CASCADIA BLOCKCHAIN GROUP CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2020 AND 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Directors of Cascadia Blockchain Group Corp.

Opinion

We have audited the consolidated financial statements of Cascadia Blockchain Group Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2020 and 2019, and the consolidated statements of loss and 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 January 31, 2020 and 2019, 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 audits.

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

The engagement partner on the audit resulting in this independent auditors' report is Ted McLellan.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 1, 2020

CASCADIA BLOCKCHAIN GROUP CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes		January 31, 2020		January 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**393,126**	$	1,267,970
Cryptocurrency	4		**753,403**		444,799
Accounts receivable and other receivables	5		**6,508**		13,146
Prepaid expense			**3,618**		22,151
Total current assets			**1,156,655**		**1,748,066**
Non-current assets					
Fixed assets	6		**28,589**		4,375
Right-of-use Assets	7		**17,507**		-
Total non-current assets			**46,096**		4,375
TOTAL ASSETS		**$**	**1,202,751**	$	1,752,441
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	9	**$**	**81,326**	$	192,203
Lease liabilities	7		**17,013**		-
Total current liabilities			**98,339**		192,203
Equity					
Share capital	8		**13,364,643**		13,364,643
Contributed surplus			**58,248**		58,248
Accumulated other comprehensive loss			**2,453**		-
Deficit			**(12,320,932)**		(11,862,653)
Total equity			**1,104,412**		1,560,238
TOTAL LIABILITIES AND EQUITY		**$**	**1,202,751**	$	1,752,441

NATURE OF BUSINESS (NOTE 1)
SUBSEQUENT EVENT (NOTE 15)

On behalf of the Board:

(signed) Di Deng , Director   *(signed) Hanxuan Wu* , Director

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

CASCADIA BLOCKCHAIN GROUP CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes		Years Ended January 31, **2020**		2019
REVENUE	5	**$**	**-**	$	203,226
EXPENSE					
Salaries and benefits	9	**$**	**823,902**	$	765,507
Consulting and professional fees			**230,344**		382,750
Travel			**59,822**		315,655
Rent			**45,984**		82,106
Office and miscellaneous			**29,554**		209,887
Provision for expected credit losses	5		**-**		461,147
Listing and transfer agent expenses			**22,515**		27,613
Amortization	6, 7		**13,008**		3,552
Bank charges and interest			**7,282**		9,796
OPERATING LOSS			**(1,232,411)**		(2,054,787)
OTHER INCOME (LOSS)					
Interest income			**1,257**		315
Foreign exchange gain (loss)			**2,808**		92,528
Recovery (loss) from change in fair value of cryptocurrency	4		**469,474**		(772,472)
Gain/(loss) on disposal of cryptocurrency	4		**300,593**		(2,535,861)
Gain on disposal of business	3		**-**		1,662,580
LOSS FROM CONTINUING OPERATIONS			**(458,279)**		(3,607,697)
DISCONTINUED OPERATIONS					
Loss from discontinued operations	3		**-**		(75,866)
LOSS FOR THE YEAR		**$**	**(458,279)**	$	(3,683,563)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will be reclassified to net income / loss:					
Foreign currency translation adjustments from foreign subsidiary			**2,453**		-
Foreign exchange from discontinued operations			**-**		(28,492)
Reclassification to net income of cumulative translation adjustments related to business disposal	3		**-**		61,179
COMPREHENSIVE LOSS FOR THE YEAR		**$**	**(455,826)**	$	(3,650,876)
LOSS PER SHARE FROM CONTUNUING OPERATIONS					
Basic and Diluted		**$**	**(0.01)**	$	(0.05)
LOSS PER SHARE FOR THE YEAR					
Basic and Diluted		**$**	**(0.01)**	$	(0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
Basic and Diluted			**71,977,438**		71,977,438

