Fortress Blockchain Corp.

Consolidated Financial Statements

For the period from November 14, 2017 (date of incorporation) to December 31, 2017

(In Canadian Dollars)

Independent Auditors' Report

To the Shareholders of Fortress Blockchain Corp.

We have audited the accompanying consolidated financial statements of Fortress Blockchain Corp., which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on November 14, 2017 to December 31, 2017, and notes, comprising 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fortress Blockchain Corp. as at December 31, 2017 and its consolidated financial performance and its cash flows for the period from incorporation on November 14, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Fortress Blockchain Corp.'s ability to continue as a going concern.

Calgary, Alberta
May 3, 2018

MNP LLP
Chartered Professional Accountants

MNP LLP

Fortress Blockchain Corp.

Consolidated Statement of Financial Position
As at December 31, 2017
(In Canadian Dollars)

		2017
Assets		
Current assets		
Cash	$	**4,711,465**
Trade receivables and other		**2,477**
Deposit paid for acquisition of property and equipment *(Note 9)*		**130,000**
		4,843,942
Property and equipment		**6,415**
	$	**4,850,357**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	$	**67,197**
Due to shareholder *(Note 5)*		**39,654**
Share subscriptions received in advance *(Note 4)*		**4,761,582**
		4,868,433
Convertible debenture *(Note 3)*		**25,000**
		4,893,433
Equity		
Share capital *(Note 4)*		**22,905**
Reserves		**40**
Deficit		**(66,021)**
		(43,076)
	$	**4,850,357**

Nature of operations *(Note 1)*
Subsequent events *(Note 9)*

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

Approved by the Board:

_________“Aydin Kilic”________Director

________“Thomas Lynch”______Director

Fortress Blockchain Corp.

Consolidated Statement of Loss and Comprehensive Loss

For the period from November 14, 2017 (date of incorporation) to December 31, 2017

(In Canadian Dollars)

		From November 14, 2017 (date of incorporation) to December 31, 2017
General and administrative expenses		
Marketing	**$**	**13,064**
Office and administration		**741**
Professional fees		**41,604**
Travel		**10,614**
Foreign exchange		**(2)**
Net loss for the period		**66,021**
Other comprehensive income		
Translation adjustment		**(40)**
Other comprehensive income		**(40)**
Net loss and comprehensive loss for the period	**$**	**65,981**
Basic and diluted loss per share	**$**	**(0.04)**
Weighted average number of common shares outstanding - basic and diluted		**1,531,917**

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

Fortress Blockchain Corp.

Consolidated Statement of Changes in Equity

(In Canadian Dollars)

	Number of Shares	Capital Amount	Cumulative translation adjustment	Deficit	Total Equity
Balance, November 14, 2017	2	$ -	$ -	$ -	$ -
Units issued *(Note 4)*	3,000,000	15,000	-	-	15,000
Unit issuance costs	-	(17,095)	-	-	(17,095)
Exercised convertible debenture *(Note 4)*	5,000,000	25,000	-	-	25,000
Net loss for the period	-	-	-	(66,021)	(66,021)
Translation adjustment	-	-	40	-	40
Balance, December 31, 2017	**8,000,002**	**$ 22,905**	**$ 40**	**$ (66,021)**	**$ (43,076)**

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

Fortress Blockchain Corp.

Consolidated Statement of Cash Flows

(In Canadian Dollars)

		From November 14, 2017 (date of incorporation) to December 31, 2017
Operating activities		
Loss for the period	**$**	**(66,021)**
Change in non-cash working capital components		
Increase in trade receivables and other		**(2,477)**
Increase in trade payables and accrued liabilities		**67,197**
Due to shareholders *(Note 5)*		**39,654**
Cash provided by operating activities		**38,353**
Investing activities		
Purchase of property and equipment		**(6,415)**
Deposit		**(130,000)**
Cash used in investing activities		**(136,415)**
Financing activities		
Proceeds on issuance of units *(Note 4)*		**15,000**
Share issuance costs *(Note 4)*		**(17,095)**
Issuance of convertible debenture *(Note 3)*		**50,000**
Proceeds on share subscriptions received in advance		**4,761,582**
Cash provided by financing activities		**4,809,487**
Increase in cash and short-term deposits during the period		**4,711,425**
Effect of exchange rate changes on cash		**40**
Cash and short-term deposits, beginning of period		**-**
Cash and short-term deposits, end of period	**$**	**4,711,465**

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

1. Nature of Operations

Fortress Blockchain Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on November 14, 2017. The Company is domiciled in Canada. The Company is in the business of providing infrastructure solutions in the blockchain industry, including the mining of digital currencies.

The address of the Company’s registered office is 320 – 638 Broughton Street, Vancouver, British Columbia, Canada.

These consolidated financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The ability of the Company to carry out its business objectives is dependent on the Company’s ability to receive continued financial support from related parties and to obtain public equity financing and to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest and to generate profitable operations in the future. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These conditions indicate the existence of a material uncertainty which may cast doubt about the Company’s ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statement of loss and comprehensive loss and financial position classification that would be necessary were the going concern assumptions not appropriate.

2. Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These financial statements are the first financial statements prepared by the Company.

The financial statements were approved by the Board of Directors of the Company on May 3, 2018.

Basis of Presentation

These financial statements have been prepared on an accrual basis and are based on historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, which is controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

As of December 31, 2017, the Company had one wholly-owned subsidiary, Fortress Blockchain (US) Holdings Corp. ("Fortress US"). The functional currency of Fortress US is the US dollar. Fortress US is domiciled in Washington, USA.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Critical Accounting Estimates, Judgments and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Fair value of financial instruments
The individual fair values attributed to the different components of a financing transaction, convertible debenture, is determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of the issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of the instrument that are not quoted in active market.

Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Cash

Cash equivalents include money market instruments that are readily convertible to cash and have maturities at the date of purchase of less than ninety days. There were no cash equivalents as at December 31, 2017.

Financial instruments

Financial assets and liabilities are recognized at fair value upon initial recognition plus any directly attributable transaction costs when not subsequently measured at fair value through profits or loss. Measurement in subsequent periods is dependent on the classification of the financial instrument.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss. The Company has classified cash in this category

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of loss and comprehensive loss. The Company has no financial assets in this category.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has classified trade receivables and other and deposits in this category.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured 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 and other relevant indicators, 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 the statements of loss and comprehensive loss. The Company has no financial assets in this category.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss. The Company has no financial liabilities in this category

Other financial liabilities – This category includes trade payables and accrued liabilities, due to shareholder and convertible debentures, all of which are recognized at amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:
a) significant financial difficulty of the issuer or counterparty;
b) default or delinquency in interest or principal payments; or
c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as loans and receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan and receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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 is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets once the asset is ready for its intended use.

Convertible debenture

Convertible debentures that are considered to be compound financial instruments are separated into the respective liability and equity components based on the terms of the contract.

On issuance of the convertible debenture, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost, net of transaction costs, until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible debenture, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to their fair value and any residual in the proceeds is allocated to the warrants.

Income taxes

Income tax on the profit or loss for the period presented comprises current and deferred income tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred taxes are recorded using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the substantive enactment or enactment occurs. Deferred tax assets are recognized only to the extent it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate. Diluted loss per share is equal to the basic loss per share as the outstanding options and warrants are anti-dilutive.

Adoption of new pronouncements

The Company did not adopt any new or amended accounting standards during the period ended December 31, 2017 which had a significant impact on the consolidated financial statements.

New accounting standards and interpretations not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the consolidated financial statements to be material.

Standard effective for annual periods beginning on or after January 1, 2018

IFRS 9 – *Financial Instruments*

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on or after January 1, 2018. The extent of the impact of adoption of IFRS 9 has not yet been determined.

IFRS 15 – *Revenue from Contracts with Customers*

The IASB replaced IAS 18, *Revenue,* in its entirety with IFRS 15, *Revenue from Contracts with Customers.* The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The extent of the impact of adoption of IFRS 15 has not yet been determined.

(In Canadian Dollars)

IFRS 16 – *Leases*

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on or after January 1, 2019. The extent of the impact of adoption of IFRS 16 has not yet been determined.

3. Convertible Debenture

On November 15, 2017, the Company entered into a convertible unsecured debenture in the principal amount of $25,000 bearing no interest that matures on November 15, 2019 each to the CEO and a director of the Company. The loan payable is convertible into one common share of the Company and 0.7692308 of one warrant ("Units") at $0.005 per Unit. Each warrant entitles the holder to acquire one common share at a price of $0.50 per warrant for 60 months following the issue date.

On December 22, 2017, the CEO of the Company converted the $25,000 convertible debenture into 5,000,000 common shares of the Company and 3,846,154 warrants in aggregate.

4. Share Capital

a. Authorized

At December 31, 2017, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value.

b. Issued and outstanding

	Number of Common Shares		Amount
Balance, November 14, 2017 (date of incorporation)	2	$	-
Conversion of convertible debenture *(Note 3)*	5,000,000	$	25,000
Units issued	3,000,000	$	15,000
Share issuance costs	-	$	(17,095)
Balance, December 31, 2017	8,000,002	$	22,905

On November 14, 2017, the date of incorporation, the Company issued 2 shares at $0.005 per share.

On December 22, 2017, the Company issued 3,000,000 units at $0.005 per unit for gross proceeds of $15,000. Each unit consist of one common share of the Company and 0.7692308 of one common share purchase warrants. Each warrant shall be exercisable to acquire one additional common share of the Company during a period of 60 months following the closing.

(In Canadian Dollars)

c. Share subscriptions received in advance

As at December 31, 2017, the Company has share subscriptions received in advance of $4,761,581. Refer to subsequent event note in Note 9.

d. Warrants issued and outstanding

	Warrants outstanding	Weighted-average exercise price ($)	Weighted-average remaining contractual life (years)
Warrants issued from conversion of debenture *(Note 3)*	3,846,154	0.50	4.98
Other warrants issued	2,307,692	0.50	4.92
Outstanding and exercisable, December 31, 2017	6,153,846	0.50	4.96

5. Related Party Transactions

As at December 31, 2017, the Company had an amount owing to the CEO and director of the Company of $12,136 for out-of-pocket expenses incurred. The amount is non-interest bearing, has no fixed repayment terms and is payable on demand. The Company also had an amount owing to a director of the Company of $12,518 for out-of-pocket expenses incurred. The amount is non-interest bearing, has no fixed repayment terms and is payable on demand.

