter

The comparative financial statements as at and for the year ended December 31, 2016, are unaudited.

Amended and Restated Financial Statements

Without modifying our opinion, we draw attention to Note 13 to the financial statements, which explains that the financial statements for the year ended December 31, 2017 have been restated from those on which we originally reported on November 21, 2018.

Toronto, Ontario
March 20, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

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

	2017 Restated (Note 13)	2016 (unaudited)
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**207,879**	30,535
Receivables	**451,668**	3,750
Due from related parties *(note 9)*	**39,946**	—
Digital assets *(note 3)*	**74,049**	14,761
Inventories *(note 4)*	**24,094**	—
Prepaid expenses	**8,963**	2,310
Total current assets	**806,599**	51,356
Equipment, net *(note 5)*	**3,386**	—
Intangible assets *(note 6)*	**129,461**	89,132
Total assets	**939,446**	140,488
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	**616,571**	77,666
Due to related parties *(note 9)*	**—**	14,542
Total current liabilities	**616,571**	92,208
Derivative Liability *(note 7)*	**3,096,631**	317,773
Convertible Debentures *(note 7)*	**1,112,069**	637,965
Convertible Notes *(note 7)*	**247,500**	—
Total liabilities	**5,072,771**	1,047,946
Shareholders' Deficiency		
Share capital *(note 8)*	**145,652**	124,364
Warrants reserve *(note 8)*	**24,750**	—
Contributed surplus *(note 8)*	**85,525**	42,811
Deficit	**(4,389,252)**	(1,074,633)
Total shareholders' deficiency	**(4,133,325)**	(907,458)
Total liabilities and shareholders' deficiency	**939,446**	140,488

Approved by the Board of Directors

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

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

	2017 Restated (Note 13)	2016 (unaudited) Restated (Note 13)
	$	$
REVENUE		
Digital assets processing services	**667,258**	41,634
Total revenue	**667,258**	41,634
COST OF SALES		
Processing fees	**417,861**	49,260
Software license fees	**139,052**	118,868
Hardware cost of sales	**103,265**	68,916
Total cost of sales	**660,178**	237,044
Gross margin (loss)	**7,080**	(195,410)
OPERATING EXPENSES		
Professional fees	**119,062**	221,449
Travelling	**51,603**	31,456
Rent	**22,828**	14,006
Salaries and wages	**413,265**	365,468
Marketing	**49,219**	14,645
Amortization	**93,193**	29,710
Meals and entertainment	**36,014**	26,660
Share-based compensation *(note 8)*	**85,048**	46,375
General and administrative	**64,851**	31,087
Total operating expenses	**935,083**	780,856
OTHER EXPENSES		
Change in fair value of digital assets	**(91,971)**	157
Change in fair value of derivative liability	**1,657,178**	—
Finance Costs *(note 7)*	**806,963**	43,407
Acquisition transaction costs	**14,446**	—
Total other expenses	**2,386,616**	43,564
Loss and comprehensive loss	**(3,314,619)**	(1,019,830)
Basic and diluted loss per common share	**(0.136)**	(0.046)
Basic and diluted weighted average number of common shares outstanding	**24,284,087**	21,985,087

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

	Number of Common Shares	Share Capital Restated (Note 13)	Contributed surplus Restated (Note 13)	Warrants reserve	Deficit Restated (Note 13)	Total Restated (Note 13)
January 1, 2016 (unaudited)	18,485,087	$ 120,800	$ -	$ -	$ (54,803)	$ 65,997
Share-based compensation (unaudited)	143,999	3,564	42,811	-	-	46,375
Loss (unaudited)	-	-	-	-	(1,019,830)	(1,019,830)
December 31, 2016 (unaudited)	18,629,086	124,364	42,811	-	(1,074,633)	(907,458)
Shares issued for cash	**200,000**	**3,704**	**-**	**-**	**-**	**3,704**
Share-based compensation (note 8)	**34,375**	**17,584**	**42,714**	**24,750**	**-**	**85,048**
Loss	**-**	**-**	**-**	**-**	**(3,314,619)**	**(3,314,619)**
December 31, 2017	**18,863,461**	**145,652**	**85,525**	**24,750**	**(4,389,252)**	**(4,133,325)**

