

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: [Global Blockchain Mining Corp.](#) (the “Issuer”).

Trading Symbol: [FORK](#)

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

**Second Quarter (six month period) ended October 31, 2018**

Unaudited condensed consolidated interim financial statements of the Issuer for the **six** month period ended **October 31, 2018**, as filed with securities regulatory authorities, are attached to this Form 5 - Quarterly Listing Statement as Appendix A.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

With respect to related party transactions for information supplementary to that contained in the notes to the unaudited condensed consolidated interim financial statements, which are attached hereto, please refer to the Management's Discussion & Analysis for the **six** months period ended **October 31, 2018**, as filed with securities regulatory authorities and attached to this Form 5 - Quarterly Listing Statement as Appendix B.

## 2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

As at June 28, 2018, the Issuer's Form 2A - Listing Statement, 340,570,264 common shares in the capital of the Issuer were issued and outstanding.

(a) summary of securities issued during the period,

The following securities were issued during the period from three month period from August 1, 2018 to October 31, 2018:

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
01-Aug-2018	Common Shares	Share purchase Agreement	66,550,000	\$0.045	N/A	Acquisition of CryptoPower Management Ltd.	Arm's Length Party	See Note below <sup>(1)</sup>
20-Sep-2018	Common Shares	Acquisition Agreement	4,398,125	\$0.045	N/A	2,500 cryptomining mining machines	Arm's Length Party	See Note Below <sup>(2)</sup>
20-Sep-2018	Common Shares	Asset purchase Agreement	64,940,189 <sup>(1)</sup>	\$0.045	N/A	Acquisition of 6,666 cryptomining machines	Arm's Length Party	See Note below <sup>(1)</sup>
<b>TOTAL</b>			<b>135,888,314</b>					

(1) In connection with the Share Purchase Agreement and the Asset Purchase Agreement, the Issuer issued 8,602,161 Common shares to two arm's length parties as finder's fees which is included in the number of shares issued above.

(2) The Issuer issued a total 4,398,125 Common shares to two arm's length parties as finders fees paid on acquisition of 2,500 Cryptocurrency mining machines from AB Mining Limited.

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
2018-Sep-26	14,165,893	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	11,775,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	11,775,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	11,775,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	1,000,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	725,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	725,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03
2018-Sep-26	300,000	N/A	Consultant	\$0.03	2023-Sep-25	\$0.03

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at **October 31, 2018**, the authorized capital of the Issuer consisted of an unlimited number of common shares without par value, and without any special rights or restrictions, of which **549,708,933** common shares were issued and outstanding.

The holders of common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Issuer and are entitled to one vote in respect of each common share held at such meetings. Subject to the rights, if any at the time, of shareholders holding shares with special rights as to dividends (none of which are authorized or outstanding at the date of this Quarterly Listing Statement), holders of common shares of the Issuer are entitled to dividends as and when declared by the directors. Subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, the holders of common shares are entitled to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer.

- (b) number and recorded value for shares issued and outstanding,

Date	Number of common shares	Recorded value of common shares
As at October 31, 2018	<b>549,708,933</b>	<b>\$35,202,388</b>

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

**Options:** Options to purchase common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Issuer's Stock Option Incentive Plan.

The following Stock Options were outstanding as of October 31, 2018:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
2018-Sept-26	52,240,893	\$0.03	2023-Sept-26	\$1,444,942
<b>TOTAL</b>	<b>52,240,893</b>			

As at **October 31, 2018**, and pursuant to the Plan of Arrangement with Global Blockchain, all unexercised Global Blockchain Stock Options as of March 1, 2018 are exercisable for Common shares of the Issuer in accordance with the corporate reorganization terms of such Stock Options. The Issuer will issue the required number of Common Shares upon the exercise of Global Blockchain Stock Options as is directed by Global Blockchain. The exercise of every one Global Blockchain Stock Option = one Global Blockchain share and one Issuer share (the "Stock Option Commitments").

