



**BIGG DIGITAL ASSETS INC.**

(Formerly BIG Blockchain Intelligence Group Inc.)

**Consolidated Financial Statements**

**For the Years ended December 31, 2019 and 2018**

(Expressed in Canadian dollars)

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## INDEPENDENT AUDITORS' REPORT

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To the Shareholders and the Directors of BIGG Digital Assets Inc. (formerly BIG Blockchain Intelligence Group Inc.)

### Opinion

We have audited the consolidated financial statements of BIGG Digital Assets Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### 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 *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other 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.

### Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management's Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Consolidated Financial Statements

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

In preparing the consolidated 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.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

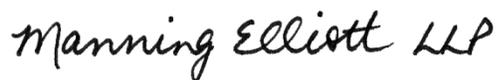
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 audit.

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 auditors' report is Fernando J. Costa.

A handwritten signature in cursive script that reads 'Manning Elliott LLP'.

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
June 12, 2020

**BIGG DIGITAL ASSETS INC.**  
**(Formerly BIG Blockchain Intelligence Group Inc.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**Expressed in Canadian dollars**



<b>As at</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 4,283,133	\$ 10,699,858
Restricted cash (Note 5)	137,500	137,500
Short term investments (Note 5)	-	1,255,500
Amounts receivable	263,351	206,523
Investment tax credits receivable	175,325	175,325
Digital currency inventory (Note 6)	510,883	-
Prepays	154,442	197,319
<b>Total current assets</b>	<b>5,524,634</b>	<b>12,672,025</b>
<b>Digital currencies</b> (Note 7)	<b>952,594</b>	<b>122,038</b>
<b>Intangible assets</b> (Note 8)	<b>842,537</b>	<b>126,362</b>
<b>Goodwill</b> (Note 4)	<b>1,071,851</b>	<b>-</b>
<b>Right-of-use asset</b> (Note 9)	<b>87,204</b>	<b>-</b>
<b>Equipment</b> (Note 11)	<b>476,426</b>	<b>614,252</b>
<b>Total assets</b>	<b>\$ 8,955,246</b>	<b>\$ 13,534,677</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 13)	\$ 312,896	\$ 310,375
Deferred revenue	288,864	-
Customer deposits	182,546	-
Lease liability (Note 10)	88,286	-
<b>Total liabilities</b>	<b>872,592</b>	<b>310,375</b>
<b>Equity</b>		
Share capital (Note 12)	35,627,862	33,038,586
Equity reserves (Note 12)	6,510,610	5,941,219
Cumulative translation adjustment	(4,690)	(6,011)
Deficit	(34,051,128)	(25,749,492)
<b>Total equity</b>	<b>8,082,654</b>	<b>13,224,302</b>
<b>Total liabilities and equity</b>	<b>\$ 8,955,246</b>	<b>\$ 13,534,677</b>

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

**Contingent liabilities** (Note 16)

**Subsequent events** (Note 19)

**On behalf of the Board:**

“Mark Binns” Director

“Lance Morginn” Director

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

**BIGG DIGITAL ASSETS INC.**  
**(Formerly BIG Blockchain Intelligence Group Inc.)**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**Expressed in Canadian dollars**



	<b>For the year ended</b>	
	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Revenue</b>		
Product revenue	\$ 166,105	\$ 8,325
Service revenue	148,620	76,161
Net realized gain on digital currency sales	251,495	-
	<b>566,220</b>	<b>84,486</b>
<b>Cost of sales</b>	<b>64,258</b>	<b>24,844</b>
	<b>501,962</b>	<b>59,642</b>
<b>General and Administrative Expenses</b>		
Acquisition costs	293,839	-
Advertising and promotion	404,514	2,217,228
Amortization (Notes 8, 9, 11)	505,842	200,455
Bad debt	24,171	8,046
Consulting (Note 13)	78,217	289,559
Director's fees (Note 13)	13,756	9,186
Office	934,141	620,036
Professional fees	192,068	343,328
Regulatory and listing fees	27,766	29,278
Research and development (Note 13)	2,138,889	2,294,572
Share-based compensation (Note 13)	569,391	985,441
Shareholder communications	55,004	170,533
Travel	119,569	293,299
Wages and benefits (Note 13)	3,051,706	1,972,460
<b>Loss from operating activities</b>	<b>(7,906,911)</b>	<b>(9,373,779)</b>
<b>Other Income (Expenses)</b>		
Interest income	116,259	177,320
Foreign exchange loss	(241,828)	(45,074)
Gain on sale of digital currencies	43,838	-
Unrealized loss on digital currencies	(87,711)	(383,603)
Loss on sale of digital currency inventory	(28,216)	-
Unrealized foreign exchange loss on digital currency inventory	(23,566)	-
Unrealized loss on digital currency inventory	(171,964)	-
Loss on sale of equipment	(1,537)	-
<b>Net loss for the year</b>	<b>\$ (8,301,636)</b>	<b>\$ (9,625,136)</b>
<b>Other comprehensive income (loss)</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation adjustment	1,321	(6,011)
<b>Other comprehensive income (loss) for the year</b>	<b>1,321</b>	<b>(6,011)</b>
<b>Comprehensive loss for the year</b>	<b>\$ (8,300,315)</b>	<b>\$ (9,631,147)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.07)</b>	<b>\$ (0.09)</b>
<b>Weighted average number of common shares outstanding</b>	<b>120,871,319</b>	<b>104,821,772</b>

