SQUIRE MINING LTD.

ANNUAL FINANCIAL STATEMENTS
For the fourteen month period ended December 31, 2018 and the twelve month period ended October 31, 2017
(Stated in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Squire Mining Ltd.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Squire Mining Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and October 31, 2017, and the statements of comprehensive loss, changes in equity and cash flows for the fourteen months ended December 31, 2018 and the twelve months ended October 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2018 and November 30, 2017, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 2(b) in the financial statements, which indicates that the Company has no source of revenue, has a working capital deficiency as at December 31, 2018 and is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 30, 2019

SQUIRE MINING LTD.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and October 31, 2017
(Stated in Canadian Dollars)

ASSETS

	2018	2017
	$	$
Current		
Cash and cash equivalents	19,244,095	533,056
Amounts receivable	58,205	7,003
Marketable securities - Note 5	211,700	-
Prepaid expense	26,770	3,150
	19,540,770	543,209
Investments in joint ventures - Note 6	2,434,769	-
Exploration and evaluation assets - Note 8	-	78,653
	21,975,539	621,862

LIABILITIES

	2018	2017
Current		
Accounts payable and accrued liabilities	86,764	107,638
	86,764	107,638

SHAREHOLDERS' EQUITY

	2018	2017
Share capital - Note 9	30,568,172	903,738
Reserve	1,589,717	99,850
Accumulated deficit	(10,269,114)	(489,364)
	22,888,775	514,224
	21,975,539	621,862

Nature of operations and going concern – Notes 1 and 2(b)
Subsequent events – Note 17

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

(signed) "Angela Holowaychuk" Director	(signed) "Stefan Matthews" Director
Angela Holowaychuk	Stefan Matthews

See accompanying notes to the financial statements

SQUIRE MINING LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the fourteen month period ended December 31, 2018 and the twelve month period ended October 31, 2017
(Stated in Canadian Dollars)

	2018	2017
	$	$
General and administration expenses		
Accounting and audit fees	28,300	12,900
Administration services	66,108	-
Bank charges	9,015	1,189
Bonus to management	368,000	-
Consulting fees – Note 12	456,196	50,000
Insurance	10,000	-
Legal fees	352,595	25,357
Management fees – Note 12	918,702	45,000
Marketing and advertising	682,086	1,638
Office and miscellaneous	55,178	3,766
Regulatory filing fees	36,562	8,230
Rent	82,899	3,000
Salaries and wages	145,456	-
Share-based compensation – Notes 9 and 12	1,493,333	10,000
Transfer agent fees	29,200	6,389
Travel	314,686	2,413
Loss before other items	(5,048,316)	(169,882)
Other items:		
Share of loss of joint ventures – Note 6	(4,261,405)	-
Gain on foreign exchange	15,712	-
Interest income	74,399	28
Loss on sale of exploration and evaluation assets – Note 8	(133,378)	-
Project investigation costs – Note 15	(157,962)	(49,045)
Unrealized loss on marketable securities – Note 5	(43,800)	-
Write-off of license – Note 7	(225,000)	-
Net and comprehensive loss	(9,779,750)	(218,899)
Basic and diluted loss per common share	$ (0.14)	$ (0.01)
Weighted average number of common shares outstanding	69,499,478	23,042,193

See accompanying notes to the financial statements

SQUIRE MINING LTD.
STATEMENTS OF CASH FLOWS
For the fourteen month period ended December 31, 2018 and the twelve month period ended October 31, 2017
(Stated in Canadian Dollars)

	2018	2017
	$	$
Operating Activities		
Net loss for the period	(9,779,750)	(218,899)
Items not involving cash:		
Loss on sale of exploration and evaluation assets	133,378	-
Share-based compensation	1,493,333	10,000
Share of loss of joint ventures – Note 5	4,261,405	-
Unrealized loss on marketable securities	43,800	-
Write-off of license – Note 7	225,000	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	(51,202)	6,733
Prepaid expenses	(23,620)	(3,150)
Accounts payable	(12,414)	75,056
Accrued liabilities	(8,460)	(5,853)
	(3,718,530)	(136,113)
Investing Activities		
License	(225,000)	-
Marketable securities	(255,500)	-
Investments in joint ventures	(6,696,174)	-
Proceeds from sale of exploration and evaluation assets	10	-
Exploration and evaluation costs	(54,735)	(10,000)
	(7,231,399)	(10,000)
Financing Activities		
Shares issued for cash, net of share issue costs	28,930,895	382,000
Options exercised	524,740	-
Warrants exercised	205,333	-
	29,660,968	382,000
Increase in cash during the period	18,711,039	235,887
Cash and cash equivalents, beginning of the period	533,056	297,169
Cash and cash equivalents, end of the period	19,244,095	533,056