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

	2017 Restated (Note 13)	2016 (Unaudited) Restated (Note 13)
	$	$
OPERATING ACTIVITIES		
Net loss for the year	**(3,314,619)**	(1,019,830)
Adjustment for non-cash items		
Change in fair value of derivative liability	**1,657,178**	-
Change in fair value of digital assets	**(91,971)**	157
Interest accretion on convertible debentures and notes	**721,604**	13,881
Stock based compensation	**85,048**	46,375
Amortization	**93,193**	29,710
Changes in operating assets and liabilities:		
Receivables	**(447,918)**	(3,750)
Digital assets	**34,363**	(14,918)
Inventories	**(24,094)**	-
Prepaid expenses	**(6,653)**	(2,310)
Accounts payable and accrued liabilities	**538,905**	77,664
Net cash used for operating activities	**(754,964)**	(873,021)
INVESTING ACTIVITIES		
Advances to related parties	**(39,946)**	-
Purchase of equipment	**(3,908)**	-
Purchase of intangible assets	**(133,000)**	(118,842)
Net cash used for investing activities	**(176,854)**	(118,842)
FINANCING ACTIVITIES		
Net proceeds from issuance of common stock	**3,704**	-
Net proceeds from issuance of convertible notes	**495,000**	-
Net proceeds from issuance of convertible debentures	**625,000**	941,856
Advances from (repayments to) related parties	**(14,542)**	80,542
Net cash provided by financing activities	**1,109,162**	1,022,398
Net increase in cash and cash equivalents during the year	**177,344**	30,535
Cash and cash equivalents, beginning of year	**30,535**	-
Cash and cash equivalents, end of year	**207,879**	30,535
Cash paid for interest	**14,348**	3,561

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company has a reported working capital of $190,028 (see note 13) and has an accumulated deficit of $4,389,252 (see note 13) as at December 31, 2017. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The Board of Directors approved these amended and restated financial statements on March 20, 2019.

Basis of presentation

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

Functional and presentation currency

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Company recognizes revenue from the following major sources:

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

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

Cash and Cash Equivalents

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

Digital assets

The Company purchases digital assets in connection with its business, which are recorded at the cost of the related digital currency on the date of receipt. The digital assets are recorded on the statement of financial position at their fair value and remeasured at each reporting date. Revaluation gains or losses, as well as gains or losses on sale of digital assets are recorded as a change in fair value of digital assets in the statement of loss and comprehensive loss. Expenses associated with purchasing the digital assets include transaction fees, which are recorded as cost of revenues.

Inventory

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

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

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

Intangible Assets

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

Related party transactions

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

Share-based payments

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

Share issuance costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

Equity

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

Leases

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

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

Income Taxes

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Tax Estimate

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

Basic Earnings per Share

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

Financial Instruments

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

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

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

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets and liabilities in this category are measured at fair value with gains and losses recognized in profit or loss. The company's financial instruments at FVTPL comprise of the 'derivative liability'.

Held to maturity investments

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

Available-for-sale assets

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

Other financial liabilities

Other financial liabilities include liabilities that have not been classified as FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial assets and liabilities

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Significant accounting estimates

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

Significant accounting judgments

i. Determination of categories of financial assets and financial liabilities
ii. The evaluation of the Company's ability to continue as a going concern
iii. Determination of the value of current and deferred income taxes

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting standards not yet effective

IFRS 9 - Financial instruments

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

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

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

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

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

IFRS 15 - Revenue from contracts with customers

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 - Leases

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

IFRIC 23, Uncertainty over Income tax treatments

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

3. DIGITAL ASSETS

Digital Assets consist of Bitcoin (BTC), Litecoin (LTC) and Bitcoin Cash (BCH) coins.