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

**BIGG DIGITAL ASSETS INC.**  
**(Formerly BIG Blockchain Intelligence Group Inc.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
Expressed in Canadian dollars



	Share Capital		Share Subscriptions	Equity Reserves	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount					
<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	1,174,739	-	(526,104)	-	-	648,635
Share subscriptions	-	-	(51,050)	-	-	-	(51,050)
Share issue costs	-	(19,195)	-	-	-	-	(19,195)
Share-based compensation	-	-	-	985,441	-	-	985,441
Loss for the year	-	-	-	-	-	(9,625,136)	(9,625,136)
Other comprehensive loss	-	-	-	-	(6,011)	-	(6,011)
<b>Balance December 31, 2018</b>	105,513,566	\$ 33,038,586	\$ -	\$ 5,941,219	\$ (6,011)	\$ (25,749,492)	\$ 13,244,302
<b>Balance at December 31, 2018</b>	105,513,566	\$ 33,038,586	\$ -	\$ 5,941,219	\$ (6,011)	\$ (25,749,492)	\$ 13,224,302
Shares issued for Netcoins acquisition (Note 4)	37,500,000	2,812,500	-	-	-	-	2,812,500
Share repurchase costs	-	(766)	-	-	-	-	(766)
Purchase of common shares for cancellation	(4,721,000)	(222,458)	-	-	-	-	(222,458)
Share-based compensation	-	-	-	569,391	-	-	569,391
Loss for the year	-	-	-	-	-	(8,301,636)	(8,301,636)
Other comprehensive income	-	-	-	-	1,321	-	1,321
<b>Balance at December 31, 2019</b>	138,292,566	\$ 35,627,862	\$ -	\$ 6,510,610	\$ (4,690)	\$ (34,051,128)	\$ 8,082,654

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

**BIGG DIGITAL ASSETS INC.**  
**(Formerly BIG Blockchain Intelligence Group Inc.)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Expressed in Canadian dollars**



	For the year ended	
	December 31, 2019	December 31, 2018
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Loss for the year	\$ (8,301,636)	\$ (9,625,136)
Items not involving cash		
Amortization	505,842	200,455
Share-based compensation	569,391	985,441
Unrealized foreign exchange (loss) gain	(22,203)	217
Gain on sale of digital currencies	(43,838)	-
Unrealized loss on digital currencies	87,711	383,603
Loss on the sale of digital currency inventory	28,216	-
Unrealized foreign exchange loss on digital currency inventory	23,566	-
Unrealized loss on digital currency inventory	171,964	-
Loss on sale of equipment	1,537	-
Changes in non-cash working capital items:		
Amounts receivable	(11,610)	(128,477)
Prepays	51,079	(105,746)
Accounts payable and accrued liabilities	(18,267)	(301,639)
Deferred revenue	288,864	-
Customer deposits	(57,416)	-
Digital currency inventory	(587,325)	-
Net cash used in operating activities	<u>(7,314,125)</u>	<u>(8,379,790)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of equipment	(93,469)	(739,065)
Proceeds from sale of equipment	9,000	-
Restricted cash	-	(137,500)
Short term investments	1,255,500	(1,255,500)
Intangible asset	-	(129,972)
Sale of digital currencies	174,219	-
Purchase of digital currencies	(1,022,668)	-
Cash received on acquisition of Netcoins	839,054	-
Net cash provided by (used in) investing activities	<u>1,161,636</u>	<u>(2,262,037)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	-	662,632
Purchase and cancellation of common shares	(222,458)	-
Share repurchase costs	(766)	(19,195)
Lease payments	(38,556)	-
Net cash provided by (used in) financing activities	<u>(261,780)</u>	<u>643,437</u>
<b>Change in cash for the year</b>	<b>(6,414,269)</b>	<b>(9,998,390)</b>
<b>Cash, beginning of year</b>	<b>10,699,858</b>	<b>20,704,259</b>
<b>Effect of foreign exchange on cash</b>	<b>(2,456)</b>	<b>(6,011)</b>
<b>Cash, end of year</b>	<b>\$ 4,283,133</b>	<b>\$ 10,699,858</b>
<b>Cash paid for interest or taxes</b>	<b>\$ -</b>	<b>\$ -</b>

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

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

BIGG Digital Assets Inc. (formerly BIG Blockchain Intelligence Group Inc.) (the “Company” or “BIGG”), 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. 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, the Company changed its name to BIG Blockchain Intelligence Group Inc. from Acana Capital Corp. and effected a change in directors, management and business. On September 26, 2019, the Company changed its name to BIGG Digital Assets Inc. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BIGG”.