See accompanying notes to the financial statements

SQUIRE MINING LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the fourteen month period ended December 31, 2018 and the twelve month period ended October 31, 2017
(Stated in Canadian Dollars)

	Number of Common Shares	Amount	Reserve	Deficit	Total
Balance, October 31, 2016	28,921,167	$ 903,738	$ 99,850	$ (270,465)	$ 733,123
Net loss for the year	-	-	-	(218,899)	(218,899)
Balance, October 31, 2017	28,921,167	$ 903,738	$ 99,850	$ (489,364)	$ 514,224
Share issuances:					
For cash:					
Private placements	87,057,833	29,401,625	-	-	29,401,625
Options exercised	3,277,441	524,740	-	-	524,740
Warrants exercised	2,566,666	205,333	-	-	205,333
Share issue costs	-	(915,784)	-	-	(915,784)
Agent's units	1,632,065	445,054	-	-	445,054
Fair value of warrants attached to agent's units	-	(337,217)	337,217	-	-
Fair value of stock options exercised	-	340,683	(340,683)	-	-
Share-based payments	-	-	1,493,333	-	1,493,333
Net loss for the period	-	-	-	(9,779,750)	(9,779,750)
Balance, December 31, 2018	123,455,172	$ 30,568,172	$ 1,589,717	$ (10,269,114)	$ 21,888,775

See accompanying notes to the financial statements

Note 1 Nature of Operations

Squire Mining Ltd. (the "Company") is a reporting issuer in the Canadian provinces of British Columbia, Alberta and Ontario whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "SQR".

The Company was incorporated under the Business Corporations Act (British Columbia) on March 23, 2011. On January 13, 2015 the Company changed its name from 0906251 B.C. Ltd. to Squire Mining Ltd. The address of the Company's corporate office and principal place of business is Suite 1100 - 595 Howe Street, Vancouver, BC, V6C 2T5 and the address of its records office is Suite 1800 – 510 West Georgia Street, Vancouver, BC, V6B0M3.

From its incorporation to 2018, the Company was engaged primarily in the exploration of mineral resource properties.

In August 2018, the Company completed a change of business and is now engaged, through its joint ventures, in the development, operation and manufacture of data mining infrastructure and system technology to support global blockchain applications in the mining space including application specific integrated circuit ("ASIC") chips and mining rigs to mine Bitcoin SV, Bitcoin Core and other associated SHA-256-derived cryptocurrencies.

Note 2 Basis of Preparation

a) Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and which were in effect as of December 31, 2018.

The financial statements were authorized for issue by the Board of Directors on April 30, 2019.

b) Going Concern

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has to date not generated revenue from operations, has incurred a net loss of $9,779,750 for the fourteen months ended December 31, 2018, has accumulated a deficit at December 31, 2018 of $10,269,114 and expects to incur further losses in the development of its business.

The Company's ongoing viability will continue to be dependent upon the receipt of equity financing on terms which are acceptable to it, and ultimately upon the ability of the Company to generate revenue on a commercial scale or to otherwise develop and dispose of its assets on a profitable basis.

Material uncertainties in respect to these matters at the present time cast significant doubt as to the ability of the Company to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary

Note 2 Basis of Preparation – (cont'd)

should the Company be unable to continue as a going concern.

c) Change in Year-end

The Company changed its financial year end from October 31 to December 31, effective for the period ended December 31, 2018. As a result of the change in year-end, comparative amounts are not directly comparable with the current period's amounts.

d) Basis of Measurement

These financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's functional currency.

The application of the Company's accounting policies and preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates and judgments. Significant estimates and judgments involving a higher degree of complexity are disclosed in Note 4.

Note 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of Presentation

Certain of the Company's business activities are conducted through incorporated joint ventures, namely, its interests in Aracore Technology Corp. ("Aracore") and Arasystems Technology Corp. ("Arasystems"), which operate in Canada. It accounts for its interests in these joint ventures as described below. Refer also to Note 6.

Investments in joint arrangements

Investments in joint arrangements are accounted for using proportionate consolidation when the arrangement is considered to be a joint operation, and by use of the equity method in circumstances where the arrangement is considered to be a joint venture for accounting purposes.