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

CASCADIA BLOCKCHAIN GROUP CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated other comprehensive income (loss)	Deficit	Total Equity
		$	$	$	$	$
Balance, January 31, 2018	**71,977,438**	**13,364,643**	**58,248**	**(32,687)**	**(8,179,090)**	**5,211,114**
Net loss	-	-	-	-	(3,683,563)	(3,683,563)
Other comprehensive loss	-	-	-	(28,492)	-	(28,492)
Reclassification to net income of cumulative translation adjustments related to business disposal (Note 3)	-	-	-	61,179	-	61,179
Balance, January 31, 2019	**71,977,438**	**13,364,643**	**58,248**	**-**	**(11,862,653)**	**1,560,238**
Net loss	-	-	-	-	(458,279)	(458,279)
Other comprehensive income	-	-	-	2,453	-	2,453
Balance, January 31, 2020	**71,977,438**	**13,364,643**	**58,248**	**2,453**	**(12,320,932)**	**1,104,412**

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

CASCADIA BLOCKCHAIN GROUP CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Notes	Years Ended January 31, 2020	2019
Cash flows from (used in) operating activities			
Loss from continuing opreations		**$ (458,279)**	$ (3,607,697)
Loss from discontinued operations		**-**	(75,866)
Adjustments to reconcile net loss to net cash flows:			
Amortization	6, 7	**13,008**	3,954
Provision for expected credit losses		**-**	461,147
Change in fair value of cryptocurrency	4	**(469,474)**	772,472
Loss (gain) on disposal of cryptocurrency	4	**(300,593)**	2,535,861
Fees and salaries paid in cryptocurrency	4	**114,791**	-
Gain on disposal of business	3	**-**	(1,662,580)
		(1,100,547)	(1,572,709)
Changes in working capital items:			
Accounts receivable and other receivables		**6,638**	**165,092**
Prepaid expense		**18,533**	(16,050)
Accounts payable and accrued liabilities		**(110,877)**	(134,456)
Cash flows used in operating activities		**(1,186,253)**	(1,558,123)
Cash flows from investing activities			
Proceeds from sale of cryptocurrency	4	**346,672**	1,435,527
Cash loss on disposal of business		**-**	(183,415)
Purchase of fixed assets		**(29,927)**	(6,550)
Cash flows from investing activities		**316,745**	1,245,562
Cash flows from (used in) financing activities			
Lease payments		**(7,789)**	-
Proceeds from loans payable		**-**	340,930
Cash flows from (used in) financing activities		**(7,789)**	340,930
Change in cash and cash equivalents		**(877,297)**	28,369
Foreign exchange effect on cash and cash equivalents		**2,453**	290
Cash and cash equivalents, beginning of the year	10	**1,267,970**	1,239,311
Cash and cash equivalents, end of the year		**$ 393,126**	$ 1,267,970

Supplemental cash flow information (Note 10)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THESE CONSOLIDATED FINANCIAL STATEMENTS CONTAIN THE FOLLOWING NOTES:

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS

Cascadia Blockchain Group Corp. (the “Company” or “Cascadia”) was incorporated on November 10, 2011 under the laws of British Columbia, Canada. Cascadia is a blockchain technology company operating in Vancouver, B.C., Canada. Its registered office is located at #530, 355 Burrard Street, Vancouver, British Columbia V6C 2G8. In September 2013, the Company was approved for listing on the Canadian Securities Exchange (“CSE”). The Company’s common shares commenced trading on the CSE at the opening of markets on September 12, 2013 under the symbol “CK”.

On December 20, 2017, the Company proposed a fundamental change of business to a blockchain company and a change of its name from Cascadia Consumer Electronics Corp. to Cascadia Blockchain Group Corp. The proposed change of business and change of name were approved by the CSE on September 7, 2018. The corresponding listing statement was filed on both the CSE and SEDAR websites.

Subsequent to the year-end, in March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception. For the year ended January 31, 2020, the Company incurred a net loss of $458,279 and has an accumulated deficit of $12,320,932 as at January 31, 2020. The Company’s ability to continue as a going concern and to realize assets and discharge its liabilities in the normal course of business is dependent upon its generating profitable operations, obtaining additional financing or maintaining continued support from its shareholders and creditors, and identifying and acquiring other businesses or assets in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on June 1, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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”).