The Company’s principal business activity is investing in products and companies within the cryptocurrency industry. It has two operating divisions which provide blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally, and brokerage and exchange software. The Company’s head office and principal place of business is Suite 410 –1199 West Pender Street, Vancouver, BC, Canada.

These consolidated 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. The Company incurred a net loss of \$8,301,636 for the year ended December 31, 2019 and, as at December 31, 2019, the Company has an accumulated deficit of \$34,051,128. 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 consolidated statements of financial position. The consolidated 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.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant. Management continues to monitor the situation.

## **2. BASIS OF PRESENTATION**

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

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

These consolidated financial statements were approved by the Board of Directors on June 12, 2020.

### **b) Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at fair value as explained in Note 3 to these consolidated financial statements. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiaries. The functional currency of the Company’s US subsidiary is the US dollar.

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

c) Basis of Consolidation

These consolidated 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., QLUE Forensic Systems Inc., CFC Digital Inc., BIG Blockchain Intelligence Group Inc. (Texas), 1208810 B.C. Ltd., Netcoins Inc., NTC Holdings Corp. and NTC Holdings USA Corp. The accounts of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Financial instruments**

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value net of transaction costs, if applicable. Measurement in subsequent periods depends on the classification of such financial assets and liabilities.

**Financial assets**

All financial assets are initially recorded at fair value and classified as measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

(i) Amortized cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial assets measured at amortized cost.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

Financial assets that are held within a business model whose objective is to hold financial assets in order to both collect contractual cash flows and sell financial assets, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company does not have any financial assets classified as FVTOCI.

(iii) Financial assets at fair value through profit or loss ("FVTPL")

By default, all other financial assets are measured subsequently at FVTPL. The Company's cash, restricted cash and short-term investments are measured at FVTPL.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

#### **Financial liabilities**

All financial liabilities are initially recorded at fair value and classified as measured at amortized cost or FVTPL.

(i) Amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method except for financial liabilities at FVTPL, financial guarantee contracts, loan commitments as below-market interest rate, and liabilities related to contingent consideration of an acquirer in a business combination. The Company's accounts payable and lease liability are measured at amortized cost.

(ii) Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statements of operations and comprehensive income (loss). The Company does not have any financial liabilities classified as FVTPL.

#### **Impairment of financial assets**

The Company recognizes loss allowances for expected credit losses ("ECLs") on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument while 12-month ECLs are the portion of ECL's that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Impairment of financial assets (cont'd...)**

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the statement of operations and is recognized in OCI.

*Write-off of financial assets*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**Share-based payment transactions**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of the goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded. When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

**Share capital**

Financial instruments issued by the Company are classified as share capital only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Repurchases by the Company of its own common shares under a Normal Course Issuer Bid ("NCIB") are accounted for in accordance with IAS 32, Financial Instruments: Presentation. Upon reacquiring common shares under a NCIB, the Company deducts from equity the purchase price of these common shares and any costs to acquire such common shares. Any such common shares held by the Company are considered treasury shares until they are cancelled.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Share purchase warrants**

The fair value of compensatory warrants issued by the Company are determined on their issuance date, using the Black-Scholes option pricing model, and are recorded as a component of equity reserves. When the warrants are granted as compensation for the receipt of goods or services, they are recorded either as an expense or as a cost, capitalized to share capital or assets, on the same basis as equivalent cash payments.

When share purchase warrants are exercised, the cash proceeds and their fair value previously recorded in equity reserves are recorded as share capital.

**Income taxes**

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in profit or loss in the period in which the change occurs. Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to apply to the period when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in profit or loss in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

**(Loss) earnings per share**

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow whose issuance is contingent on future events.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. For the years presented, this calculation proved to be anti-dilutive.

