



**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**

**Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2018 and 2017**

**(Expressed in Canadian dollars)**

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian dollars



<b>As at</b>	<b>September 30, 2018 (Unaudited)</b>	<b>December 31, 2017 (Audited)</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 13,940,618	\$ 20,704,259
Restricted cash (Note 4)	137,500	-
Investments (Note 5)	214,656	505,858
Amounts receivable	190,557	78,046
Investment tax credits receivable	175,325	175,325
Prepays	808,995	303,065
<b>Total current assets</b>	<b>15,467,651</b>	<b>21,766,553</b>
<b>Equipment (Note 6)</b>	<b>666,726</b>	<b>72,032</b>
<b>Total assets</b>	<b>\$ 16,134,377</b>	<b>\$ 21,838,585</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 389,730	\$ 612,014
<b>Total liabilities</b>	<b>389,730</b>	<b>612,014</b>
<b>Equity</b>		
Share capital (Note 7)	32,563,218	31,762,595
Share subscriptions	-	51,050
Equity reserves (Note 7)	6,153,846	5,537,282
Cumulative translation adjustment	(228)	-
Deficit	(22,972,189)	(16,124,356)
<b>Total equity</b>	<b>15,744,647</b>	<b>21,226,571</b>
<b>Total liabilities and equity</b>	<b>\$ 16,134,377</b>	<b>\$ 21,838,585</b>

**Nature and continuance of operations** (Note 1)

**Commitments** (Note 10)

**On behalf of the Board:**

"Lance Morginn" Director

"Shone Anstey" Director

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



**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited)**  
**Expressed in Canadian dollars**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Consulting income</b>	\$ 3,746	\$ 36,136	\$ 64,391	\$ 99,718
<b>Product sales</b>	-	-	3,950	-
	<b>3,746</b>	<b>36,136</b>	<b>68,341</b>	<b>99,718</b>
<b>Cost of sales</b>	<b>3,637</b>	<b>27,286</b>	<b>16,250</b>	<b>81,859</b>
	<b>109</b>	<b>8,850</b>	<b>52,091</b>	<b>17,859</b>
<b>General and Administrative Expenses</b>				
Advertising and promotion	351,909	63,212	1,420,747	83,038
Consulting (Note 8)	30,920	9,313	263,561	29,332
Depreciation	29,727	5,199	64,029	14,584
Director's fees	3,062	-	6,124	-
Office	234,582	36,565	544,855	100,129
Professional fees	73,475	1,731	319,718	16,893
Regulatory and listing fees	3,649	-	25,092	-
Research and development (Note 8)	578,096	142,967	1,685,520	326,394
Share-based compensation	297,700	349,499	722,700	1,085,795
Travel	63,065	9,626	242,183	26,049
Wages and benefits (Note 8)	479,776	17,908	1,416,927	49,885
<b>Loss from operating activities</b>	<b>(2,145,852)</b>	<b>(627,170)</b>	<b>(6,659,365)</b>	<b>(1,714,240)</b>
<b>Other Income (Expenses)</b>				
Interest income	42,634	-	130,350	-
Foreign exchange loss	(5,546)	(2,888)	(27,833)	(21,189)
Gain on sale of investment	-	-	-	18,520
Unrealized (loss) gain on investment	(7,499)	60,975	(290,985)	94,839
Loss on settlement of debt	-	-	-	(18,102)
<b>Net loss for the period</b>	<b>\$ (2,116,263)</b>	<b>\$ (569,083)</b>	<b>\$ (6,847,833)</b>	<b>\$ (1,640,172)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ (0.07)</b>	<b>\$ (0.08)</b>
<b>Weighted average number of common shares outstanding</b>	<b>105,501,283</b>	<b>20,219,320</b>	<b>104,558,641</b>	<b>19,677,883</b>