The following Stock Option Commitments were outstanding as of October 31, 2018:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Recorded Value
2017-Mar-30	500,000	\$N/A	2022-Mar-30	\$Nil
2017-Sep-26	2,000,000	\$N/A	2022-Sep-26	\$Nil
2017-Dec-27	2,000,000	\$N/A	2022-Dec-27	\$Nil
2018-Jan-31	22,000,000	\$N/A	2023-Jan-30	\$Nil
<b>TOTAL</b>	<b>26,500,000</b>			

**Warrants:** As at October 31, 2018, and pursuant to the Plan of Arrangement with Global Blockchain, all unexercised Global Blockchain Warrants as of March 1, 2018 are exercisable for Common shares of the Issuer in accordance with the corporate reorganization terms of such Warrants. The Issuer will issue the required number of Common Shares upon the exercise of Global Blockchain Warrants as is directed by Global Blockchain. The exercise of every one Global Blockchain Warrant = one Global Blockchain share and one Issuer share (the "Warrant Commitments").

The following Warrant Commitments were outstanding as of October 31, 2018:

Date of Issue	Number of Warrants	Exercise Price	Expiry Date	Recorded Value
2017-Mar-14	70,006	\$N/A	2019-Mar-14	\$Nil
2017-Dec-17	17,981,332	\$N/A	2019-Aug-16	\$Nil
2017-Dec-21	33,698,340	\$N/A	2019-Dec-17	\$Nil
2017-Dec-21	2,298,905	\$N/A	2018-Dec-18	\$Nil
2018-Jan-26	27,332,008	\$N/A	2019-Sep-25	\$Nil
2018-Mar-01	9,090,909	\$N/A	2020-Feb-29	\$Nil
<b>TOTAL</b>	<b>90,471,500</b>			

**Convertible Securities:** The Issuer has no convertible securities outstanding.

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at **October 31, 2018**, no common shares of the Issuer were held in a escrow, a pooling agreement or had any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Director/Officer	Position with Issuer
Theo van der Linde	Director, Secretary and Chief Financial Officer
Shidan Gouran	President and Chief Executive Officer
Brendan Purdy	Director
Steven Nerayoff	Director

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management's Discussion & Analysis for the **six-month** period ended **October 31, 2018**, as filed with securities regulatory authorities, is attached to this Form 5 - Quarterly Listing Statement as Appendix B.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated [December 31, 2018](#).

[Theo van der Linde](#)

Name of Director or Senior Officer

[Signed: "Theo van der Linde"](#)

Signature

[Director](#)

Official Capacity

<b>Issuer Details</b> Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
<a href="#">Global Blockchain Mining Corp.</a>	<a href="#">October 31, 2018</a>	<a href="#">2018/12/31</a>
Issuer Address		
<a href="#">789 West Pender Street, Suite 810</a>		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
<a href="#">Vancouver, British Columbia V6C 1H2</a>	<a href="#">(604) 687-3141</a>	<a href="#">(604) 687-2038</a>
Contact Name	Contact Position	Contact Telephone No.
<a href="#">Theo van der Linde</a>	<a href="#">Director and CFO</a>	<a href="#">778-834-6272</a>
Contact Email Address	Web Site Address	
<a href="#">theo@pashleth.com</a>	<a href="#">www.forkcse.com</a>	

## **APPENDIX A**

### **GLOBAL BLOCKCHAIN MINING CORP.**

Unaudited condensed consolidated interim financial statements  
for the **six** month period ended **October 31, 2018**





# **GLOBAL BLOCKCHAIN MINING CORP.**

## **Condensed Interim Consolidated Financial Statements**

**For the six-month period ended October 31, 2018**

*(Unaudited - Expressed in Canadian dollars)*

### **NOTICE OF NO AUDITOR REVIEW**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Global Blockchain Mining Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