Digital Assets are measured at fair value using the quoted price on www.coinmarketcap.com. Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital asset exchanges. The Digital Assets are valued based on the closing price obtained from www.coinmarketcap.com (“Coin Market Cap”) at the reporting period corresponding to the different Digital Assets mined by the Company. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the different Digital Assets. Subsequent to initial recognition, Digital Assets are re-measured at each reporting period. The resulting gain or loss from subsequent re-measurement is recognized in the statement of loss and comprehensive loss as a change in fair value of Digital Assets. The equivalency rate obtained from Coin Market Cap represents a generally well recognized quoted price for tradeable Digital Assets, and this information and all related databases are accessible to the Company.

(Expressed in United States dollars)

4. INVENTORIES

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

5. EQUIPMENT

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

6. INTANGIBLE ASSETS

Intangible assets relate to internally generated software.

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

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

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

(Expressed in United States dollars)

7. DERIVATIVE LIABILITY

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

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

	Debentures $	**Notes $**	**Total $**
2017			
2016 Principal of issuance			
Fair value of 2016 liability component at January 1, 2017	637,965	-	637,965
Interest 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 on Revaluation	672,300	-	672,300
Fair value of 2016 derivative liability remeasured at December 31, 2017	990,073	-	990,073
2017 Principal of issuance			
Principal of issuance	625,000	495,000	1,120,000
Less: fair value of derivative liability on initial recognition	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	312,448	247,500	559,988

(Expressed in United States dollars)

7. DERIVATIVE LIABILITY (continued)

Total Principal of issuances			
Total change of fair value of derivative liability during the year	1,404,068	253,110	1,657,178
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

2016 (Unaudited)

Principal of issuance	975,000	-	975,000
Less: issue costs	33,143	-	33,143
Less: fair value of derivative liability on initial recognition	317,773	-	317,773
Fair value of liability component on initial recognition	624,084	-	624,084
Interest accretion expense on convertible debentures	13,881	-	13,881
Fair value of liability component on revaluation,	637,965	-	637,965

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

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

(Expressed in United States dollars)

7. DERIVATIVE LIABILITY (continued)

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

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

Finance Costs

	2017	2016 (unaudited)
	$	$
Interest on debt and borrowings	30,780	4,458
Bank and interest charges	54,579	25,068
Interest accretion expense on convertible debentures and notes	721,604	13,881
Total finance costs	806,963	43,407

8. SHARE CAPITAL (Restated Note 13)

COMMON STOCK - AUTHORIZED

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

COMMON STOCK - ISSUED AND OUTSTANDING

	Number of Common Shares	Amount
		$
Balance at January 1, 2016 (unaudited)	18,485,087	120,800
Shares issued (unaudited)	143,999	3,564
Balance at December 31, 2016 (unaudited)	18,629,086	124,364
Shares issued (see Note 13)	234,375	21,288
Balance at December 31, 2017	18,863,461	145,652

(Expressed in United States dollars)

8. SHARE CAPITAL (continued)

In March 2017, 34,375 common shares were issued through the exercise of stock options as share-based compensation in the amount of $17,854.

In October 2017, 200,000 common shares were issued for cash proceeds of $3,704.

Warrants Reserve

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

Options Reserve

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

The Company recognized share-based compensation expense of $85,048 during 2017 (2016: $46,375 unaudited). The total fair value of options granted and vested during the year was $154,530 (2016: $147,680 unaudited) which was estimated using the Black Scholes valuation model using the following assumptions: stock price of $0.120 (2016: $0.05), expected life various depending on agreement, $nil dividends, 70% volatility and discount rate of 1.760%. The number and prices of the options are as follows:

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

(Expressed in United States dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Included in operating expenses are expenses paid to PlaceFull Inc., a company in which the CEO owns significant shareholdings, as follows:

	2017	2016 (unaudited)
	$	$
Executive Compensation to CEO	**120,000**	120,000
Licence Fees to PlaceFull Inc.	**120,000**	120,000
Rent to PlaceFull Inc.	**20,174**	14,104
Totals	**260,174**	254,104