Under proportionate consolidation, each party accounts for its proportionate share of an arrangement's assets, liabilities and operations statement items on a line for line basis within its own financial statements.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit and loss, other comprehensive income and loss and any other changes in a joint venture's net assets, such as further investments and dividends.

The Company's proportionate share of a joint venture's profit or loss and other comprehensive income or loss is based on the most recent financial statements that joint venture. Adjustments are made to align any inconsistencies between the Company's accounting policies and those of the joint venture before applying the equity method. Adjustments are also made to account for any depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the joint venture.

Note 3 Significant Accounting Policies

Investments in Joint Ventures – (cont'd)

If the Company's share of a joint venture's loss is equal to or exceeds the Company's investment in a joint venture, recognition of further losses would be discontinued. After the Company's interest is reduced to zero, additional losses would be provided for and a liability recognized only to the extent that the Company has incurred legal and constructive obligations to provide additional funding or to make payments on behalf of a joint venture. If a joint venture subsequently reports profit, the Company resumes recognizing its share of those profits only when it has a positive interest in the entity.

At each statement of financial position date, the Company considers whether there is objective evidence of impairment in its joint venture interests. If there is such evidence, the Company determines the amount of impairment to record, if any, in relation to each joint venture.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are readily convertible to known amounts of cash, subject to an insignificant risk of change in value.

Basic and Diluted Loss per Share

Basic loss per share for a given period is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Exploration and Evaluation Assets

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Costs

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized in addition to the acquisition costs. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Once the technical feasibility and commercial viability of extraction of the mineral resources have been determined, the property is considered to be a property under development and is reclassified as such. Accordingly, costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for prospects abandoned are written off.

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its exploration and evaluation costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The recoverability of amounts capitalized for undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the

Note 3 Significant Accounting Policies

Exploration and Evaluation Assets – (cont'd)

Company's interest in the underlying mineral claims, the ability to obtain financing necessary to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, the title to its property is in good standing.

Management's capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant estimation uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts capitalized for mineral properties.

Mineral exploration tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mineral tax credits are earned in respect to exploration costs incurred in British Columbia, Canada and are recorded as a reduction of the related deferred exploration expenditures.

Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for indications of impairment at each financial position date. If indications of impairment exist, an asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of comprehensive loss when incurred. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Note 3 Significant Accounting Policies – (cont'd)

Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of the discounting unwinds, creating an expense recognition in the statement of comprehensive loss.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of comprehensive loss for the period. As at December 31, 2018 and October 31, 2017, the Company is not aware of any reclamation costs and no amounts have been recorded.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as deductions, net of tax, from the proceeds.

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of shares that will eventually vest. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Compensation expense on share purchase options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Note 3 Significant Accounting Policies – (cont'd)

Share-based Payments – (cont'd

All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital along with any consideration paid. If the options expire unexercised, the amount recorded remains in contributed surplus.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current and deferred income tax is recognized in the statement of loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Foreign Currency Translation

At the transaction date, assets, liabilities, revenue and expenses denominated in a foreign currency are translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Note 3 Significant Accounting Policies – (cont'd)

Financial Instruments

On November 1, 2017, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The following accounting policies with respect to financial instruments reflect the adoption of IFRS 9.

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flow from assets have expired or have been transferred and the Company has transferred all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expires. All financial instruments are initially recognized at fair value and measurement in subsequent periods is dependent upon the classification of the financial instrument.

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") are initially recognized at fair value with changes in fair value recorded in profit or loss. The Company's marketable securities are recorded at FVTPL.

Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and cash equivalents, and receivables are recorded at amortized cost as they meet the required criteria.

Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Note 3 Significant Accounting Policies – (cont'd)

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Accounting Standards and Amendments Issued but not yet Effective

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards; however, the Company does not expect them to have a significant effect on the financial statements.

- IFRS 16 *Leases* establishes a single lease accounting model requiring lessees to recognize assets and liabilities for all leases unless a lease's term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting in IFRS 16 substantially unchanged from the predecessor standards IAS 17 Leases. The standard replaces IAS 17 Leases and related interpretations. This standard is effective for reporting periods beginning on or after January 1, 2019.