**Global Blockchain Mining Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

AS AT	Notes	October 31, 2018 \$	April 30, 2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		702,906	8,012
GST receivable		490,657	-
Prepaid expenses	6	764,455	5,644
Digital currencies	5	197,090	-
Due from Global Blockchain Technologies	4	-	819,640
		<b>2,155,108</b>	<b>833,296</b>
<b>NON-CURRENT ASSETS</b>			
Investment	7	726,046	744,046
Equipment deposit	8	-	20,145,000
Property and equipment	8	11,125,434	1,437,724
<b>TOTAL ASSETS</b>		<b>14,006,588</b>	<b>23,160,066</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued liabilities	9	2,171,915	100,828
Due to Global Blockchain Technologies	12	2,220,893	-
<b>TOTAL LIABILITIES</b>		<b>4,392,808</b>	<b>100,828</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	35,202,388	22,754,598
Obligation to issue shares	10	-	319,640
Reserves	10	1,444,942	-
Accumulated deficit		(27,033,550)	(15,000)
		<b>9,613,780</b>	<b>23,059,238</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,006,588</b>	<b>23,160,066</b>

Note 1: Nature and continuance of operations

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 31, 2018.

They are signed on the Board's behalf by:

"Brendan Purdy"

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Director

"Theo van der Linde"

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Director

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

**Global Blockchain Mining Corp.**  
**Condensed Interim Consolidated Statements of Comprehensive Loss**  
(Unaudited – Expressed in Canadian dollars)

		For the three month ended		For the six month ended	
		October 31,	October 31,	October 31,	October 31,
		2018	2017	2018	2017
	Notes	\$	\$	\$	\$
<b>Revenues – digital currency mining</b>	5	2,010,153	-	2,102,904	-
<b>Costs of mining</b>					
Operating and maintenance costs		4,820,065	-	4,907,179	-
Depreciation on mining machines	8	1,678,225	-	2,097,913	-
<b>Operating loss</b>		(4,488,137)	-	(4,902,188)	-
<b>Revaluation loss of digital currencies</b>	5	769	-	6,139	-
<b>Expenses</b>					
Professional fees		99,673	-	153,486	-
Consulting fees	12	69,553	-	129,553	-
Filing and listing fees		15,812	-	30,704	-
Foreign exchange gain		(12,014)	-	(12,014)	-
Depreciation on data centre	8	35,943	-	71,886	-
Investor communications		10,243	-	10,243	-
General and administration		51,186	-	52,674	-
Share based compensation		1,444,942	-	1,444,942	-
Share of loss in investment using the equity method	7	2,983	-	18,000	-
		(6,207,227)		(6,807,801)	
<b>Other items</b>					
Impairment of property and equipment	8	(20,210,749)	-	(20,210,749)	-
<b>Net and comprehensive loss for the period</b>		(26,417,976)	-	(27,018,550)	-
Basic and diluted loss per share		(0.06)	-	(0.06)	-
Weighted average number of common shares outstanding		542,565,919	-	449,272,359	-

*The Company was incorporated on November 9, 2017, therefore there are no comparative period numbers prior to this date.*

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

**Global Blockchain Mining Corp.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**For the six-month period ended October 31, 2018**  
*(Unaudited - Expressed in Canadian dollars)*

	Notes	Number of common shares #	Share capital \$	Obligation to issue shares \$	Reserves \$	Accumulated deficit \$	Total shareholders' equity \$
<b>Balance, November 9, 2017</b>		-	-	-	-	-	-
Issuance of common shares pursuant to plan of arrangement		340,570,263	22,754,595	-	-	-	22,754,595
Warrants exercised		-	-	319,640	-	-	319,640
Net and comprehensive loss for the period		-	-	-	-	(15,000)	(15,000)
<b>Balance, April 30, 2018</b>		<b>340,570,263</b>	<b>22,754,598</b>	<b>319,640</b>	-	<b>(15,000)</b>	<b>23,059,238</b>
Shares issued for warrant exercise	10	10,419,998	1,187,240	(319,640)	-	-	867,600
Shares issued for asset acquisition	8,10	62,830,357	5,340,580	-	-	-	5,340,580
Finders shares issued for asset acquisition	8,10	4,398,125	131,944	-	-	-	131,944
Shares issued for asset acquisition	8,10	56,338,028	2,535,211	-	-	-	2,535,211
Finders shares issued for asset acquisition	8,10	3,943,662	118,310	-	-	-	118,310
Shares issued in acquisition of CryptoPower	4,10	66,550,000	2,994,750	-	-	-	2,994,750
Finders shares issued in acquisition of CryptoPower	4,10	4,658,500	139,755	-	-	-	139,755
Share based compensation		-	-	-	1,444,942	-	1,444,942
Net and comprehensive loss for the period		-	-	-	-	(27,018,550)	(27,018,550)
<b>Balance, October 31, 2018</b>		<b>549,708,933</b>	<b>35,202,388</b>	-	<b>1,444,942</b>	<b>(27,033,550)</b>	<b>9,613,780</b>