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries listed in the table below. All inter-company transactions, balances, income and expenses have been eliminated in full on consolidation.

Entity	Operations	Country of Incorporation	% of Interest	Basis of Accounting
Tianjin Bocui Technology Ltd. ("Bocui")	Continuing	China	100%(1)	Consolidated
CK Fintech Corp. ("CK Fintech")	Continuing	Canada	100%(1)	Consolidated
Eurasia Blockchain Fintech Group Limited (“Eurasia Blockchain”)	Continuing	Kazakhstan	100%(2)	Consolidated
CK Blockchain Lab Corp. ("CK Lab")	Continuing	Canada	100%(1)	Consolidated

(1) Owned through Cascadia

(2) Owned through CK Fintech

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The presentation and functional currency of the Company is the Canadian dollar. The functional currency of its subsidiaries is also the Canadian dollar except for Eurasia Blockchain Fintech Group Limited ("EBFG") which is the Kazakhstani Tenge ("KZT").

Significant judgements and estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgements are choices in accounting policies and disclosures which management believes are supported by facts and circumstances existing at the date of the consolidated financial statements.

Significant areas requiring the use of management estimates include:

- The amount of expected credit loss of receivables.

Critical accounting judgements are accounting policies that have been identified as being complex or involve subjective judgments or assessments with a significant risk of material adjustment in the next fiscal year.

Significant judgement areas include:

- The classification of cryptocurrency as intangible assets;
- The ability of the Company to continue as a going concern; and
- The determination of whether the revenue recognition criteria are satisfied when transacting with new customers, particularly whether the receipt of the economic benefits associated with a transaction is probable.

Revenue recognition

During the year ended January 31, 2019, the Company signed a three-year licence agreement with its customer to allow the customer to use its proprietary trading platform. As there is no significant financial penalty for early termination, the license agreement is treated as a month-to-month contract under IFRS 15 Revenue from Contracts with Customers. The Company accounts for the promise to provide the right to use the Company's trading platform as a performance obligation satisfied at a point in time because the Company does not have obligations to provide future support or development of the trading platform to the customer. The Company recognizes the licensing fee as revenue on the basis that the receipt of the fee is probable.

Cash equivalents

Cash equivalents include short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Cryptocurrency

Cryptocurrency meets the definition of intangible assets in IAS 38 Intangible Assets as it is an identifiable non-monetary asset without physical substance. It is initially recorded at cost and the revaluation method is used to measure the cryptocurrency subsequently. Under the revaluation method, increases in fair value of the cryptocurrency 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 Company's only cryptocurrency is Bitcoin ("BTC"). The fair value of the bitcoins is determined according to Bitcoin Reference Rate published by CME Group ("CME") on the reporting date, and the closing exchange rate between Canadian dollars and United States dollars published by the Bank of Canada ("BOC") on the same day.

Financial instruments

All financial assets and liabilities are classified into the following categories: financial assets / liabilities measured at amortized cost or financial assets / liabilities measured at fair value through profit or loss ("FVTPL").

Financial assets / liabilities measured at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, the financial assets / liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset / liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial assets / liabilities, or, where appropriate, a shorter period. The Company's accounts receivable and other receivables excluding GST recoverable are classified as financial assets measured at amortized cost, and accounts payable and lease liability are classified as liabilities measured at amortized cost.

Financial assets / liabilities classified as FVTPL are initially recorded and subsequently measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as a financial asset at FVTPL. The Company has no financial instruments classified as financial liabilities at FVTPL at January 31, 2020.

Transactions costs associated with financial assets at FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Provisions

Provisions are recorded when a present legal 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 consolidated statement 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, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Financing costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to earnings.

Foreign currency translation

Transactions denominated in foreign currencies are converted to the functional currency at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenues and expenses are translated at exchange rates prevailing on the date of transactions. All exchange gains and losses are included in determination of profit or loss.