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

10. INCOME TAXES

(a) Income taxes

The reconciliation of the combined US federal income tax rate of 34% (2016 – 34%) to the effective tax rate is as follows:

	2017	2016 (unaudited)
	$	$
Loss before recovery of income taxes – note 13	**(3,314,619)**	(1,019,830)
Expected income tax recovery	**(1,126,970)**	(346,742)
Tax rate changes and other adjustments	**455,850**	-
Share based compensation and non-deductible expenses	**282,940**	4,532
Change in tax benefits not recognized	**388,180**	342,210
Income tax (recovery) expense	**-**	-

The Company's income tax (recovery) is allocated as follows:	**$**	$
Current tax (recovery) expense	**-**	-
Deferred tax (recovery) expense	**-**	-
	-	-

(Expressed in United States dollars)

10. INCOME TAXES (continued)

(b) Income taxes

A change in federal corporate income tax rate from 34% to 21% was enacted in 2017 and effective January 1, 2018. For the year ending December 31, 2017, the rate does not impact the calculation of current income tax liability by does require the future rate to be applied to deferred income tax assets and liabilities. As a result of the reduction of tax rate, the Company revalued its ending net deferred tax assets and liabilities at December 31, 2017 and recognized approximately $388,180 as tax expense for the year ending December 31, 2017.

(c) Deferred tax

The following table summarizes the components of deferred tax:

	2017	2016 (unaudited)
	$	$
Deferred Tax Assets		
Non-capital losses carried forward	**379,680**	-
Intangible Assets	**20,140**	-
Derivative liability	**345,723**	-
Other	**2,350**	-
Deferred Tax Liabilities		
Property, plant and equipment	**(50)**	-
Digital Currency – unrealized gain	**(19,310)**	-
Net Deferred tax Asset	**728,533**	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

(d) Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Deferred Tax Assets	
	$
Non-capital losses carried forward	**1,808,000**
Intangible Assets	**16,140**
Derivative liability	**1,657,178**
	3,481,318

(e) Tax loss carry-forwards

The US net operating losses will expire between 2036 and 2037 as follows:

2036	**960,900**
2037	**847,100**
	$ 1,808,000

(Expressed in United States dollars)

11. FINANCIAL RISK MANAGEMENT

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

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

At December 31, 2017, the Company's financial instruments consist of cash and cash equivalents, receivables, due from related parties, accounts payable and accrued liabilities, convertible debentures, convertibles notes and derivative liability. The fair values of cash and cash equivalents, accounts receivable, due from related parties, and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity nature. The Company classifies its derivative liability as FVTPL. The inputs used to fair value the derivative liability are as follows:

	Level 1	**Level 2**	**Level 3**	**31-Dec-17**
	$	$	$	$
Financial Liabilities				
Derivative liability	-	3,096,631	-	3,096,631
	-	**3,096,631**	**-**	**3,096,631**

	Level 1	Level 2	Level 3	31-Dec-16 (Unaudited)
	$	$	$	$
Financial Liabilities				
Derivative liability	-	317,773	-	317,773
	-	**317,773**	**-**	**317,773**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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

Credit risk is the risk of loss associated with the Company's inability to fulfill its payment obligations respective of the convertible debentures and convertible notes as well as with the related company's inability to fulfil its payment obligations respective of its accounts payable and accrued liabilities. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, receivables and due from related parties. To minimize credit risk, the Company places its cash and cash equivalents with high credit quality financial institutions. Receivables are mainly collected within the month.

(Expressed in United States dollars)

11. FINANCIAL RISK MANAGEMENT (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company typically settles its financial obligations out of cash and cash equivalents and occasionally will settle liabilities with the issuance of common shares. The ability to settle obligations with cash and cash equivalents relies on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

As at December 31, 2017, the Company had a cash and cash equivalents balance of $207,879 and current liabilities of $616,571. The Company's current assets of cash and cash equivalents and receivables are sufficient to settle its current liabilities.

c) Interest rate risk

The Company is subject to interest rate risk on future cash flows as the convertible debentures and notes bear 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 year-ended December 31, 2017. There are no external capital management requirements or covenants as December 31, 2017 and 2016.