*The Company was incorporated on November 9, 2017, therefore there are no comparative period numbers prior to this date.*

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

**Global Blockchain Mining Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the six-month period ended October 31, 2018**  
*(Unaudited - Expressed in Canadian dollars)*

	October 31, 2018 \$
<b>OPERATING ACTIVITIES</b>	
Net loss for the period	\$ (27,018,550)
Adjusted for non cash items:	
Depreciation	2,169,799
Share of loss in investment using the equity method	18,000
Impairment of property and equipment	20,210,749
Share based compensation	1,444,942
Net changes in non-cash working capital:	
GST receivable	(490,657)
Digital currencies	(197,090)
Due to Global Blockchain Technologies	1,981,872
Trade payables and accrued liabilities	2,071,087
<b>Cash provided by operating activities</b>	<b>190,152</b>
<b>FINANCING ACTIVITIES</b>	
Cash received pursuant to plan of arrangement	500,000
Cash advanced from Global Blockchain Technologies	35,000
<b>Cash provided by financing activities</b>	<b>535,000</b>
<b>INVESTING ACTIVITIES</b>	
Equipment shipping and handling	(30,258)
<b>Cash used in investing activities</b>	<b>(30,258)</b>
Increase in cash	694,894
Cash, beginning of the period	8,012
<b>Cash, end of the period</b>	<b>\$ 702,906</b>
<b>Supplemental cash flow information</b>	
Reclassification of equipment deposit to property and equipment	\$ 20,145,000
Prepaid transactions paid by Global Blockchain Technologies	\$ 2,081,779
Share consideration for acquisition of property and equipment	\$ 5,340,580
Share consideration for acquisition of CryptoPower	\$ 2,994,750
Share consideration for acquisition of property and equipment	\$ 2,535,211
Finders shares issued for acquisition of property and equipment	\$ 390,009
Receivable from Global Blockchain Technologies for warrant exercises	\$ 867,600
Property and equipment paid by Global Blockchain Technologies	\$ 632,451
Reclassification of obligation to issue shares to share capital	\$ 319,640

*The Company was incorporated on November 9, 2017, therefore there are no comparative period numbers prior to this date.*

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

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six-month period ended October 31, 2018**  
*(Expressed in Canadian dollars)*

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**1 NATURE AND CONTINUANCE OF OPERATIONS**

Global Blockchain Mining Corp. (“Global Blockchain Mining” or the “Company”) is a technology company in the business of mining cryptocurrencies and was incorporated on November 9, 2017 under the Business Corporations Act (British Columbia) as a wholly owned subsidiary of Global Blockchain Technologies Corp. (“Global Blockchain Technologies”) for the purposes of a corporate restructuring of Global Blockchain Technologies. On April 20, 2018, the Company completed the plan of arrangement agreement with Global Blockchain Technologies. The Company acquired specific assets from Global Blockchain Technologies, in exchange for the issuance of 340,570,263 common shares to the shareholders of Global Blockchain Technologies (note 4).

The Company shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “FORK” and on the United States OTC stock market’s OTC Pink, under the symbol “GBCHF.” The Company’s registered office is located at 810 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

As this is the Company’s first full fiscal year end, there is no comparative quarterly information to report.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the six-month period ended October 31, 2018, the Company generated a net loss of \$27,018,550 and had working capital deficiency of \$2,237,700 as at October 31, 2018 (April 30, 2018 - \$ 732,468). The Company’s ability to continue as a going concern and realize its assets is dependent on its ability to raise capital through public equity financing, or upon the generation of income from its mining operations, the outcome of which cannot be predicted at this time. Management is planning to raise additional capital to finance operations and expected growth. These condensed interim consolidated financial statements do not include any adjustments to the recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

**2 BASIS OF PREPARATION**

**(a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Board of Directors approved these condensed interim consolidated financial statements on December 31, 2018.