Financial statements of subsidiary companies prepared under their functional currencies are translated into Canadian dollars for consolidation purposes. Amounts are translated using the current rates of exchange for assets and liabilities and using the average rates of exchange for the period for revenues and expenses. Gains and losses resulting from translation adjustments are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as foreign currency translation adjustment. In the event of a reduction of the Company's net investment in its foreign operations, the portion of accumulated other comprehensive income related to the reduction is realized and recognized in profit or loss.

Non-current assets

Fixed assets are recorded at historical cost less accumulated amortization and are amortized using the straight-line method over the life period. For computer equipment, the estimated useful life is two years. For furniture, the estimated useful life is five years.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Fixed assets and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as non-current items in the consolidated statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
  or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of loss and comprehensive loss.

Additional disclosures are provided in Note 3. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Impairment of long-lived assets

Long-lived assets, including intangible assets, with finite lives are tested for impairment at the end of each reporting period. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in profit or loss, or the results of discontinued operations, as appropriate, for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (“cash-generating units” or “CGUs”).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services received cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to contributed surplus. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related amount of contributed surplus is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, expected forfeiture rates and the risk-free interest rate (based on government bonds).

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and includes any adjustment to tax payable or receivable in respect of previous years.

Deferred taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the end of each reporting period. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit nor loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Adoption of new pronouncements

Standards effective for annual periods beginning on or after January 1, 2019

The Company has adopted these standards on February 1, 2019.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company has applied IFRS 16 on its effective date of February 1, 2019 retrospectively, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. Upon adoption, the Company elected to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short-term leases and low value assets. The Company has also elected to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases. Therefore, the Company did not recognize any right of use assets or associated lease liabilities upon adoption of IFRS 16 and as such, the adjustment to retained earnings was $nil and there was no change to the Company’s consolidated statements of financial position as at February 1, 2019.

IFRIC 23 Uncertainty over Income Tax Treatments

The Company has applied IFRIC 23 on its effective date of February 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments is recognized at the most likely amount or expected value. The adoption of IFRIC 23 did not affect the Company’s financial results or disclosures.

(Expressed in Canadian dollars)

3. DISCOUNTINUED OPERATIONS AND DISPOSAL OF BUSINESS

On February 9, 2018, the Company disposed of all of its equity interest in its 100% owned subsidiary Beijing Cascadia in consideration for RMB1 with the assumption of debt of $2,035,322 by the purchaser.

The decision of selling all of the Company's ownership interest in its wholly-owned subsidiary Beijing Cascadia was made in January 2018, and the operations of Beijing Cascadia were reported as discontinued operations in 2018 accordingly.

Consideration associated with disposal of Beijing Cascadia		
Consideration	$	-
Assumption of liabilities		2,035,322
Assets disposed		
Cash and cash equivalents		(183,415)
Accounts receivable		(45,839)
Prepaid expense		(31,625)
Equipment - computers		(50,684)
Gain before reclassification of cumulative translation adjustments		1,723,759
Reclassification to net earnings of cumulative translation adjustments		(61,179)
Gain on disposal of Beijing Cascadia	**$**	**1,662,580**

The operating results for the disposed business are presented as discontinued operations as follows:

	Years Ended January 31,			
		2020		2019
Results from discontinued operations				
Revenue, net of cost of revenue	**$**	**-**	$	**-**
Operation expenses		**-**		**75,866**
Net loss from discontinued operations	**$**	**-**	$	**(75,866)**

The cash flows for the disposed business are presented as follows:

	Years Ended January 31,			
		2020		2019
Cash flows from (used in)				
Operating activities	**$**	**-**	$	**(199,596)**
Investing activities		**-**		**-**
Financing activities		**-**		**340,930**
Net cash flows from discontinued operations	**$**	**-**	$	**141,334**

4. CRYPTOCURRENCY

Cryptocurrency assets are classified as intangible assets initially recorded at cost and subsequently measured at fair value. The fair value of BTCs is determined according to Bitcoin Reference Rate published by CME on the reporting date, and the closing exchange rate between Canadian dollar and United States dollar published by the BOC on the same day. The price of cryptocurrency is volatile and it exposes the Company to market risk due to the fluctuation of cryptocurrency price.