Note 4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Estimates

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

Note 4 Use of Estimates and Judgments – (cont'd)

Judgments:

Controlled entities and joint arrangements

The Company is party to certain arrangements over which it does not have control. Judgment is required in determining whether joint control over these arrangements exists and, if so, which parties have joint control and whether each arrangement is a joint venture or a joint operation. In assessing whether the Company has joint control, it analyses the activities of each arrangement and determine which activities most significantly affect the returns of the arrangement over its life. These activities are determined to be the relevant activities of the arrangement. If unanimous consent is required over the decisions about the relevant activities, the parties whose consent is required would have joint control over the arrangement. The judgments around which activities are considered the relevant activities of the arrangement are subject to analysis by each of the parties to the arrangement and may be interpreted differently. When performing the assessment, the Company generally consider decisions about activities such as managing the asset while it is being designed, developed and constructed, during its operating life and during the closure period. It may also consider other activities including the approval of budgets, expansion and disposition of assets, financing, significant operating and capital expenditures, appointment of key management personnel, representation on the board of directors and other items. When circumstances or contractual terms change, the Company reassesses the control group and the relevant activities of the arrangement.

If joint control over the arrangement exists, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether the Company separately has rights to the assets and obligations of the arrangement, which would suggest a joint operation, or whether in fact it has rights to the net assets of the arrangement, suggesting that the arrangement is a joint venture. In making this determination, we review the legal form of the arrangement, the terms of the contractual arrangement and other facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement do not give the Company rights to the individual assets and liabilities of an arrangement, an assessment of other facts and circumstances is required, including whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. The consideration of other facts and circumstances may result in the conclusion that a joint arrangement is a joint operation. This conclusion requires judgments that are specific to each arrangement.

During the fourteen months ended December 31, 2018, the Company made specific judgments involving these matters in respect the following transactions:

a) *Accounting for the 75% interest in Aracore Technology Corp. ("Aracore")*

Based on assessment of relevant facts and circumstances, primarily the requirement for unanimous agreement on management decisions relating to the development and operation of the arrangement, the Company concluded that Aracore Technology Corp. is a jointly controlled entity. Although the Company has a 75% interest in Aracore, it does not have control over the relevant activities of Aracore. Any major business decision requires unanimous board approval. The Company's interest is further considered to be a joint venture rather than a joint operation, as the form of the investment in a separate legal entity is, on balance, more relevant than any other facts and circumstances which could be suggestive of a joint operation.

Note 4 Use of Estimates and Judgments – (cont'd)

Judgments: – (cont'd)

b) *Accounting for the 75% interest in Arasystems Technology Corp. ("Arasystems")*

Although the Company has a 75% interest in Arasystems, it does not have control over the relevant activities of Arasystems. Any major business decision requires unanimous shareholder approval, and therefore the Company has concluded that Arasystems is also a jointly control entity. The Company's interest is further considered to be a joint venture rather than a joint operation, as the form of the investment in a separate legal entity is, on balance, more relevant than any other facts and circumstances which could be suggestive of a joint operation.

Exploration and evaluation expenditures

The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position, utilize the cost model and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. Management regularly tests for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present:

- The rights to explore have expired or are near expiry with no expectation of renewal;
- No further substantive expenditures are planned;
- Exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or
- Indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future is a judgment, as is the decision to formally disclose material uncertainties in this connection. The factors relevant considered by management are disclosed in Note 2(b).

Note 5 Marketable Securities

Marketable securities are classified as FVTPL financial assets and, accordingly, changes in their fair values are reported in operations on a quarterly basis.

Marketable securities are comprised of 730,000 common shares of Universal mCloud Corp. ("mCloud"), a public company trading on the TSX Venture Exchange. The adjustment to fair market value at the end of the period resulted in an unrealized loss of $43,800 for the period.

Note 6 Investments in joint ventures

On June 6, 2018, the Company entered into a shareholders' agreement and formed an incorporated joint venture, Aracore, to undertake the design, development and manufacture of application specific integrated circuits (ASIC) chips for mining bitcoin and other cryptocurrencies.

Note 6 Investments in joint ventures – (cont'd)

The Company initially was granted a $66^{2/3}$% interest in Aracore and, after providing 100% of the initial funding of Aracore in the amount of US$3,000,000, its ownership percentage increased to 75%. To December 31, 2018, the Company advanced $6,435,846 to this joint venture, with the carrying amount of the Company's investment offset by the Company's proportionate share of the $4,066,301 loss incurred by Aracore during 2018. The residual investment in the accounts of the Company is therefore substantially representative of the carried interest, in Aracore, of the minority venturer and Aracore's net assets, which at December 31, 2018 consist solely of cash of $623,512. The minority venturer is also entitled to a royalty on gross revenues generated from the sale of ASIC chips by Aracore equal to 1.5% until the Company has recovered 100% of its capital contributions in Aracore and 2.5% thereafter.