**(b) Basis of presentation**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the period ended April 30, 2018. These financial statements have been prepared following the same accounting policies as the Company’s audited financial statements for the year ended April 30, 2018 except for the newly adopted policies in note 3.

*Basis of measurement*

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim consolidated financial statements have been prepared on the historical-cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

*Basis of consolidation*

These condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six-month period ended October 31, 2018**  
*(Expressed in Canadian dollars)*

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**2 BASIS OF PREPARATION (Continued)**

**(b) Basis of presentation (continued)**

Name of subsidiary	Jurisdiction of incorporation	Percent ownership	Principal activity
Coinstream	Canada	100%	Cryptocurrency mining operations
Vaniga	Mozambique	100%	Cryptocurrency mining operations
CryptoPower Management Ltd.	Canada	100%	Cryptocurrency mining operations

*Functional and presentation currency*

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of Coinstream and CryptoPower Management Ltd. is the Canadian dollar and of Vaniga is the Mozambican metical.

**(c) Significant accounting judgments, estimates and assumptions**

**Critical accounting estimates and assumptions**

**Functional currency**

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and the currencies in which expenses are settled, by each entity, as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

**Classification of digital currencies as current assets**

The Company's determination to classify its holding of digital currencies as current assets is based on management's assessment that its digital currencies held can be considered to be commodities, the availability of liquid markets to which the Company may sell a portion of its holdings and that the Company is actively selling its digital currencies in the near future to generate a profit from price fluctuations.

**3 ADOPTION OF ACCOUNTING POLICIES**

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended April 30, 2018, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.



### **3 ADOPTION OF ACCOUNTING POLICIES (continued)**

#### **Revenue recognition**

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com). The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional currencies are included in profit and loss in accordance with the Company’s treatment of its digital currencies as a traded commodity.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company’s operations, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations.

The estimated useful lives are:

Cryptocurrency machines	4 years
Data centre facility	10 years

#### **Impairment of assets**

The Company performs impairment tests on its property and equipment, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

#### **Changes in accounting standards**

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the six-month period ended October 31, 2018:

##### *IFRS 15 Revenue from Contracts with Customers*

This standard specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company determined that no contract exists with the digital currency network participant community as a whole in accordance with IFRS 15. This is because under such an implied contract, there are no enforceable rights and obligations which may be enforced against any individually identifiable parties.

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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*(Expressed in Canadian dollars)*

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**3 ADOPTION OF ACCOUNTING POLICIES (continued)**

*IFRS 15 Revenue from Contracts with Customers (continued)*

Newly minted digital currency however continues to represent an inflow to the Company due to the economic benefit in the form of an increase in assets therefore should be recognized as income from digital currency mining on completion of the transaction verification services. The adoption of IFRS 15 resulted in presentation changes which were applied retrospectively, specifically revenue is now referred to as income from digital currency mining. As a result of the adoption of IFRS 15 there was no impact on the Company's financial statements.

*IFRS 9 Financial Instruments*

A finalized version of IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. This change had no impact on the financial statements.

**New Standards and Interpretations Not Yet Adopted**

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

*IFRS 16 Leases*

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

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

**4 ACQUISITION OF ASSETS**

Global Blockchain Technologies:

On January 26, 2018, the Company entered into an arrangement agreement with Global Blockchain Technologies pursuant to which, on April 20, 2018, it completed the acquisition and assumption of certain assets and of Global Blockchain Technologies (the "Arrangement"). As consideration for the Arrangement, the Company issued to Global Blockchain Technologies' shareholders of record, prior to the Arrangement, 340,570,263 common shares.

The wholly-owned direct subsidiaries, Coinstream and Vaninga, and an investment in Distributed Consensus Platform ("DISCO") (formerly Distributed Mining Inc.), a private corporation, were included in the transfer of assets to the Company.