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



**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited)**  
**Expressed in Canadian dollars**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Net loss for the period</b>	<b>\$ (2,116,263)</b>	<b>\$ (569,083)</b>	<b>\$ (6,847,833)</b>	<b>\$ (1,640,172)</b>
<b>Other comprehensive loss</b>				
<i>Items that may be reclassified to profit or loss</i>				
Currency translation adjustment	(228)	-	(228)	-
<b>Other comprehensive loss for the period</b>	<b>(228)</b>	<b>-</b>	<b>(228)</b>	<b>-</b>
<b>Comprehensive loss for the period</b>	<b>\$ (2,116,491)</b>	<b>\$ (569,083)</b>	<b>\$ (6,848,061)</b>	<b>\$ (1,640,172)</b>

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

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)  
Expressed in Canadian dollars



	Share Capital		Share Subscriptions	Equity Reserves	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount					
<b>Balance at December 31, 2016</b>	19,431,146	\$ 939,997	\$ -	\$ 932,566	\$ -	\$ (1,358,095)	\$ 514,468
Shares issued on private placement	625,668	197,700	-	-	-	-	197,700
Shares issued on exercise of options	150,000	34,165	-	(11,665)	-	-	22,500
Shares issued on exercise of warrants	116,813	23,363	-	-	-	-	23,363
Share issue costs	-	(3,026)	-	-	-	-	(3,026)
Share-based compensation	-	-	-	1,085,795	-	-	1,085,795
Loss for the period	-	-	-	-	-	(1,640,172)	(1,640,172)
<b>Balance at September 30, 2017</b>	20,323,627	\$ 1,192,199	\$ -	\$ 2,006,696	\$ -	\$ (2,998,267)	\$ 200,628
<b>Balance at December 31, 2017</b>	101,207,935	\$ 31,762,595	\$ 51,050	\$ 5,537,282	\$ -	\$ (16,124,356)	\$ 21,226,571
Shares issued on exercise of options	339,059	120,447	-	(55,400)	-	-	65,047
Shares issued on exercise of warrants	3,966,572	699,371	-	(50,736)	-	-	648,635
Share subscriptions	-	-	(51,050)	-	-	-	(51,050)
Share issue costs	-	(19,195)	-	-	-	-	(19,195)
Share-based compensation	-	-	-	722,700	-	-	722,700
Loss for the period	-	-	-	-	-	(6,847,833)	(6,847,833)
Other comprehensive loss	-	-	-	-	(228)	-	(228)
<b>Balance at September 30, 2018</b>	105,513,566	\$ 32,563,218	\$ -	\$ 6,153,846	\$ (228)	\$ (22,972,189)	\$ 15,744,647

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

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**Expressed in Canadian dollars**



	<b>For the nine months ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (6,847,833)	\$ (1,640,172)
Items not involving cash		
Depreciation	64,029	14,584
Share-based compensation	722,700	1,085,795
Foreign exchange gain	217	(1,317)
Gain on sale of investments	-	(18,520)
Unrealized loss (gain) on investments	290,985	(94,839)
Loss on settlement of debt	-	18,102
Changes in non-cash working capital items:		
Restricted cash	(137,500)	-
Amounts receivable	(112,511)	7,319
Prepays	(505,930)	(10,354)
Accounts payable and accrued liabilities	(222,284)	64,470
Due to/from related parties	-	14,063
Net cash used in operating activities	(6,748,127)	(560,869)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of equipment	(658,723)	(8,404)
Proceeds from sale of investments	-	198,922
Net cash provided by (used in) investing activities	(658,723)	190,518
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	662,632	243,563
Short-term loans from Acana	-	1,050,000
Share issue costs	(19,195)	(3,026)
Net cash provided by financing activities	643,437	1,290,537
Change in cash for the period	(6,763,413)	920,186
Cash, beginning of period	20,704,259	76,657
Effect of foreign exchange on cash	(228)	-
Cash, end of period	\$ 13,940,618	\$ 996,843
<b>Non-cash investing and financing transactions</b>		
Fair value of finder's warrants	\$ -	\$ 66,200
Debt settlement by issuance of investments	-	15,020
Cash paid for interest or taxes	\$ -	\$ 86