On August 14, 2018, the Company entered into a shareholders' agreement and formed a second incorporated joint venture, Arasystems, to manage the development, manufacturing and assembly of the Company's mining systems. At December 31, 2018, the Company owned a 75% interest in Arasystems. During the period ended December 31, 2018, the Company provided 100% of the initial funding of Arasystems, in the amount of $260,328, with the Company's investment offset by its proportionate share of the $195,104 loss incurred by Arasystems during 2018. The residual investment in the accounts of the Company is therefore substantially representative of the carried interest, in Arasystems, of the minority venturer.

See Note 17.

Note 7 License

By an agreement dated December 12, 2017, as amended January 29, 2018, the Company purchased an 18% interest in an exclusive eight-year license (the "License") to commercially exploit a patented communications technology designed to create autonomous communication networks without the need to connect to the internet, cellular or other communications infrastructure. The License relates solely to commercial applications for the mining resource industry worldwide. In consideration, the Company paid $225,000 cash to the seller, who itself acquired the License from its original owner in February 2017.

At December 31, 2018, the Company has no future plans for the use of the License and has therefore written-off the cost of $225,000.

Note 8 Exploration and Evaluation Assets

Star Property

	Balance December31, 2016	Additions	Balance December31, 2017	Additions	Balance, December31, 2018
Acquisition costs	$ 18,000	$ 10,000	$ 28,000	$ 10,000	$ 38,000
Deferred exploration costs					
Assays	22,792	-	22,792	-	22,792
Equipment rental	7,322	-	7,322	-	7,322
Food and accommodations	5,531	-	5,531	-	5,531
Geological	40,470	-	40,470	44,735	85,205
Supplies	2,021	-	2,021	-	2,021
	78,136	-	78,136	44,735	122,871
Mineral Exploration Tax Credits	(27,483)	-	(27,483)	-	(27,483)
Proceeds received	-	-	-	(10)	(10)
Loss on sale	-	-	-	(133,378)	(133,378)
Balance, ending	$ 68,653	$ 10,000	$ 78,653	$ (78,653)	$ -

By a mineral property option agreement dated December 5, 2013 and amended on December 5, 2014, the Company could acquire up to a 100% interest in the Star Property. This property consisted of six mineral tenures and is located approximately 80 kilometres west southwest of Quesnel, British Columbia.

In order to earn a 51% interest in the Star Property, the Company was to pay $78,000 in cash and incur $885,000 in exploration work over four years. As at December 31, 2017, the Company had paid $28,000 and incurred in excess of $35,000 in exploration expenditures.

The Company could have earned an additional 10% interest in the Star Property by completing a pre-feasibility study and a further 9% interest upon successful completion of a senior financing required to put the Star Property into production.

As at December 31, 2017, the Company has forfeited two of the original six claims as the Company did not consider it to be part of the core claims.

At December 31, 2017, the Company had not paid the required property payment or incurred the required exploration costs due by twenty-four months after the listing date. By an agreement dated February 1, 2018 the Company replaced the prior agreements with a new option agreement effective February 15, 2018 such that in order to earn the 51% interest in the Star Property, the Company was to pay $60,000 ($10,000 paid) in cash and incur $785,000 ($35,000 completed) in exploration work.

The term of the option was to be until August 15, 2020, at which point if the option was not exercised or the cash and exploration expenditures had not been paid and incurred in full, the option would terminate.

The Company could also have earned an additional 14% interest in the Star Property by completing a preliminary economic assessment and a further 15% interest upon successful completion of a financing sufficient to carry out a feasibility study on the property. If the Company had earned 80% ownership, the project would have continued as a joint venture with the exploration programs being funded proportionally to ownership.

Note 8 Exploration and Evaluation Assets – (cont'd)

By an agreement dated December 28, 2018 the Company sold all of its interest in the Star Property for nominal consideration. However, if the purchaser or other third party to whom the purchaser sells, assigns, transfers or otherwise disposes, directly or indirectly, all or any part of the Star Property completes, within 10 years following the agreement date, a listing of its shares by way of initial public offering, reverse takeover or otherwise on a recognized stock exchange or quotation system, the Company shall also receive $150,000 worth of shares of the purchaser or the third party purchaser.