**Significant accounting judgments and estimation uncertainties**

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statement, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Significant accounting judgments and estimation uncertainties (cont'd...)**

(i) Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Valuation of share-based payments and compensatory warrants

Share-based payments and compensatory warrants are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

b) Business combination

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets and liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

c) Estimated useful lives and impairment considerations

Amortization of equipment and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Critical accounting judgments

a) Digital currencies

There is limited guidance on the recognition and measurement of digital currencies. The Company has assessed that it acts in a capacity as a commodity broker trader as defined in IAS 2, Inventories, in characterizing certain of its holdings as inventory, or more specifically, digital currencies. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-trader margin, such assets are accounted for as inventory, and changes in fair value less cost to sell are recognized in profit or loss.

b) Going concern

The determination of the Company's ability to continue as a going concern requires the Company to make certain judgments about whether the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

c) Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Equipment**

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of, its carrying cost is derecognized. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. The Company provides for depreciation of equipment on a straight-line balance basis unless otherwise noted. Computer equipment is depreciated at an annual rate of 30%.

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

When equipment is composed of major components with different useful lives, the components are accounted for as separate items of capital assets. Expenditures incurred to replace an asset component that is accounted for separately, including major inspections and overhaul expenditures, are capitalized.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss. 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, if no impairment loss had been recognized.

**Cash and cash equivalents**

Cash and cash equivalents consists of amounts held in current bank accounts and amounts on deposit with fiat to Bitcoin exchanges used in daily transactions.

**Digital currency inventory**

The Company has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 - Inventories in characterizing certain of its digital currency holdings as inventory. If assets held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin, such assets are accounted for as inventory, and changes in fair value (less costs to sell) are recognized in profit or loss. Fair value is determined by reference to quoted prices published by bitcoin exchange brokers. As these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of IAS 2.

Realized gains or losses from digital currency sale transactions are recognized on a net basis once terms of the trade have been mutually agreed and confirmed, which is when the digital currency is credited to the customer's virtual wallet.

**Digital currencies**

The Company's digital currencies are comprised of cryptocurrencies which are limited in supply, created and traded through open-source software and used as both a means of exchange and a store of value. Cryptocurrencies meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. On the date acquired, cryptocurrencies are initially recorded at cost and the revaluation method is used to measure the cryptocurrencies subsequently. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. The cryptocurrencies are recorded on the statement of financial position at their fair value at the time of acquisition, which is determined using a volume weighted average rate at the time of the transaction per CoinMarketCap, an online coin price aggregator. The cryptocurrencies are subsequently re-measured at the end of each financial reporting period using CoinMarketCap's volume weighted average rate as at the period end date.

### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

#### **Foreign currency transactions**

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, BIGG Digital Assets Inc., is the Canadian dollar; and the functional currency of the Company's subsidiaries is the Canadian dollar with the exception of its US subsidiary 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.

#### **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. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### **Revenue recognition**

The Company derives its revenues from two sources: (a) service fees from customers accessing its on-demand software platforms, under a pay-as-you-go model or a monthly subscription model; and (b) related consulting services. The Company recognizes revenue when all of the following conditions are met:

- the parties to the contract have approved the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms and conditions for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- the collection of an amount of consideration to which the entity is entitled to in exchange for the goods and services is probable.

The Company's arrangements do not contain general rights of return. Product and service elements that have been prepaid but do not yet qualify for recognition as revenue under the Company's revenue recognition policy are reflected as deferred revenue on the Company's statements of financial position.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Business combinations and goodwill**

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 –Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques and these valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to the assets acquired and the liabilities assumed.

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

**Intangible assets**

*Internally-generated intangible assets - Research and development expenditures*

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Intangible assets (cont'd...)**

*Internally-generated intangible assets - Research and development expenditures (cont'd...)*

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite lives are reviewed at least annually for impairment. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

At December 31, 2019, the Company has recorded intangible assets relating to certain expenditures on development which met the criteria for recognition.

*Intangible assets acquired in a business combination*

The cost of intangible assets acquired in a business combination is the fair value as at the acquisition date. Following initial recognition, intangible assets are carried at cost, net of accumulated amortization and accumulated impairment losses, if any.

**Government assistance**

Government assistance consists of scientific research and experimental development (“SRED”) tax credits. SRED tax credits are accounted for as a reduction of the related expenditures and recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved government program.

The refundable portion of tax credits is recorded in the period in which the related expenditures are incurred. The non-refundable portion of tax credits is recorded in the period in which the related expenditures are incurred or in a subsequent period to the extent that their future realization is determined to be probable, provided the Company has reasonable assurance the credits will be received and the Company will comply with the conditions associated with the award. SRED tax credits are subject to government review which could result in adjustments to profit or loss.

**Provisions**

Provisions are recorded when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statements of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting standards adopted effective January 1, 2019:**

*IFRS 16 Leases*

The Company adopted IFRS 16 - Leases ("IFRS 16") on January 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As the Company had a short term office lease of less than 12 months with no purchase option and no other leases, no lease liability or right to use assets were recognized at January 1, 2019. The Company's accounting for office leases remained substantially unchanged.