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



## **1. NATURE AND CONTINUANCE OF OPERATIONS**

BIG Blockchain Intelligence Group Inc. (the “Company”), formerly Acana Capital Corp. (“Acana”), was incorporated on October 17, 2014 under the *Business Corporations Act* (British Columbia). On November 30, 2017, the Company acquired Blockchain Technology Group Inc. (“BTGI”) through a reverse acquisition transaction described in Note 3. The historical operations, assets and liabilities of BTGI are included as the comparative figures as at and for the period ended September 30, 2017, which is deemed to be the continuing entity for financial reporting purposes. BTGI was incorporated under the *Business Corporations Act* (British Columbia) on May 31, 2010.

Concurrent with the closing of the acquisition on November 30, 2017, Acana changed its name to BIG Blockchain Intelligence Group Inc. and effected a change in directors, management and business. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BIGG”.

The Company’s principal business activity is the provision of its blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally. Blockchain is fundamentally a digital ledger of transactions with unique characteristics designed to create records that are secure, reliable, transparent, and accessible. The Company’s head office and principal place of business is Suite 114 – 990 Beach Avenue, Vancouver, BC, Canada.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2018, the Company has an accumulated deficit of \$22,972,189 and has generated negative cash flows from operations. Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive, or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing. These factors cast significant doubt on the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed consolidated interim statements of financial position. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

## **2. BASIS OF PRESENTATION**

### **a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. As a result, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated annual financial statements for the year ended December 31, 2017. In preparation of these condensed consolidated interim financial statements, the Company has consistently applied the same accounting policies as disclosed in note 2 to the audited consolidated annual financial statements for the year ended December 31, 2017, except for the adoption of new standards and interpretations as of January 1, 2018 and the determination of functional currency as described below.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on November 27, 2018.



**2. BASIS OF PRESENTATION (cont'd...)**

b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries Blockchain Technology Group Inc., 2140 Software Solutions Inc., BitRank Verification Services Inc., Dark Fibre Systems Inc., QLUÉ Forensic Systems Inc., Blockchain Intelligence Group Inc. (DC) and BIG Blockchain Intelligence Group Inc. (Texas). The accounts of the subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

c) Changes in and future accounting standards

**New accounting standards adopted effective January 1, 2018:**

*IFRS 9 Financial Instruments*

IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

*IFRS 15 Revenue from Contracts with Customers*

The Company adopted IFRS 15, "Revenue from Contracts and Customers" effective for January 1, 2018. The adoption of this standard did not have any impact on the Company's condensed consolidated interim financial statements as the Company does not have any significant amounts of revenue.

**Accounting standards issued by not effective**

Standards issued, but not effective, up to the date of issuance of the Company's condensed consolidated interim financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applies at a future date. The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

**New accounting standards effective for annual periods on or after January 1, 2019:**

*IFRS 16 Leases*

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify lease as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.



**2. BASIS OF PRESENTATION (cont'd...)**

**Accounting standards issued by not effective (cont'd...)**

**New accounting standards effective for annual periods on or after January 1, 2019 (cont'd...):**

*IFRIC 23 Uncertainty over Income Tax Treatments*

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019.

**Determination of Functional Currency**

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, BIG Blockchain Intelligence Group Inc., is the Canadian dollar; and the functional currency of the Company's subsidiaries is the Canadian dollar with the exception of its US subsidiaries for which the functional currency is the US dollar. The presentational currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the applicable period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as currency translation differences and taken into a separate component of equity.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses in accumulated other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses in accumulated other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.