12. COMMITMENTS

Software Licence

The Company has a software licence agreement with PlaceFULL Inc., requiring it to pay $10,000 per month to PlaceFULL Inc. to use their software perpetually until either party terminates the agreement.

Operating Lease

The Company has an operating lease agreement with PlaceFULL Inc., requiring it to pay $3,000 per month to PlaceFULL Inc. to use their premises for the next five years.

Year	**Total**
	$
2018	36,000
2019	36,000
2020	36,000
2021	36,000
2022	36,000
Total	**180,000**

(Expressed in United States dollars)

13. AMENDED AND RESTATED FINANCIAL STATEMENTS

(a) Subsequent to the issuance of the December 31, 2017 financial statements on November 21, 2018, management became aware of the following accounting errors related to the year ended December 31, 2017 that are 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; and
(ii) share issuances in the amount of $2,204 were reported on the statement of changes in deficiency in 2016 (unaudited) rather than 2017.

Non-accounting changes include:

(i) mining fees on the statement of loss and comprehensive loss in the amount of $129,467 were reclassed to processing fees in the same amount to more properly describe the nature of the amount; and
(ii) a typographical error reported on the statement of cash flows in the amount of $2,045,209 as change in fair value of derivative liability under financing activities has been removed; and
(iii) certain amounts on the 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 year ended December 31, 2017:

Line item on the amended and restated statement of financial position:	**As at 31-Dec-17 (Previously reported)**	**Adjustments**	**As at 31-Dec-17 (Restated)**
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 statement of loss and comprehensive loss	**For the year ended 31-Dec-17 (Previously Reported)**	**Adjustments**	**For the year ended 31-Dec-17 (Restated)**
Statement of Loss and Comprehensive Loss	**$**	**$**	**$**
Processing fees	288,394	129,467	417,861
Mining fees	129,467	(129,467)	-
Change in fair value of digital assets	(55,989)	(35,982)	(91,971)
Total other expenses	2,422,598	(35,982)	2,386,616
Loss and comprehensive loss	3,350,601	(35,982)	3,314,619
Basic and diluted loss per common share	(0.138)	0.002	(0.136)

(Expressed in United States dollars)

13. AMENDED AND RESTATED FINANCIAL STATEMENTS (continued)

Line item on the amended and restated statement of changes in deficiency:	For the year ended 31-Dec-17 (Previously Reported)	Adjustments	For the year ended 31-Dec-17 (Restated)
Statement of Changes in Deficiency	**$**	**$**	**$**
Shares issued (Share Capital & Total Column)	19,084	(19,084)	-
Shares issued for cash (Share Capital & Total Column)	-	3,704	3,704
Share-based compensation (Contributed Surplus Column)	44,918	(2,204)	42,714
Share-based compensation (Share Capital Column)	-	17,584	17,584
Share-based compensation (Warrants Column)	-	24,750	24,750
Warrants issued	24,750	(24,750)	-
Loss (Deficit & Total Column)	(3,350,601)	35,982	(3,314,619)
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)

Line item on the amended and restated statement of cash flows:	For the year ended 31-Dec-17 (Previously Reported)	Adjustments	For the year ended 31-Dec-17 (Restated)
Statement of Cash Flow	**$**	**$**	**$**
Net Loss for the year	(3,350,601)	35,982	(3,314,619)
Change in fair value of derivative liability	1,573,921	83,257	1,657,178
Change in fair value of digital assets	-	(91,971)	(91,971)
Financing costs	806,963	(806,963)	-
Interest accretion on convertible debentures and notes	-	721,604	721,604
Share-based compensation	-	85,048	85,048
Digital Assets	(23,306)	57,669	34,363
Net cash used for operating activities	(839,590)	84,626	(754,964)
Advances to related parties	-	(39,946)	(39,946)
Net cash used for investing activities	(136,908)	(39,946)	(176,854)
Net proceeds from issuance of common stock	89,174	(85,470)	3,704
Change in fair value of derivative liability	2,045,209	(2,045,209)	-
Advances to related parties	(39,936)	39,936	-
Advances from (repayments to) related parties	(14,452)	(90)	(14,542)
Net cash provided by financing activities	1,154,364	(45,202)	1,109,162