On August 1, 2019, the Company acquired Netcoins Inc., NTC Holdings Corp. and NTC Holdings USA Corp., (hereinafter referred to as "Netcoins") (Note 4) through its wholly-owned subsidiary 1208810 B.C. Ltd. Netcoins holds an operating office sublease agreement through to December 31, 2020. As a result, the Company has assumed the leasehold and recorded a right-of-use asset and lease liability (Note 10).

The following lease accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16. For comparative periods prior to 2019, the Company applied leases policies in accordance with IAS 17, Leases and IFRS 4, Determining Whether an Arrangement Contains a Lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting standards adopted effective January 1, 2019: (cont'd...)**

*IFRS 16 Leases (cont'd...)*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, the Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

The Company adopted IFRS 16 as at January 1, 2019 in accordance with the transitional provisions outlined in the standard, using a cumulative catch-up approach where it has recorded leases from that date forward and have not restated comparative information.

*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 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 adoption of this standard did not have any impact on the Company's consolidated financial statements.

**4. ACQUISITION OF NETCOINS**

On August 1, 2019, the Company acquired 100% of the issued and outstanding shares of Netcoins Inc., NTC Holdings Corp. and NTC Holdings USA Corp., (hereinafter referred to as "Netcoins") through its wholly-owned subsidiary 1208810 B.C. Ltd. (the "Acquisition") by issuing 37,500,000 common shares. The common shares were valued at the market price per common share on the close date of the Acquisition.

The Company has determined the Acquisition is a business combination as the assets acquired and liabilities assumed constitute a business. The Acquisition was accounted for using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date.

The Company applied a cost approach, specifically a historical cost approach, for measuring the fair value of the Netcoins App. This valuation method used the historical costs of development related to the development and enhancement of the Netcoins App.

**4. ACQUISITION OF NETCOINS (cont'd...)**

Details of the purchase consideration, the fair value of the net assets acquired and goodwill are as follows:

<b>Purchase consideration:</b>	
37,500,000 common shares issued at \$0.075 per share	\$ 2,812,500
<b>Fair value of assets and liabilities acquired:</b>	
Cash and cash equivalents	839,054
Amounts receivable	45,218
Digital currency inventory	147,304
Prepays	8,202
Right-of-use-asset	126,842
Equipment	79,621
Intangible asset - Netcoins App	882,000
Accounts payable and accrued liabilities	(20,788)
Customer deposits	(239,962)
Lease liability	(126,842)
Identifiable net assets acquired	1,740,649
Goodwill	1,071,851
	<u>\$ 2,812,500</u>

The resulting goodwill is attributable to the workforce and the highly specialized nature of the acquired business and is not deductible for tax purposes.

**5. RESTRICTED CASH AND SHORT TERM INVESTMENTS**

At December 31, 2019, the Company held restricted cash of \$137,500 (December 31, 2018 - \$137,500) in a Guaranteed Investment Certificate (GIC), at an interest rate of 1.5% with a maturity date of February 12, 2020, pursuant to a demand operating facility agreement with the Toronto-Dominion Bank, to support Visa credit lines of \$125,000.

At December 31, 2018, the Company held short term investments of \$1,255,500 in a GIC, at an interest rate of 2.20% with a maturity date of October 18, 2019. At December 31, 2019, the short term investments were reclassified as cash equivalents.

**6. DIGITAL CURRENCY INVENTORY**

The Company holds digital currencies as inventory as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
Bitcoin	\$ 467,152	\$ -
Dai	39,490	-
Other digital currencies	4,241	-
	<u>\$ 510,883</u>	<u>\$ -</u>

During the year ended December 31, 2019, total proceeds from digital currency inventory sold were \$19,829,938 and the total cost of digital currency inventory sold was \$19,578,443 resulting in a net realized gain from digital currency sales of \$251,495 (2018 - \$Nil).

**BIGG DIGITAL ASSETS INC.**  
**(Formerly BIG Blockchain Intelligence Group Inc.)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Expressed in Canadian dollars**  
**For the years ended December 31, 2019 and 2018**



**7. DIGITAL CURRENCIES**

The Company holds digital currencies as investments as follows:

	December 31, 2019		December 31, 2018	
	Number of coins held	Value	Number of coins held	Value
Bitcoin	100.92	\$ 942,873	22.57	\$ 115,254
Solarcoin	25,916.45	523	25,916.45	979
Bitcoin Cash	22.00	5,846	25.49	5,253
Bitcoin Gold	25.20	173	25.20	471
Bitcoin SV	24.96	3,148	-	-
Lumen	524.93	31	524.93	81
		\$ 952,594		\$ 122,038