### 3. REVERSE ACQUISITION TRANSACTION

On November 30, 2017, the Company acquired 100% ownership of Blockchain Technology Group Inc. ("BTGI") by issuing 37,939,483 of its common shares to acquire all of the 28,323,627 issued and outstanding shares of BTGI (the "Transaction"). For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since the Company, prior to the acquisition, did not constitute a business. As a result, the acquisition is accounted for in accordance with IFRS 2 *Share-based Payment* whereby BTGI is deemed to have issued shares and share purchase warrants in exchange for the net assets of the Company together with its listing status at the fair value of the consideration deemed received by BTGI. The accounting for this transaction resulted in the following:

- i) the consolidated financial statements of the combined entities are issued under the Company (legal parent), but are considered a continuation of the financial statements, assets and operations of the legal subsidiary, BTGI.
- ii) since BTGI is deemed to be the continuing entity for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Since the share and share-based consideration allocated to the former shareholders of the Company on closing the Transaction is considered within the scope of IFRS 2, and the Company was not able to identify specifically some or all of the goods or service received in return for the allocation of the shares and options, the value in excess of the net identifiable assets or obligations of the Company acquired on closing was expensed in the consolidated statement of comprehensive loss for the year ended December 31, 2017 as listing expense.

The listing expense of \$10,346,733 is comprised of the fair value of the common shares and warrants of the Company retained by the former shareholders of the Company and other direct expenses of the Transaction less the fair value of the net assets acquired.

The listing expense is summarized as follows:

Common shares deemed to be issued (35,819,394 common shares at \$0.35 per share)	\$	12,536,788
Warrants deemed to be issued (3,327,619 warrants exercisable at \$0.21)		1,031,300
Legal and other transaction costs		403,506
	\$	13,971,594
Identifiable assets acquired:		
Cash		2,144,368
Accounts receivable		20,634
Notes receivable		1,050,000
Prepays		516,173
Accounts payable and accrued liabilities		(106,314)
	\$	3,624,861
Listing expense	\$	10,346,733

The Company has estimated the fair value of the common shares deemed to be issued as \$12,536,788, based on the fair value of the common shares at the time of the agreement being \$0.35 per share. The fair value of the warrants, exercisable at \$0.21 per share until March 11, 2020, amounted to \$1,031,300. The fair value of the warrants was estimated using the Black-Scholes option pricing model, using the following assumptions: a share price of \$0.35, an expected volatility of 190%, a risk-free interest rate of 1.43%, no expected dividend and expected remaining lives of 1.53 years for the warrants.

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**



**4. RESTRICTED CASH**

At September 30, 2018, the Company held \$137,500 (2017 - \$Nil) in a Guaranteed Investment Certificate, at an interest rate of 0.85% with a maturity date of November 9, 2018, pursuant to a demand operating facility agreement with the Toronto-Dominion Bank, to support Visa credit lines of \$125,000.

**5. INVESTMENTS**

The Company holds cryptocurrencies as investments as follows:

	<b>September 30, 2018</b>		<b>December 31, 2017</b>	
	Number of coins held	Value	Number of coins held	Value
Bitcoin	22.57	\$ 193,606	22.68	\$ 394,308
Solarcoin	25,916.45	2,541	25,916.45	22,043
Bitcoin Cash	25.49	17,485	25.49	80,995
Bitcoin Gold	25.20	847	25.20	8,274
Lumen	524.93	177	524.93	238
		<b>\$ 214,656</b>		<b>\$ 505,858</b>

**6. EQUIPMENT**

	<b>Total</b>
<b>Balance at December 31, 2016</b>	<b>\$ 68,124</b>
Additions	29,592
Disposals	-
<b>Balance at December 31, 2017</b>	<b>\$ 97,716</b>
Additions	658,723
Disposals	-
<b>Balance at September 30, 2018</b>	<b>\$ 756,439</b>
<b>Depreciation</b>	
<b>Balance at December 31, 2016</b>	<b>\$ 5,558</b>
Depreciation for the period	20,126
Disposals	-
<b>Balance at December 31, 2017</b>	<b>\$ 25,684</b>
Depreciation for the period	64,029
Disposals	-
<b>Balance at September 30, 2018</b>	<b>\$ 89,713</b>
<b>Carrying amounts</b>	
<b>At December 31, 2017</b>	<b>\$ 72,032</b>
<b>At September 30, 2018</b>	<b>\$ 666,726</b>