Note 9 Share Capital

a) Authorized:

Unlimited common shares without par value.

b) Issued:

During the fourteen months ended December 31, 2018:

On December 15, 2017, the Company completed a non-brokered private placement of 10,133,333 units at $0.06 per unit for gross proceeds of $608,000. Each unit consists of one common share and one transferable share purchase warrant to purchase one additional common share at $0.08, exercisable until December 21, 2019 (7,633,333 warrants) and December 27, 2019 (2,500,000 warrants). The Company also paid finder's fees in connection therewith of 560,000 agent units with the same composition as the private placement units and the attached finder's warrants exercisable until December 27, 2019. The Company determined the fair value of the agent unit shares to be $33,600 and the fair value of the agent unit warrants to be $67,200 based on the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate of 1.66%;
- Dividend yield of Nil;
- Expected volatility of 142.38%;
- Expected life of 2 years; and
- Forfeiture rate of 0%.

On May 9, 2018, the Company completed the first tranche of a non-brokered private placement, issuing 8,000,000 units at a price of $0.25 per unit for gross proceeds of $2,000,000. Each unit was comprised of one common share and one-half (1/2) of a share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at $0.50 for a period of two years from issuance.

On May 16, 2018, the Company closed the second tranche of a non-brokered private placement, issuing an additional 1,430,000 units with the same composition as those issued pursuant to the May 9, 2018 tranche for gross proceeds of $357,500.

On May 29, 2018, the Company closed the third tranche of a non-brokered private placement, issuing an additional 3,744,500 units with the same composition as those issued pursuant to the May 9, 2018 and May 16, 2018 tranches for gross proceeds of $936,125.

Note 9 Share Capital – (cont'd)

The Company paid $180,600 cash, 115,815 agent units with the same composition as the private placement units and issued 838,215 agent warrants, exercisable on the same terms as the private placement warrants, as finder's fees in connection with the May 9, May 16 and May 29, 2018 private placement tranches. The Company determined the fair value of the agent warrants to be $174,392 based on the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate of 1.84% - 2.05%;
- Dividend yield of Nil;
- Expected volatility of 144% - 147%;
- Expected life of 2 years; and
- Forfeiture rate of 0%.

On August 10, 2018, the Company completed a private placement of 63,750,000 units at $0.40 per unit for gross proceeds of $25,500,000. Each unit consists of one common share and one-half (1/2) of a transferable share purchase warrant to purchase one additional common share at $0.80 until August 10, 2020. The Company also paid finder's fees in connection therewith of 956,250 agent units with the same composition as the private placement. The Company determined the fair value of the agent unit shares to be $382,500 and the fair value of the agent unit warrants to be $95,625 based on the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate of 2.10%;
- Dividend yield of Nil;
- Expected volatility of 144%;
- Expected life of 2 years; and
- Forfeiture rate of 0%.

During the fourteen months ended December 31, 2018, the following options and warrants were exercised:

Options:

- 500,000 options at a price of $0.10 per share;
- 600,000 options at a price of $0.12 per share;
- 1,701,667 options at a price of $0.15 per share; and
- 475,774 options at a price of $0.31 per share.

Warrants:

- 2,566,666 warrants at a price of $0.08 per share.

During the twelve months ended October 31, 2017:

On September 13, 2017, the Company completed a private placement of 6,366,666 units at $0.06 per unit for gross proceeds of $382,000. Each unit consists of one common share and one transferable share purchase warrant to purchase one additional common share at $0.08 until September 8, 2019. The Company also paid a finder's fees in connection therewith of 402,500 units with the same composition as the private placement units. The Company determined the fair value of the agent unit shares to be $24,150 and the fair value of agent unit warrants to be $16,100 based on the Black-Scholes option pricing model with the following assumptions:

- Risk-free rate of 1.58%;
- Dividend yield of Nil;
- Expected volatility of 135%;
- Expected life of 2 years; and
- Forfeiture rate of 0%.

Note 9 Share Capital – (cont'd)

c) Commitments:

Share-based Compensation:

The Company has a share-based compensation plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

A summary of the Company's share purchase options outstanding at December 31, 2018 and October 31, 2017 and changes are presented below:

	Options	Weighted Average Exercise Price
Outstanding and exercisable at October 31, 2016	1,125,000	$0.12
Forfeited	(250,000)	$0.12
Granted	100,000	$0.12
Outstanding and exercisable at October 31, 2017	975,000	$0.12
Granted	9,033,334	$0.28
Cancelled	(2,125,000)	$0.30
Exercised	(3,277,441)	$0.16
Outstanding and exercisable at December 31, 2018	**4,605,893**	**$0.33**

Note 9 Share Capital – (cont'd)

As at December 31, 2018, share purchase options outstanding, detailed below, have a weighted average remaining contractual life of 0.59 years (October 31, 2017: 2.6 years).