**8. INTANGIBLE ASSETS**

	LMS Platform	Netcoins App	Total
<b>Cost</b>			
December 31, 2017	\$ -	\$ -	\$ -
Additions	129,972	-	129,972
December 31, 2018	129,972	-	129,972
Additions through acquisition	-	882,000	882,000
December 31, 2019	129,972	882,000	1,011,972
<b>Amortization</b>			
December 31, 2017	-	-	-
Additions	3,610	-	3,610
December 31, 2018	3,610	-	3,610
Additions	43,325	122,500	165,825
December 31, 2019	46,935	122,500	169,435
<b>Net book value</b>			
December 31, 2018	\$ 126,362	-	\$ 126,362
December 31, 2019	\$ 83,037	\$ 759,500	\$ 842,537

During the year ended December 31, 2018, the Company recognized \$129,972 as an intangible asset comprised of the development costs of its learning management system (LMS) online content, which will be amortized on a straight-line basis over a period of three years representing the estimated useful life of the intangible asset.

During the year ended December 31, 2019, the Company recognized \$882,000 as an intangible asset comprising the Netcoins App upon the acquisition of Netcoins Inc. (Note 4). The Netcoins App will be amortized on a straight-line basis over a period of three years representing the estimated useful life of the intangible asset.

**9. RIGHT-OF-USE ASSET**

At December 31, 2019, the right-of-use asset is an office sub-lease held by Netcoins Inc. which terminates on December 31, 2020. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

	<b>Office Operating Sub-lease</b>
Initial adoption of IFRS 16 at January 1, 2019	\$ -
Additions through acquisition	126,842
Amortization	(39,638)
<b>Balance at December 31, 2019</b>	<b>\$ 87,204</b>

**10. LEASE LIABILITIES**

Initially the lease liability is measured at the present value of the lease payments and discounted using the Company's incremental borrowing rate of 6%. The lease liability is subsequently measured at amortized cost using the effective interest method.

	<b>Office Operating Sub-lease</b>
Initial adoption of IFRS 16 at January 1, 2019	\$ -
Additions through acquisition	126,842
Lease payments	(38,556)
<b>Balance at December 31, 2019</b>	<b>\$ 88,286</b>

**11. EQUIPMENT**

<b>Cost</b>	<b>Total</b>
<b>Balance at December 31, 2017</b>	<b>\$ 97,716</b>
Additions	739,065
Disposals	-
<b>Balance at December 31, 2018</b>	<b>\$ 836,781</b>
Additions	93,469
Additions through acquisition	152,469
Disposals	(10,537)
<b>Balance at December 31, 2019</b>	<b>\$ 1,072,182</b>
<b>Depreciation</b>	
<b>Balance at December 31, 2017</b>	<b>\$ 25,684</b>
Depreciation for the year	196,845
Disposals	-
<b>Balance at December 31, 2018</b>	<b>\$ 222,529</b>
Additions through acquisition	72,848
Disposals	-
Depreciation for the year	300,379
<b>Balance at December 31, 2019</b>	<b>\$ 595,756</b>
<b>Carrying amounts</b>	
<b>At December 31, 2018</b>	<b>\$ 614,252</b>
<b>At December 31, 2019</b>	<b>\$ 476,426</b>

## 12. SHARE CAPITAL

### Authorized share capital

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

### Share Issuances

#### 2019

A total of 37,500,000 common shares were issued at a price of \$0.075 per share in connection with the Netcoins acquisition during the year ended December 31, 2019 (Note 4).

#### 2018

During the year ended December 31, 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 \$52,200 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 \$526,104 from equity reserves to share capital upon exercise.

### Repurchase and cancellation of common shares

Pursuant to the policies of the Canadian Securities Exchange (CSE), the Company may be permitted from time to time to repurchase its own common shares for cancellation under a NCIB. Under a NCIB program the Company may, if considered advisable, purchase the common shares through the facilities of the CSE and/or alternative trading systems at the market price, from time to time over a period of 12 months, but shall not, in any event, exceed 5% of the issued and outstanding shares.

On October 10, 2019, the Company announced its intention to acquire for cancellation up to an aggregate \$500,000 worth of existing common shares of the Company. The Company may acquire up to 7,150,679 common shares, representing 5% of the issued and outstanding shares, for cancellation over a 12-month period commencing on October 16, 2019 and ending on the earlier of the date on which purchases under the bid have been completed or on October 15, 2020. The actual number of common shares that may be purchased under NCIB, the value of the consideration per share and the exact timing of any such purchases will be determined by the Company and will depend on, among other things, future market conditions.

During the period from the commencement of the NCIB on October 10, 2019 to December 31, 2019, the Company repurchased 4,721,000 common shares for an aggregate price of \$222,458 and incurred net costs of \$766 related to the repurchase of these common shares. All 4,721,000 common shares were cancelled as of December 31, 2019.