## **7. SHARE CAPITAL**

### **Authorized share capital**

Unlimited number of common shares and preferred shares, without par value

### **Share Issuances**

#### **2018**

During the nine-month period ended September 30, 2018, the Company:

- (i) issued 339,059 common shares for the exercise of stock options. The Company received proceeds of \$65,047 and re-classified \$55,400 from equity reserves to share capital upon exercise; and
- (ii) issued 3,966,572 common shares for the exercise of warrants. The Company received proceeds of \$648,635 and re-classified \$50,736 from equity reserves to share capital upon exercise.

#### **2017**

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

- (i) completed a private placement of 50,000 common shares at a price of \$0.30 per share for gross proceeds of \$15,000 on April 12, 2017. The Company did not incur any share issuance costs in connection with the issuance;
- (ii) completed a private placement of 575,668 common shares at a price of \$0.30 per share for gross proceeds of \$172,700 on June 16, 2017. The Company incurred share issuance costs of \$2,933 in connection with the issuance;
- (iii) acquired all of the 28,323,627 issued and outstanding common shares of Blockchain Technology Group Inc. in exchange for 37,939,483 common shares of the Company, as a result of the reverse acquisition transaction described in Note 3, on November 30, 2017. The Company estimated the fair value of the 35,819,394 common shares deemed to be issued as \$12,536,788, based on the fair value of the common shares at the time of the agreement being \$0.35 per share;
- (iv) completed a bought deal offering of common shares with a syndicate of underwriters and issued 26,070,500 common shares at a price of \$0.75 per share for gross proceeds of \$19,552,875 on December 21, 2017. In connection with the offering, the Company paid finder's fees of \$1,112,490 in cash, issued 1,483,320 finder's compensation options with each compensation option exercisable at a price of \$0.75 per share for a period of eighteen months and incurred additional share issuance costs of \$150,551. The compensation options were valued at \$1,979,655 using the Black-Scholes model, based on a risk-free rate of 1.66%, an expected life of 1.5 years, an estimated volatility of 172% and a dividend rate of nil;
- (v) issued 183,487 common shares for the exercise of stock options. The Company received proceeds of \$26,250 and re-classified \$14,365 from equity reserves to share capital upon exercise; and
- (vi) issued 9,461,884 common shares for the exercise of warrants. The Company received proceeds of \$333,494 and re-classified \$1,426,638 from equity reserves to share capital upon exercise.

### **Share purchase warrants**

The Company may issue share purchase warrants to acquire its common shares either in combination with share offerings, or on a stand-alone basis to its consultants and advisors. The terms of warrants issued are determined by the Company's Board of Directors.

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**



**7. SHARE CAPITAL (cont'd...)**

**Share Purchase warrants (cont'd...)**

Share purchase warrant transactions are summarized for the nine months ended September 30, 2018 and the year ended December 31, 2017. At closing of the reverse acquisition transaction on November 30, 2017, each outstanding warrant of BTGI became exercisable into the number of common shares of the Company based on the exchange ratio of 1.3395 on the Transaction and the exercise price of each outstanding warrant was decreased by the same exchange ratio. The number of warrants outstanding and the exercise prices have been adjusted retrospectively to show the effect of this adjustment.