During the year ended January 31, 2020, the Company sold 28 BTCs (2019: 325 BTCs) for working capital purposes and paid consulting and director fees of 9.96 BTCs (2019: nil). After the deduction of transaction fees and network fees paid in BTCs, the remaining balance of the cryptocurrency asset is 60.98 BTCs as at January 31, 2020 (January 31, 2019: 99.19 BTCs). The corresponding fair value is shown as follows:

Price in US dollars per CME on January 31, 2020	$	9,337.11
Foreign exchange rate per BOC		1.3233
Price in Canadian dollars per CME on January 31, 2020		12,355.7977
Number of BTC as at January 31, 2020		60.9757
Fair value of BTC in Canadian dollars on January 31, 2020	$	753,403

Opening balance on January 31, 2019	$	444,799
Proceeds from sale of BTC		(346,672)
Consulting fees paid in BTC		(65,974)
Consulting fees and salaries paid in BTC		(48,817)
Transaction fees		(4,875)
Gain on disposal of BTC		305,468
Change in fair value		469,474
Ending balance on January 31, 2020	**$**	**753,403**

5. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

On February 19, 2018, the Company entered into a three-year non-exclusive licensing agreement of its intellectual properties related to the Company's self-developed trading platform for blockchain based digital assets, utility tokens and cryptocurrencies, with an unrelated third party in exchange for a $60,000 monthly licensing fee to be payable in cash or Bitcoin. The licensing fee is waived for the first three months and then payable every three months starting on May 19, 2018 until February 18, 2021.

According to the licensing agreement, the first licensing fee payment of $203,226, which includes the period from May 19 to August 31, 2018 was due within five business days after August 31, 2018. The licensee has not been able to make the first payment due to unexpected market conditions causing financial difficulties to the licensee. Subsequent to the year ended January 31, 2019, the balance was still outstanding. The Company considers the licensing fee receivable to be in default and estimates that the life-time expected credit loss ("ECL") for the receivable is $203,226. No licensing fee is recognized as revenue after August 31, 2018 until the licensee is able to demonstrate its ability to pay.

During the year ended January 31, 2019, the Company also recorded ECL amounting to $257,921 for other receivable from the licensee for the trading platform hosting charges paid on behalf of the licensee as the recovery of the amounts is uncertain.

(Expressed in Canadian dollars)

	January 31, 2020	January 31, 2019
	$	$
Accounts receivable and other receivables	**464,091**	461,283
Allowance for expected credit losses	**(461,147)**	(461,147)
Net accounts receivable and other receivables	**2,944**	136
GST recoverable	**3,564**	13,010
Accounts receivable and other receivables	**6,508**	13,146

There is no movement in allowance for expected credit losses/ doubtful accounts receivable and other receivables computed based on lifetime ECL during the year ended January 31, 2020.

6. FIXED ASSETS

	Computer Equipment	**Furniture**	**Total**
	$	**$**	**$**
Cost:			
At January 31, 2018	1,601	-	1,601
Addition	6,550	-	6,550
At January 31, 2019	8,151	-	8,151
Addition	8,004	21,923	29,927
At January 31, 2020	16,155	21,923	38,078
Depreciation:			
At January 31, 2018	(224)	-	(224)
Change for the year	(3,552)	-	(3,552)
At January 31, 2019	(3,776)	-	(3,776)
Change for the year	(4,740)	(973)	(5,713)
At January 31, 2020	(8,516)	(973)	(9,489)
Net book value:			
At January 31, 2018	1,377	-	1,377
Change for the year	6,046	-	6,046
At January 31, 2019	4,375	-	4,375
Change for the year	3,264	20,950	24,214
At January 31, 2020	7,639	20,950	28,589