The carrying values of assets acquired pursuant to the Arrangement were as follows on the acquisition date, April 20, 2018:

Purchase consideration - issuance of 340,570,263 common shares	<b>\$ 22,754,598</b>
Assets	
Cash	8,012
Prepaid	5,644
Amounts receivable from Global Blockchain Technologies	500,000
Investment (note 7)	744,046
Equipment deposit (note 8)	20,145,000
Property (note 8)	1,437,724
Trade payables (note 9)	(85,828)
<b>Total assets assumed</b>	<b>\$ 22,754,598</b>

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six-month period ended October 31, 2018**  
*(Expressed in Canadian dollars)*

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**4 ACQUISITION OF ASSETS (continued)**

As part of the Arrangement, stock options and warrants outstanding on the Record Date in Global Blockchain Technologies are exercisable into one common share of Global Blockchain Technologies and one common share of the Company. Upon exercise, the Company must issue common shares to the option holders and Global Blockchain Technologies must pay 61% of the proceeds from exercise to the Company. The portion of proceeds payable to the Company is based on the fair value of assets transferred to the Company pursuant to the Arrangement relative to the total fair value of all assets of Global Blockchain Technologies immediately prior to completion of the Arrangement. Subsequent to closing of the Arrangement, 2,856,666 warrants were exercised in Global Blockchain Technologies and \$319,640 is included in the amounts due from Global Blockchain Technologies for the proceeds on exercise (note 10).

CryptoPower:

On August 1, 2018, the Company entered into a definitive share purchase agreement to acquire 100% interest in CryptoPower Management Ltd. ("CryptoPower"). CryptoPower owns 5,000 cryptocurrency machines, free and clear of any and all pledges, liens, security interest, adverse claims or other encumbrances.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under *IFRS 3 – Business Combinations*, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on *IFRS 2 - Share Based Payments* and allocated as follows:

Purchase Price – issuance of 66,550,000 common shares	\$ 2,994,750
Assets	
Property and equipment	2,994,750
Total assets assumed	\$ 2,994,750
Impairment – property and equipment	2,021,959
Impairment – finders fees	100,963

The Company issued 4,658,500 common shares as finder's fees for the acquisition to an arm's length party with a fair value of \$139,755 which have been capitalized.

During the six months ended October 31, 2018, the Company determined that the recoverable amount of mining equipment acquired in the acquisition of CryptoPower was less than the depreciated replacement cost of the equipment at the time of acquisition. The Company impaired the mining equipment to its fair value based on the depreciated replacement cost of miners at the time and recorded impairment losses of \$2,122,922 (note 8).

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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*(Expressed in Canadian dollars)*

**5 DIGITAL CURRENCIES**

As at October 31, 2018, the Company's digital currencies consisted of Bitcoin, with a fair value of \$197,090. Digital currencies are recorded at their fair value on the date they are received as revenue, and are revalued to their current marketing value at each reporting date. The Company recognized a revaluation loss of \$6,139. Fair value is determined by taking the hourly volume weighted average price from [www.cryptocompare.com](http://www.cryptocompare.com).

The Company's holdings of digital currencies consist of the following:

	October 31, 2018 \$	April 30, 2018 \$
Bitcoin	197,090	-

The continuity of digital currencies was as follows:

	October 31, 2018 \$	April 30, 2018 \$
Opening balance	-	-
Digital currency mined	2,102,904	-
Digital currency sold	1,899,675	-
Revaluation adjustment	(6,139)	-
Ending balance	197,090	-

**6 PREPAIDS**

During the period ended October 31, 2018, the Company paid a security deposit of US \$596,000 (CAD \$720,182) to an arm's length party that provide full service cryptocurrency mining for the Company's mining operation in New York.

**7 INVESTMENT**

On April 20, 2018, the Company received 25% or 1,500,000 shares of DISCO, pursuant to the Plan of Arrangement. The fair value on April 20, 2018 approximated \$0.50 per share, with a fair value of \$744,046. The Company accounted for its investment using the equity method.