	<b>For the Nine Months Ended September 30, 2018</b>		<b>For the Year Ended December 31, 2017</b>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	6,709,555	\$ 0.17	4,883,478	\$ 0.14
Issued	-	-	-	-
Deemed to be issued	-	-	3,327,619	0.21
Exercised	(3,966,572)	0.16	(1,501,542)	0.15
Expired	(1,038,333)	0.15	-	-
Ending balance	1,704,650	\$ 0.21	6,709,555	\$ 0.17
Warrants exercisable	1,704,650	\$ 0.21	6,709,555	\$ 0.17

As at September 30, 2018 and December 31, 2017 the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	September 30, 2018	December 31, 2017	Weighted Average Remaining Contractual Life
Warrants	January 11, 2018	\$ 0.15	-	133,950	-
Finder's warrants	January 11, 2018	0.11	-	9,376	-
Warrants	March 4, 2018	0.15	-	44,873	-
Warrants	June 13, 2018	0.15	-	2,772,533	-
Finder's warrants	June 13, 2018	0.15	-	35,720	-
Finder's warrants	November 22, 2018	0.07	-	475,008	-
Warrants	March 11, 2020	0.21	1,704,650	3,238,095	1.45 years

**Performance-based share purchase warrants**

On May 31, 2016, the Company granted an aggregate 12,000,000 performance warrants to directors, officers and employees at an exercise price of \$0.15 per share with an expiration date of December 31, 2022.

On July 25, 2017, the number of issued and outstanding performance warrants was increased from 12,000,000 to 13,000,000 and the terms were amended by reducing the exercise prices from \$0.15 to a range of Nil to \$0.01 per share for the first three tranches comprised of 8,000,000 performance warrants and from \$0.15 to \$0.07 per share for the final two tranches comprised of 5,000,000 performance warrants.

On November 16, 2017, the exercise prices for the first three tranches comprising an aggregate 8,000,000 performance warrants were amended from a range of Nil to \$0.01 to Nil to \$0.02 per share. Prior to completion of the Transaction a total of 5,500,000 performance warrants were exercised for proceeds of \$110,000.

Upon closing of the Transaction described in Note 3, each outstanding performance warrant of BTGI became exercisable into the number of common shares of the Company based on the exchange ratio of 1.3395 and the exercise price of each outstanding performance warrant was decreased by the same exchange ratio. A total of 2,500,000 performance warrants were converted into 3,348,750 common shares of the Company for no further consideration.

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**7. SHARE CAPITAL (cont'd...)**

**Performance-based share purchase warrants (cont'd...)**

The performance warrants are subject to vesting upon the achievement of certain milestones by certain dates, as set out below:

Milestone	On or before	No. of Performance Warrants	Exercise price of vested Performance Warrants	No. of Performance Warrants vested	No. of Performance Warrants exercised
1 Upon completion of product - QLUE 1.0	December 31, 2016	3,348,750	\$ 0.01	3,348,750	3,348,750
2 Upon filing of software patent	June 30, 2017	3,348,750	\$ 0.01	3,348,750	3,348,750
3 Upon signing of first government contract	August 31, 2017	4,018,500	Nil	4,018,500	4,018,500
4 Upon completion of BitRank product	October 31, 2017	2,679,000	\$ 0.05	2,679,000	-
5 Upon completion of global network	December 31, 2017	4,018,500	\$ 0.05	4,018,500	-
		17,413,500		17,413,500	10,716,000

**Stock options**

The Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Stock option transactions are summarized for the nine months ended September 30, 2018 and the year ended December 31, 2017. At closing of the reverse acquisition transaction on November 30, 2017, each outstanding stock option of BTGI became exercisable into the number of common shares of the Company based on the exchange ratio of 1.3395 on the Transaction and the exercise price of each outstanding stock option was decreased by the same exchange ratio. The number of stock options outstanding and the exercise prices have been adjusted retrospectively to show the effect of this adjustment.

	<b>For the Nine Months ended September 30, 2018</b>		<b>For the Year ended December 31, 2017</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	7,569,525	\$ 0.49	1,138,575	\$ 0.13
Granted	3,986,225	0.30	6,950,005	0.52
Exercised	(339,059)	0.19	(234,412)	0.12
Expired	(107,160)	0.24	(200,925)	0.15
Forfeited	(100,464)	0.19	(83,718)	0.15
Ending balance	11,009,067	\$ 0.44	7,569,525	\$ 0.49
Options exercisable	7,567,058	\$ 0.54	5,421,743	\$ 0.60