### 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.

Share purchase warrant transactions are summarized for the years ended December 31, 2019 and 2018.

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	1,704,650	\$ 0.21	6,709,555	\$ 0.17
Exercised	-	-	(3,966,572)	0.16
Expired	-	-	(1,038,333)	0.15
Ending balance	1,704,650	\$ 0.21	1,704,650	0.21
Warrants exercisable	1,704,650	\$ 0.21	1,704,650	0.21

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

As at December 31, 2019 and 2018 the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	December 31, 2019	December 31, 2018	Weighted Average Remaining Contractual Life
Warrants	March 11, 2020	\$ 0.21	1,704,650	1,704,650	0.19 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 reverse take-over transaction (the "Transaction") a total of 5,500,000 performance warrants were exercised for proceeds of \$110,000.

Upon closing of the Transaction, 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.

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 - QLUÉ 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 years ended December 31, 2019 and 2018. 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.

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

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

	<b>For the Year ended December 31, 2019</b>		<b>For the Year ended December 31, 2018</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Opening balance	11,502,979	\$ 0.42	7,569,525	\$ 0.49
Granted	6,952,500	0.08	4,851,225	0.26
Exercised	-	-	(339,059)	0.19
Expired	(3,668,279)	0.41	(200,925)	0.25
Forfeited/cancelled	(3,020,499)	0.74	(377,787)	0.19
Ending balance	11,766,701	\$ 0.14	11,502,979	\$ 0.42
Options exercisable	9,778,785	\$ 0.15	8,797,114	\$ 0.49

<b>Weighted Average Exercise Price</b>	<b>Expiry Date</b>	<b>Number Outstanding</b>	<b>Number Exercisable</b>	<b>Weighted Average Remaining Contractual Life</b>
\$ 0.15	August 1, 2021	312,500	312,500	1.59 years
\$ 0.15	February 1, 2022	803,700	803,700	2.09 years
\$ 0.19	August 7, 2022	133,950	133,950	2.60 years
\$ 0.26	October 2, 2022	60,277	60,277	2.76 years
\$ 0.19	October 11, 2022	649,720	649,720	2.78 years
\$ 0.26	October 19, 2022	1,451,304	1,451,304	2.80 years
\$ 0.20	September 12, 2023	2,280,250	2,280,250	3.70 years
\$ 0.10	December 20, 2023	430,000	430,000	3.97 years
\$ 0.08	August 8, 2024	4,000,000	3,000,000	4.61 years
\$ 0.08	August 13, 2024	1,645,000	657,084	4.62 years
		11,766,701	9,778,785	

**Share-based compensation**

During the year ended December 31, 2019, the Company recorded share-based compensation totaling \$569,391 (2018 - \$985,441) 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:

	<b>Year Ended December 31, 2019</b>	<b>Year Ended December 31, 2018</b>
Share price at measurement date	\$0.08	\$0.09 to \$0.78
Risk-free interest rate	1.23 to 1.47%	1.92 to 2.25%
Exercise Price	\$0.08	\$0.10 to \$2.20
Expected life of options	2 to 5 years	1 to 5 years
Expected volatility	174 - 175%	195 - 230%
Forfeiture rate	Nil	Nil
Dividend yield	Nil	Nil

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

**Escrowed Shares and Warrants**

As of the date of the reverse acquisition transaction that took place on November 30, 2017, 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 December 31, 2019, 8,767,096 common shares and 2,036,108 share purchase warrants remained in escrow.

**13. 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.

**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 Year ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Consulting fees	\$ 75,250	\$ 65,500
Director's fees	13,756	9,000
Wages (included in Research and Development costs)	124,370	167,917
Wages and benefits	1,231,549	605,931
Share-based compensation	256,787	305,100
<b>Total</b>	<b>\$ 1,701,712</b>	<b>\$ 1,153,448</b>
Accounts payable due to related parties	\$ 15,600	\$ 36,365

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at December 31, 2019, the Company's financial instruments are comprised of cash and cash equivalents, restricted cash, accounts payable and lease liability. 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 December 31, 2019, the fair value of cash and cash equivalents and restricted cash held by the Company was based on Level 1 of the fair value hierarchy. Digital currency assets are measured using level two fair values, determined by taking the rate from [www.coinmarketcap.com](http://www.coinmarketcap.com).

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

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

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents, cash on deposit with fiat to cryptocurrency exchanges, and restricted cash. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Credit risk associated with digital currencies proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 to 15 days. The Company's credit risk has not changed significantly from the prior year.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through private placements, the risks of which are discussed in Note 1 above.

*Market risk*

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

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has investment assets, some liabilities and revenue or expenses denominated in a foreign currency, so is exposed to foreign currency risk.

iii. Commodity and equity price risk

Commodity and equity price risk arises from market fluctuations in commodity and equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own equity shares, which could impede its ability to raise additional funds when required.