As at April 30, 2018 and October 31, 2018, the Company held an investment as follows:

	October 31, 2018 \$	April 30, 2018 \$
Opening Balance, April 30, 2018	744,046	744,046
Share of loss in investment using the equity method	(18,000)	-
Ending balance	726,046	744,046

Summarized financial information in respect of DISCO's operations is set out below:

	October 31, 2018 \$	April 20 to April 30, 2018 \$
As at		\$
Total assets	1,298,125	1,774,095
Total liabilities	-	-
Revenues	-	-
Net loss and comprehensive loss	72,000	-

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**8 PROPERTY AND EQUIPMENT**

	<b>Data centre facility</b>	<b>Cryptocurrency mining machines</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
Balance at April 30, 2018	1,437,724	-	1,437,724
Reclassified from Equipment Deposit	-	20,145,000	20,145,000
Additions	-	11,923,258	11,923,258
Impairment	-	(20,210,749)	(20,210,749)
Balance at October 31, 2018	1,437,724	11,857,509	13,295,233
<b>Accumulated depreciation</b>			
Balance at April 30, 2018	-	-	-
Depreciation	71,886	2,097,913	2,169,799
Balance at October 31, 2018	71,886	2,097,913	2,169,799
<b>Net book value</b>			
October 31, 2018	1,365,838	9,759,596	11,125,434
April 30, 2018	1,437,724	-	1,437,724

During the period from November 9, 2017 (incorporation) to April 30, 2018, Global Blockchain Technologies paid \$25,468,000 (US\$20,000,000) for 6,666 cryptocurrency mining machines. In addition, Global Blockchain Technologies incurred \$6,314,436 in brokerage fees related to the purchase of these machines and recognized impairment of \$11,637,436 due to a decline in value of the machines. The total carrying value of \$20,145,000 was recognized as an equipment deposit, which transferred to the Company pursuant to the Arrangement (note 4). During the period ended October 31, 2018, the Company issued 56,338,028 (issued) common shares with a fair value of \$2,535,211 and issued finder common shares of 3,943,662 with a fair value of \$118,310 and paid shipping costs of \$30,258, which have been capitalized to property plant and equipment. The Company took possession of the 6,666 cryptocurrency mining machines and the amount of \$20,145,000 was reclassified to property and equipment.

During the period from November 9, 2017 (incorporation) to April 30, 2018, Coinstream purchased 100% of the issued and outstanding shares of Vaninga. Vaninga's net assets included a data center facility, which was subsequently transferred to the Company pursuant to the Arrangement at a fair value of \$1,437,724 (note 4).

During the period ended October 31, 2018, the Company purchased 4,000 cryptocurrency machines from an arm's length party through the issuance of 62,830,357 common shares with a fair value of \$5,340,580. The Company issued 4,398,125 finder common shares with a fair value of \$131,944 and paid shipping cost of \$635,450, which have been capitalized to property plant and equipment. As of the reporting date, the Company took possession of the 4,000 cryptocurrency machines and are in the process of installing them.

During the period ended October 31, 2018, the Company completed an acquisition of 5,000 additional cryptocurrency machines from CryptoPower (Note 4).

The Company conducted a valuation of the cryptocurrency mining machines and determined that impairment was required. It was determined that in order to carry the assets at their fair value, an impairment of \$20,210,749 would be recorded.

In measuring the fair value of the mining equipment, the Company employed the depreciated replacement cost methodology. The replacement value of the mining equipment was estimated based on recent open market transaction data involving the acquisition of Bitmain Antminer S9 mining machines, Ebit 9+ and Ebit 9.2 mining machines observed as of the date of the unaudited condensed interim consolidated financial statements. Observed values from the transaction data were then adjusted for accumulated depreciation/functional obsolescence. The mining equipment was estimated to have an average useful life of four years (if acquired in new condition); an allowance for accumulated depreciation was deducted based on the estimated age of the mining equipment at the date of acquisition.

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**10 TRADE PAYABLES AND ACCRUED LIABILITIES**

	<b>October 31, 2018 \$</b>	<b>April 30, 2018 \$</b>
Trade payables	448,504	-
Accrued liabilities	1,723,411	15,000
	<b>2,171,915</b>	<b>15,000</b>

**11 SHARE CAPITAL**

**(a) Authorized**

There are an unlimited number of common shares without par value authorized for issue.