(Expressed in Canadian dollars)

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On September 9, 2019, the Company entered into a 17 month lease agreement for office space and recognized a right-of-use asset and lease liability. The lease liability is measured at the present value of the lease payments and discounted using the Company's incremental borrowing rate of 10%. The lease liability is subsequently measured at amortized cost using the effective interest method. The associated right-of-use asset for the lease was measured at an amount equal to the lease liability and is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

	$
Value of right-of-use asset at February 1, 2019	**-**
Recognition of right-of-use asset	**24,802**
Amortization	**(7,295)**
Balance at January 31, 2020	**17,507**

	$
Lease liability at February 1, 2019	**-**
Recognition of lease liability	**24,802**
Lease payments	**(8,643)**
Lease interest	**854**
Balance at January 31, 2020	**17,013**

(Expressed in Canadian dollars)

8. SHARE CAPITAL

Authorized:

The Company has authorized an unlimited number of common and preferred shares with no par value.

Issued and outstanding:

There were no common shares issued for the years ended January 31, 2020 and 2019. The number of issued and outstanding shares as at January 31, 2020 and 2019 is 71,977,438.

Stock options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in their discretion, and in accordance with the requirements of the CSE, grant to directors, officers, and technical 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 of the Company. Options will be exercisable for a period of up to five years from the date of grant.

The following table summarizes the continuity of options as at January 31, 2020:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2019 and 2018	**240,000**	**$0.14**
Expired	(100,000)	$0.16
Balance, January 31, 2020	**140,000**	**$0.12**

The following table summarizes information about stock options outstanding and exercisable as at January 31, 2020:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Weighted Remaining Life of Options Outstanding (Years)	Weighted Remaining Life of Options Exercisable (Years)	Expiry Date
140,000	140,000	0.12	1.12	1.12	March 15, 2021
140,000	140,000		1.12	1.12	

Warrants

As at January 31, 2020, the issued and outstanding warrants to acquire common shares of the Company are as follows:

Number of Warrants Outstanding	Exercise Price ($)	Weighted Average Remaining Life (Years)	Expiry Date
10,951,400	0.10	0.82	November 27, 2020
28,500,000	0.12	1.15	March 24, 2021
39,451,400		1.06	

There is no movement of warrants for the years ended January 31, 2020 and 2019.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES

The salaries and benefits compensation to key management personnel of the Company was $484,655 for the year ended January 31, 2020 (2019: $331,821).

Key management includes directors, the Chief Executive Officer and the Chief Financial Officer of the Company.

Included in accounts payable and accrued liabilities was $43,633 (January 31, 2019 - $41,964) due to directors and officers of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	January 31, 2020	January 31, 2019
	$	$
Income taxes paid during the year	**-**	-
Interest paid during the year	**-**	-
Interest received during the year	**1,669**	4,079

(Expressed in Canadian dollars)

11. INCOME TAX

The following table reconciles the amount of deferred tax expense on application of the combined statutory Canadian federal and provincial income tax rates:

	2020	2019
	$	$
Combined statutory tax rate	**27%**	27%
Income tax recovery at combined statutory rate	**(123,735)**	(994,564)
Rate difference in subsidiary	**(1,053)**	(17,163)
Permanent and other differences	**538,349**	43,022
Change in deferred income tax assets not recognized	**(413,561)**	968,705
Deferred income tax (recovery) expense	**-**	-

The significant components of deferred tax assets not recognized as at January 31, 2020 and 2019 are as follows:

	2020		2019	
	Temporary Difference	**Tax Effect**	Temporary Difference	Tax Effect
	$	**$**	$	$
Non-capital losses	**8,258,000**	**2,193,624**	8,526,000	2,292,097
Capital losses	**-**	**-**	145,000	39,121
Intangible assets	**440,000**	**118,765**	1,456,000	393,083
Share issuance costs	**5,000**	**1,242**	11,000	2,891
Capital assets	**5,000**	**1,341**	5,000	1,341
	8,708,000	**2,314,972**	10,143,000	2,728,533