As at December 31, 2017, the Company had an outstanding loan payable to the CEO and director of the Company of $15,000 bearing no interest, has no fixed repayment terms and is payable on demand.

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's corporate officers.

For the period from incorporation to December 31, 2017, there were no salaries and wages paid to key management.

(In Canadian Dollars)

6. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 13.63% and the Company's effective income tax expense is as follows:

		2017
Loss before tax	$	**(66,021)**
Combined federal and provincial rate		**13.5%**
Expected tax recovery		**(8,913)**
Change in statutory, foreign tax, foreign exchange rates and other		**(10,662)**
Permanent difference		**245**
Share issuance cost		**(2,308)**
Changes in deferred tax benefits not recognized		**21,638**
Income tax recovery	$	**-**

As at December 31, 2017, the significant components of the Company's temporary differences, unused tax credits and unused tax losses, that have not been included on the consolidated statement of financial position are as follows:

		2017	Expiry date range
Temporary differences			
Share issuance costs	$	16,645	2037
Non-capital losses available for future periods		64,615	2037
		81,260	2037
Canada		78,958	2037
USA		2,302	2037

7. Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had a cash balance of $4,711,465 to settle current liabilities of $4,868,433. All of the Company's financial liabilities with the exception of the convertible debentures have contractual maturities of less than 30 days and are subject to normal trade terms. The convertible debentures have a contractual maturity of less than 2 years.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Currently, the Company believes that it is not exposed to significant interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short term. The Company is not exposed to interest rate risk in respect of its due to shareholder and convertible debenture as both are non-interest bearing.

(b) Foreign currency risk
The Company does not hold significant balances in foreign currencies which would give rise to exposure to foreign exchange risk. As such, the Company believes it has no significant foreign exchange rate risk.

Fair value hierarchy

The Company applied the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at December 31, 2017, cash is assessed to be Level 1 instruments.

The fair value of trade receivables and other, deposit, trade payables and accrued liabilities, due to shareholder and share subscriptions received in advance are equal to its carrying value due to its short-term maturity.

8. Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the year, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from treasury to meet all such obligations.

9. Subsequent Events

Subsequent to December 31, 2017, the Company completed the following financings:

- a brokered private placement, issuing 30,000,000 common shares at $0.50 per share for gross proceeds of $15,000,000. In connection with the private placement, the Company paid agents' fees of $1,029,000, other share issuance costs of $99,994 and 3.5% compensation option (1,050,000 compensation options, in aggregate) exercisable at a price of $0.50 per share for a period of 24 months following the closing on January 9, 2018.

- a non-brokered private placement, issuing 13,777,979 common shares at $0.30 per common share for gross proceeds of $4,133,394. The Company incurred $26,707 of share issuance costs.

- a non-brokered private placement, issuing 4,000,000 units at $0.10 per unit for gross proceeds of $400,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant shall be exercisable at $0.50 per warrant to acquire one additional common share of the Company during a period of 12 months following the date of issue. The Company incurred $30 of share issuance costs.

- a non-brokered private placement, issuing 1,400,000 units at $0.10 per unit for gross proceeds of $140,000. Each unit consists of one common share of the Company and one half common share purchase warrant. Each warrant shall be exercisable at $0.50 per warrant to acquire one additional common share of the Company during a period of 36 months following the date of issue.

- a non-brokered private placement, issuing 3,600,000 common shares at $0.10 per common share for gross proceeds of $360,000.

Subsequent to December 31, 2017, a director of the Company exercised and converted $25,000 convertible debenture into 5,000,000 common shares of the Company and 3,846,154 warrants in aggregate.

(In Canadian Dollars)

On November 1, 2017, prior to the incorporation of the Company, the directors of the Company entered into an asset purchase agreement with WeHash Technology LLP ("WeHash") to acquire a cryptocurrency mining centre located in Washington, USA (the "Agreement"). In accordance with the Agreement, the Company will acquire a cryptocurrency mining centre and assume the lease of real property on the property and electrical utility rates. On December 22, 2017, the Agreement was amended and the rights and obligations under the Agreement was assigned to the Company. The transaction was completed on February 16, 2018.

The total consideration is estimated as follows:

Consideration:	**Amount:**
Cash payment - US$3,000,000:	
Additional cash payment	$ 3,633,500
Deposit applied	130,000
Shares issued to WeHash - 3,500,000 units of the Company	1,750,000
Transaction expenses	23,500
Total consideration:	$ 5,537,000

On February 20, 2018, the Company granted 2,102,500 stock options to certain executives, directors, employees and consultants of the Company exercisable at a price of $0.50 per share for a period of 10 years following the date of issuance.