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**7. SHARE CAPITAL (cont'd...)**

**Stock options (cont'd...)**

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$ 0.26	October 15, 2018	66,975	66,975	0.04 years
\$ 0.75	June 21, 2019	1,483,320	1,483,320	0.72 years
\$ 0.15	August 2, 2019	133,950	133,950	0.84 years
\$ 0.20	September 12, 2019	466,975	341,975	0.95 years
\$ 0.11	March 14, 2021	419,000	419,000	2.45 years
\$ 0.15	February 1, 2022	803,700	803,700	3.34 years
\$ 0.15	March 15, 2022	267,900	167,439	3.46 years
\$ 0.19	August 7, 2022	133,950	50,230	3.85 years
\$ 0.26	October 2, 2022	158,276	83,276	4.01 years
\$ 0.26	October 5, 2022	352,958	50,424	4.02 years
\$ 0.19	October 11, 2022	649,720	203,220	4.03 years
\$ 0.26	October 19, 2022	1,878,093	1,457,549	4.05 years
\$ 2.20	December 6, 2022	675,000	675,000	4.19 years
\$ 1.00	February 22, 2023	500,000	466,000	4.40 years
\$ 0.20	September 12, 2023	3,019,250	1,165,000	4.95 years
		11,009,067	7,567,058	

**Share-based compensation**

During the nine months ended September 30, 2018, the Company recorded share-based compensation totaling \$722,700 (2017 - \$1,085,795) in relation to the stock options, which was expensed as share-based compensation in operations.

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	Nine Months Ended September 30, 2018	Year Ended December 31, 2017
Share price at measurement date	\$0.18 to \$0.78	\$0.78
Risk-free interest rate	2.09 to 2.25%	1.40%
Exercise Price	\$0.20 to \$1.00	\$0.52
Expected life of options	1 to 5 years	4.1 years
Expected volatility	195 – 219.6%	121%
Forfeiture rate	Nil	Nil
Dividend yield	Nil	Nil

**Escrowed Shares and Warrants**

As of the date of the Transaction described in Note 3, 29,223,645 common shares and 6,787,023 share purchase warrants of the Company were subject to an escrow agreement dated November 30, 2017 pursuant to which 10% were released upon closing of the share exchange agreement, and an additional 15% will be released every six months thereafter for a period of 36 months. At September 30, 2018, 21,917,734 common shares and 5,090,267 share purchase warrants remained in escrow.

**8. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities.

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**8. RELATED PARTY TRANSACTIONS (cont'd...)**

**Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	<b>For the Nine Months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
Consulting fees	\$ 44,500	\$ 22,500
Director's fees	6,000	-
Wages (included in Research and Development costs)	119,167	18,810
Wages	555,848	45,000
Share-based compensation	287,300	-
<b>Total</b>	<b>\$ 1,012,815</b>	<b>\$ 86,310</b>
Accounts payable due to related parties	\$ 40,695	\$ -

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at September 30, 2018, the Company's financial instruments are comprised of cash, restricted cash and accounts payable. The fair value of accounts payable approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at September 30, 2018, the fair value of cash and restricted cash held by the Company was based on Level 1 of the fair value hierarchy.

**10. COMMITMENTS**

The Company has entered into an operating lease agreement for its corporate head office premises. The annual lease commitments under the lease are as follows:

2018	\$ 56,500
2019	\$ 22,000

**11. SEGMENTED INFORMATION**

The Company operates in the single business segment of blockchain technology development. The summarized financial information for revenue derived by geographic segment is as follows:

	<b>For the Three Months ended</b>		<b>For the Nine Months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Total revenues:				
Canada	\$ 512	\$ -	\$ (703)	\$ 73,723
Japan	-	36,136	-	23,451
United States	1,956	-	8,272	2,544
Other	1,278	-	60,772	-
	<b>\$ 3,746</b>	<b>\$ 36,136</b>	<b>\$ 68,341</b>	<b>\$ 99,718</b>