Outstanding	Exercise Price	Expiry Date
750,000	$0.15	January 25, 2019*
450,000	$0.30	January 25, 2019**
474,226	$0.31	January 25, 2019**
750,000	$0.40	January 25, 2019**
250,000	$0.40	February 15, 2019
200,000	$0.40	September 7, 2019
31,667	$0.15	October 25, 2019***
200,000	$0.40	October 25, 2019
200,000	$0.425	October 25, 2019
300,000	$0.15	January 12, 2020
100,000	$0.31	May 16, 2020
300,000	$0.40	August 10, 2020
200,000	$0.77	September 7, 2020
400,000	$0.28	December 11, 2020
4,605,893		

**Subsequent to December 31, 2018, 249,800 options were exercised, while the balance expired unexercised. See Note 17.*
***Subsequently expired unexercised.*
****Subsequently exercised. See Note 17.*

Agent's Warrants:

A reconciliation of agent's warrants outstanding at as at December 31, 2018 and October 31, 2017 is presented below:

	Agent's Warrants	Weighted Average Exercise Price
Outstanding, at October 31, 2016	300,000	$0.10
Issued	402,500	$0.08
Expired	(300,000)	$0.10
Outstanding, at October 31, 2017	402,500	$0.08
Issued	1,934,247	$0.45
Outstanding, at December 31, 2018	**2,336,747**	**$0.39**

Note 9 Share Capital – (cont'd)

As at December 31, 2018, agent's warrants outstanding, detailed below, have a weighted average remaining contractual life of 1.21 (October 31, 2017: 1.87) years:

Outstanding	Exercise Price	Expiry Date
402,500	$0.08	September 13, 2019
560,000	$0.08	December 21, 2019
654,500	$0.50	May 16, 2020
241,622	$0.50	May 29, 2020
478,125	$0.80	August 10, 2020
2,336,747		

Share Purchase Warrants:

A reconciliation of share purchase warrants outstanding as of December 31, 2018 and October 31, 2017 is presented below:

	Share Purchase Warrants	Weighted Average Exercise Price
Balance, at October 31, 2016	-	$ -
Issued	6,366,666	$0.08
Balance, at October 31, 2017	6,366,666	$0.08
Issued	48,595,583	$0.61
Exercised	(2,566,666)	$0.08
Balance, at December 31, 2018	**52,395,583**	**$0.57**

As at December 31, 2018, share purchase warrants outstanding, detailed below, have a weighted average remaining contractual life of 1.39 (October 31, 2017: 1.85) years.

Outstanding	Exercise Price	Expiry Date
5,500,000	$0.08	September 13, 2019
5,933,333	$0.08	December 21, 2019
2,500,000	$0.08	December 27, 2019
4,715,000	$0.50	May 16, 2020
1,872,250	$0.50	May 29, 2020
31,875,000	$0.80	August 10, 2020
52,395,583		

Note 10 Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and process for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and are comprised of foreign currency risk and interest rate risk.

b) Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

c) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of the short-term nature of the investments.

d) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash. Cash are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

e) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the Company's cash flow projections. If future cash flows are fairly uncertain, liquidity risk increases. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating year.

Note 10 Financial Instruments and Risk Management – (cont'd)

As at December 31, 2018, the Company had working capital of $19,454,006. The Company does not currently generate any revenues and as such, may be dependent upon issuance of new equity to advance its business activities. If equity financing is required, failure to obtain financing on a timely basis may cause the Company to postpone developing plans, reduce or terminate its operations.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial position carrying amounts for cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities;
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions; and
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Note 11 Management of Capital Risk

The Company manages its cash and cash equivalents, and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its businesses and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Note 12 Related Party Transactions

The Company incurred the following expenditures charged by a director, two companies each controlled by a director of the Company and one company controlled by an officer of the Company:

	December 31, 2018	October 31, 2017
Key management compensation		
Consulting fees	$ 76,304	$ -
Management fees	263,211	45,000
Management severance	460,000	-
Management bonus	215,000	-
Share-based compensation	725,000	-
Salaries and wages	130,853	-
	$ 1,870,368	$ 45,000

These transactions are in the normal course of operations and were measured by amounts agreed upon by the transacting parties.