*Digital currencies risk*

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital assets. In addition, the Company may not be able liquidate its digital currency inventory at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets. Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance.

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## **15. CAPITAL MANAGEMENT**

The Company includes all components of equity in the definition of 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 blockchain technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its 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 capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash and investments on hand. The Company is not currently subject to any externally imposed capital requirements.

The Company has been dependent upon external financings to fund activities. Until such time as it begins to generate revenue, in order to carry out planned expenditures and pay for administrative costs the Company will spend its existing working capital and may seek to raise additional funds as needed.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts. Some cash is kept on deposit with fiat to cryptocurrency exchanges in order to facilitate the Company's business. There have been no significant changes to the Company's approach to capital management during the year ended December 31, 2019.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## **16. CONTINGENT LIABILITIES**

During the year ended December 31, 2019, the Company had two legal claims filed against it by former employees:

- a) Ms. Robin Martin (the "Complainant") filed a complaint against the Company with the BC Human Rights Tribunal claiming discrimination contrary to the Human Rights Code: Employment (S.13): Physical Disability. Ms. Martin is seeking the following remedies: (a) a declaration that the Company's is in contravention of the Human Rights Code; (b) an order for the reinstatement of Ms. Martin's employment; (c) alternately, an order for damages in compensation for Ms. Martin's lost wages and benefits, and injury to dignity; and (d) such other relief as may be advised by the Tribunal at the hearing. As Ms. Martin is not currently interested in an early settlement meeting, the Company has responded to the complaint and is awaiting a meeting date to be set by the Tribunal. This date is expected to be in February 2021.
- b) On October 28, 2019, the Company received Notice of Civil Claim in the Supreme Court of British Columbia by Mr. Marty Anstey, the Company's former CTO, alleging constructive dismissal. The claimant has claimed \$450,000 in damages. The claim is being contested by the Company.

The Company believes that neither claim has merit and will vigorously defend against the claims.

No provision has been recognized in respect to these claims as there is no present obligation and the probability of settlement cannot be determined.

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**17. SEGMENTED INFORMATION**

The Company operates two business segments: blockchain technology development and digital currency sales via the Netcoins App.

The summarized financial information for the Company's business segments is as follows:

	For the Year ended December 31,			
	2019		2018	
	Blockchain	Netcoins	Blockchain	Netcoins
Total assets	\$ 4,934,177	\$ 4,021,069	\$ 13,534,677	\$ -
Total liabilities	535,769	336,823	-	-
Total revenue	314,725	251,495	84,486	-
Net loss	(7,159,046)	(1,142,590)	(9,625,136)	-

**18. INCOME TAXES**

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following:

	For the year ended December 31,	
	2019	2018
Loss for the year before income tax	\$ (8,301,636)	\$ (9,625,136)
Statutory rate	27.00%	27.00%
Expected income tax recovery	\$ (2,241,442)	\$ (2,598,787)
Permanent and other differences	240,556	2,056,435
Effect of difference in foreign tax rates	56,284	-
Change in unrecognized deductible temporary differences	1,944,602	542,352
Provision for income taxes	\$ -	\$ -

The tax effect of the following temporary differences and non-capital losses have not been recognized in the consolidated financial statements.

	2019	2018
Non-capital losses available for future periods	\$ 6,224,605	\$ 3,340,017
Share issue costs	158,368	221,499
Equipment	164,375	64,237
Intangible assets	(225,468)	(34,118)
Digital currencies	38,933	(19,546)
	\$ 6,360,813	\$ 3,572,089

As at December 31, 2019, the Company has non-capital losses carried forward in Canada and the United States of approximately \$22,103,000 and \$339,000 respectively which may be applied to reduce taxable income in future years, and which if not utilized, will expire through to 2039. Future tax benefits which may arise as a result of future income tax assets have not been recognized in these consolidated financial statements as management believes that it is not probable that sufficient taxable income will be available to realize such assets.

## **19. SUBSEQUENT EVENTS**

Subsequent to December 31, 2019 the Company:

- (a) granted 1,060,000 incentive stock options to directors, officers, consultants and employees at an exercise price of \$0.08 per common share for a term ranging from two to five years. The options will vest over a period of 12 months;
- (b) had an aggregate 500,000 options expire unexercised and 93,750 unvested incentive stock options were forfeited. The expired and forfeited options were priced from \$0.08 to \$0.20. In addition, a total of 1,704,650 share purchase warrants priced at \$0.21 expired unexercised; and,
- (c) repurchased 720,000 common shares for an aggregate price of \$34,450. All 720,000 common shares were cancelled on March 17, 2020.