(Expressed in United States dollars)

13. AMENDED AND RESTATED FINANCIAL STATEMENTS (continued)

(b) Subsequent to the issuance of the December 31, 2017 financial statements on November 21, 2018, management became aware of the following accounting errors related to the unaudited December 31, 2016 financial statements, that are reflected in the tables below:

(i) professional fees and the change in fair value of derivative were both overstated by $50,901; and
(ii) share-based compensation was understated by $8,421 and general and administrative expense was overstated by $8,421.

Non-accounting changes include:

(i) certain amounts on the statement of cash flows have been adjusted to more appropriately reflect their attributes and typographical errors:

Line item on the amended and restated Statement of loss and comprehensive loss:	For the year ended 31-Dec-16 (Unaudited) (Previously Reported)	Adjustments (Unaudited)	For the year ended 31-Dec-16 (Unaudited) (Restated)
Statement of Loss and Comprehensive Loss	**$**	**$**	**$**
Professional fees	272,350	(50,901)	221,449
Share-based compensation	37,954	8,421	46,375
General and administrative	39,508	(8,421)	31,087
Total operating expenses	831,757	(50,901)	780,856
Change in fair value of derivative liability	(50,901)	50,901	-
Total other expenses	(7,337)	50,901	43,564

Line item on the amended and restated statement of changes in deficiency:	For the year ended 31-Dec-16 (Unaudited) (Previously Reported)	Adjustments (Unaudited)	For the year ended 31-Dec-16 (Unaudited) (Restated)
Statement of Changes in Deficiency	**$**	**$**	**$**
Shares issued (unaudited)	5,768	(5,768)	-
Share-based compensation (unaudited) (Contributed Surplus Column)	40,607	2,204	42,811
Share-based compensation (unaudited) (Total Column)	40,607	5,768	46,375
Share-based compensation (unaudited) (Share Capital Column)	-	3,564	3,564
December 31, 2016 (unaudited) (Share Capital Column)	126,568	(2,204)	124,364
December 31, 2016 (unaudited) (Contributed Surplus Column)	40,607	2,204	42,811

(Expressed in United States dollars)

13. AMENDED AND RESTATED FINANCIAL STATEMENTS (continued)

Line item on the amended and restated statement of cash flows:	For the year ended 31-Dec-16 (Unaudited) (Previously reported)	Adjustments (Unaudited)	For the year ended 31-Dec-16 (Unaudited) (Restated)
Statement of Cash Flow	**$**	**$**	**$**
Net Loss for the year	(1,074,633)	54,803	(1,019,830)
Change in fair value of derivative liability	(50,901)	50,901	-
Change in fair value of digital assets	-	157	157
Interest accretion on convertible debentures and notes	-	13,881	13,881
Share-based compensation	-	46,375	46,375
Digital assets	(14,761)	(157)	(14,918)
Accounts payable and accrued liabilities	77,666	(2)	77,664
Net cash used for operating activities	(1,028,078)	155,057	(873,021)
Net proceeds from issuance of common stock	167,175	(167,175)	-
Net proceeds from issuance of convertible debentures	955,738	(13,882)	941,856
Advances from (repayments to) related parties	14,542	66,000	80,542
Net cash provided by financing activities	1,177,455	(155,057)	1,022,398

14. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to the date of filing of the Financial Statements, pursuant to the requirements of IAS 10 (Events after the Reporting Period) and has determined the following significant events to report:

Acquisition of DoubleBeam, Inc.