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management.

Note 13 Segmented Information

As a result of the change of business, as at December 31, 2018, the Company has only one operating segment: the design, operation and development of data mining infrastructure and system technology to support global blockchain applications in the crypto-asset mining space.

Note 14 Terminated Acquisition

On October 14, 2016, the Company entered into a binding letter of intent ("LOI") with Strategic Aviation Holdings Ltd. ("SAH"), a privately owned company incorporated under the laws of Ontario, and each of the shareholders of SAH, which set out the terms and conditions pursuant to which the Company, SAH and the SAH shareholders agreed to complete a transaction that would result in the acquisition by the Company of all of the issued and outstanding common shares of SAH.

SAH is a national multi-functional aviation services provider, focusing on airline ground handling and catering logistics services in Canada.

The completion of the proposed transaction was subject to a number of terms and conditions, including entering into a definitive agreement, the completion of financing, the approval of the shareholders of the Company, the approval of the exchange and other relevant regulatory authorities. On January 6, 2017 the LOI was terminated after the parties were unable to meet certain conditions required to complete the transaction on mutually acceptable terms.

Note 15 Project Investigation Costs

Project investigation costs included in the statements of loss and comprehensive loss are related to investigation and due diligence of potential business acquisitions and consist of the following:

	December 31, 2018		October 31, 2017	
Consulting fees	$	157,962	$	2,500
Legal costs		-		46,545
	$	157,962	$	49,045

Note 16 Income Taxes

The Company has Canadian exploration and development expenses of approximately $147,000 (2017: $92,000) that are available to carry forward and offset future years' income at various rates. These pools carry forward indefinitely.

The Company has non-capital losses of approximately $4,191,000 (2017: $447,000), which may be carried forward to offset future years' income. The non-capital losses expire as follows:

2031	$	2,000
2032		2,000
2033		1,000
2034		14,000
2035		108,000
2036		91,000
2037		242,000
2038		3,731,000
	$	4,191,000

The Company has capital losses totalling $31,465 which may be carried forward and applied against capital gains in future years.

The difference between tax expense for the periods and the expected income taxes based on the statutory tax rate arises as follows:

	2018	2017
Loss before income taxes	$ (9,779,750)	$ (218,899)
Statutory income tax rates	27.00%	26.00%
Computed income tax recovery	$ (2,641,000)	$ (56,900)
Permanent difference	1,537,000	2,700
Changes in unrecognized deferred tax assets	1,104,000	54,200
Total current and deferred income tax recovery	$ -	$ -

Note 16 Income Taxes – (cont'd)

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered:

	2018	2017
Non-capital losses	$ 1,131,300	$ 115,900
Capital losses	4,100	4,100
Undeducted finance costs	109,800	14,600
Resource expenditures	39,700	3,500
Unrecognized deferred tax assets	(1,284,900)	(138,100)
Deferred income tax asset, net	$ -	$ -

Note 17 Subsequent Events

- By an agreement dated January 12, 2019, the Company purchased the remaining 25% interest in the Arasystems joint venture from Future Farm Development Ltd, and terminated the Shareholders Agreement dated August 14, 2018 with respect to the governance of Arasystems and the conduct of its business. All of the business functions contemplated to be performed by Arasystems will be taken on directly by the Company going forward.

- On January 14, 2019, 249,800 stock options were exercised at a price of $0.15 per common share for cash proceeds of $37,470.

- On February 19, 2019, 31,667 stock options were exercised at a price of $0.15 per common share for cash proceeds of $4,750.

- On March 22, 2019, the Company entered into a definitive share purchase agreement to acquire all of the outstanding shares of Freschette Limited ("Freschette"). Freschette owns and operates a fleet of cloud computing assets in Kazakhstan. The purchase price for Freschette is $22,500,000 (subject to adjustment), to be financed by way of an unsecured convertible debenture accruing interest at 15% per annum and due on May 1, 2020. The debenture may be satisfied on maturity or at any time after the date that is nine months following closing, in whole or in part, at the option of the holder, by common shares of the Company at a value of $0.45 per share or, at the option of the Company at any time after March 27, 2020, pursuant to a formula based on its then current trading price and subject to a floor of $0.30 per share.

- Subsequent to December 31, 2018, 200,000 options were granted to a director and 100,000 options were granted to members of the Company's advisory board. These options are exercisable at $0.28 per share until January 21, 2021.