As at January 31, 2020, the Company and its subsidiaries had approximately $8,258,000 (2019 - $8,526,000) of non-capital loss carry forwards available to reduce taxable income for future years. The non-capital losses expire from 2033 to 2040:

2033	$	82,000
2034		105,000
2035		91,000
2036		406,000
2037		1,159,000
2038		856,000
2039		4,332,000
2040		1,227,000
	$	8,258,000

In assessing the realizability of deferred income tax assets, management considers whether the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS

The Company classifies its cash and cash equivalents as financial assets measured at fair value through profit or loss ("FVTPL"), accounts receivable and other receivables (excluding GST recoverable) as financial assets measured at amortized cost, and its accounts payable as financial liabilities measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of their fair value due to the relatively short period to maturity of these financial instruments.

Fair value

The following table summarizes the carrying values of the Company's financial instruments:

	January 31, 2020	January 31, 2019
	$	$
Financial assets at fair value through profit or loss (i)	**393,126**	1,267,970
Financial assets measured at amortized cost (ii)	**2,944**	136
Financial liabilities measured at amortized cost (iii)	**98,339**	192,203

(i) Cash and cash equivalents
(ii) Accounts receivable and other receivables - excluding GST recoverable
(iii) Accounts payable and lease liability

Financial instruments measured at fair value on a recurring basis are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

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

Cash and cash equivalents are classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the year ended January 31, 2020.

Financial risk management

The Company's financial risks arising from its financial instruments are market risk, credit risk, liquidity risk and interest rate risk. The Company's exposure to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of currency risk, which is the risk that exposes the Company to financial risk related to the fluctuation in exchange rates.

The Company's expenses are mainly denominated in Canadian dollars for operations. As the Company has significant amount of GIC in United States dollars, it also faces exchange rate fluctuation relative to the United States dollar. Significant change in the currency exchange rates between the Canadian dollars relative to the United States dollar could both have effect on the Company's results of operations, financial position and / or cash flow. If the United States dollar appreciates / depreciates 5%, the Company's net income would increase / decrease and deficit would decrease / increase by approximately $6,689, which arises primarily from the Company's United States accounts.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company's credit risk with respect to its cash is minimal as it is held with a large financial institution. The Company's maximum exposure to credit risk for the components of the consolidated statements of financial position at January 31, 2020 and 2019 is the carrying value of each class of financial assets disclosed in the consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 13. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at January 31, 2020, the Company had a working capital surplus of $1,058,316 (2019 - $1,555,863). All of the Company's financial liabilities are classified as current. See Note 1.

Interest rate risk

The Company is exposed to insignificant interest rate risk on its GIC because the GIC balance is not material. The Company has no interest-bearing debt. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company is not exposed to significant interest rate risk.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern while exploring to develop and provide proprietary, secured and legally compliant trading platforms around the globe for selected digital assets and cryptocurrencies, so that it can provide returns to shareholders and benefits for other stakeholders. 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. In management of capital, the Company's capital includes shareholders' equity.

The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management. Currently, the Company is relying on private placements and advances from the directors and officers to continue its operations. The Company is not subject to any externally imposed capital requirements.

14. SEGMENTED INFORMATION

IFRS 8 Operating Segments requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segment and to assessing its performance. For the year ended January 31, 2020 and 2019, the Company operated in one segment in the development of a blockchain technology platform in the digital asset and cryptocurrency sectors.

The Company's non-current assets include furniture and computer equipment where by $523 is located in Canada (January 31, 2019: $4,375) and $28,066 is located in Kazakhstan (January 31, 2019: $nil) as at January 31, 2020. In addition, the right-of-use asset of $17,507 is located in Kazakhstan (January 31, 2019: $nil) as at January 31, 2020.

15. SUBSEQUENT EVENT

In May 2020, the Company's wholly owned subsidiary EBFG granted five unrestricted common shares to a director of EBFG which reduced the Company's ownership in EBFG from 100.00% to 95.24%.