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam, Inc. (the "DoubleBeam"), a private company based in the state of Washington that specializes in point of sale payment processing. The Company has acquired DoubleBeam to expand its operations and integrate DoubleBeam's structure with its own. The acquisition will be accounted for using the acquisition method, which will include the operating results of DoubleBeam since the acquisition date.

The total purchase price paid for DoubleBeam was $640,000 by way of the Company issuing 5,345,730 common shares.

14. SUBSEQUENT EVENTS (continued)

Additional Financings

a) In May 2018, the Company authorized the sale and issuance of up to 25,000,000 shares of the Company's Series A Preferred Stock with par value $0.001 per share (the "Preferred Shares"), having the rights, privileges, preferences and restrictions set forth in the Amended and Restated Articles of Incorporation of the Company. All convertible debentures and notes were converted to the Preferred Shares.
b) In May and June 2018, the Company issued 1,075,000 preferred shares for cash with costs of issuance of $59,979, raising gross and net proceeds of $430,000 and $370,021, respectively.
c) In June 2018, the Company raised additional financing of $350,000 for which 433,607 common shares are to be issued.
d) In August 2018, the Company raised additional financing of $145,000 for which 179,637 common shares are to be issued.
e) In September 2018, the Company issued 85,520 common shares with a fair value of $10,177. The fair value of the shares issued were estimated using the Black-Scholes valuation model using the following assumptions: Risk-free interest rate of 2.12%, volatility of 7.5%, dividend yield of nil, share price on issuance of $0.12 and an issue price of $0.001 per share.
f) In September 2018, the Company raised additional financing of $1,022,259 (C$1,330,674) with the issuance of 1,264,432 subscription receipts. Costs of the issuance amounted to $10,519.
g) 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.
h) In October 2018, the Company raised additional financing of $445,535 with the issuance of 551,967 common shares at $0.81 each.
i) On December 14, 2018, a shareholder of the Company withdrew $115,000 in subscription receipts.

Issuance of options

a) In January 2018, the Company issued 988,873 options with an exercise price of $0.05.
b) In March 2018, the Company issued 2,026,453 options with an exercise price of $0.40.
c) In May 2018, the Company issued 345,000 options with an average exercise price of $0.10.
d) In August 2018, the Company issued 117,500 options with an exercise price of $0.40.

Letter of Intent

On June 7, 2018, a binding letter of intent was signed by the Company and Foreshore Exploration Partners Corp. ("Foreshore"), a capital pool company listed on the TSX Venture Exchange (the "TSXV"), whereby Foreshore will acquire all of the issued and outstanding securities of POSaBIT by way of a share exchange, amalgamation or such other form of business combination as the parties may determine (the "Transaction"). The terms of the transaction comprise consideration to be received by the POSaBIT Shareholders pursuant to the Merger in consideration for their POSaBIT shares, being 1.7539815 Foreshore's shares for each POSaBIT share held. Upon the successful completion of the Transaction, the go-forward entity (the "Resulting Issuer") will be deemed to be a continuation of POSaBIT and it is anticipated that the Resulting Issuer will list as a Tier 2 Technology issuer on the TSXV, then delist from the TSXV, then list and be listed on The Canadian Securities Exchange ("CSE").

14. SUBSEQUENT EVENTS (continued)

The Transaction will constitute a reverse take-over of the Company. It does not meet the definition of a business combination. POSaBIT has issued the following securities in accordance with the Transaction:

i) 4,250,000 shares with fair value of $0.4609 (C$0.60) per share for total fair value of $1,958,977;
ii) 300,000 options with a fair value of $0.4056 per option for total fair value of $121,687;
iii) 43,000 Foreshore IPO Agent Options (the "Agent Options") with a fair value of $0.3895 per option for total fair value of $16,748; and
iv) The difference of $1,937,954 between the total fair value of shares, options and IPO Agent Options issued to Foreshore shareholders, option and Agent Option holders and the net assets of Foreshore acquired by POSaBIT of $159,458, will be recorded as a listing expense.