**Issued – October 31, 2018**

On April 10, 2018, the Company entered into an asset purchase agreement for the purchase of 4,000 cryptocurrency mining machines in exchange for the issuance of common shares. On July 13, 2018, the Company issued 62,830,357 common shares for this purchase.

In May and June 2018, 7,563,332 warrants were exercised in Global Blockchain Technologies for proceeds owed to the Company of \$867,600.

During the period from November 9, 2017 (incorporation) to April 30, 2018, 2,856,666 warrants were exercised and issued during the period. The Company reallocated \$319,640 from obligation to issue shares to share capital.

On July 12, 2018, the Company issued 10,419,998 common shares pursuant to warrants exercised.

On April 10, 2018, the Company entered into an asset purchase agreement with an arm's length party. The Company purchased 4,000 cryptocurrency machines through the issuance of 62,830,357 common shares with a fair value of \$5,340,580. The Company issued 4,398,125 finder common shares with a fair value of \$131,944.

On May 24, 2018, the Company issued 56,338,028 common shares with a fair value of \$2,535,211 pursuant to the acquisition of cryptocurrency machines. The Company issued 3,943,662 finder common shares with a fair value of \$118,310.

**Stock Options**

The Company's share option plan was approved by the shareholders on April 20, 2018, under which the Company grants share options to executive officers, directors, employees and consultants. The option plan allows for incentive stock options up to a maximum of 10% of the Company's issued and outstanding common shares. Terms of the options granted are subject to determination and approval by the Board of Directors. Options expire on a date not later than ten years after the date of grant of an option.

As part of the Arrangement, stock options outstanding in Global Blockchain Technologies are exercisable into one common share of Global Blockchain Technologies and one common share of the Company. Upon exercise, the Company must issue common shares to the option holders and Global Blockchain Technologies must pay 61% of the proceeds from exercise to the Company. The portion of proceeds payable to the Company is based on the fair value of assets transferred to the Company pursuant to the Arrangement relative to the total fair value of all assets in Global Blockchain Technologies immediately prior to completion of the Arrangement. The exercise prices below are based on the exercise prices of options outstanding in Global Blockchain Technologies multiplied by the 61% portion of proceeds allocable to the Company.

**Global Blockchain Mining Corp.**  
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**11 SHARE CAPITAL (CONTINUED)**

**Stock Options (Continued)**

A continuity schedule of the Company's stock options is as follows:

	Number of options #	Weighted average exercise price \$
Balance, November 9, 2017	-	-
Granted	26,500,000	0.62
Balance, April 30, 2018	26,500,000	0.62
Granted	52,240,893	0.03
<b>Balance, October 31, 2018</b>	<b>78,740,893</b>	<b>0.23</b>

As of October 31, 2018, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise price	Number of options outstanding	Number of options exercisable	Remaining contractual life (in years)
March 30, 2022	\$ 0.12	500,000	500,000	3.41
September 26, 2022	0.31	2,000,000	2,000,000	3.91
December 27, 2022	0.72	2,000,000	2,000,000	4.16
January 30, 2023	0.36	22,000,000	22,000,000	4.25
September 25, 2023	0.03	52,240,893	52,240,893	4.90
<b>Total</b>		<b>78,740,893</b>	<b>78,740,893</b>	<b>4.46</b>
<b>Weighted average</b>	<b>\$ 0.23</b>	-	-	-

**(c) Common Share Purchase Warrants**

As part of the Arrangement, warrants outstanding in Global Blockchain Technologies are now exercisable into one common share of Global Blockchain Technologies and one common share of the Company. Upon exercise, the Company must issue common shares to the warrant holders and Global Blockchain Technologies must pay 61% of the proceeds from exercise to the Company. The portion of proceeds payable to the Company is based on the fair value of assets transferred to the Company pursuant to the Arrangement relative to the total fair value of all assets in Global Blockchain Technologies immediately prior to completion of the Arrangement. The exercise prices below are based on the exercise prices of warrants outstanding in Global Blockchain Technologies multiplied by the 61% portion of proceeds allocable to the Company.

A continuity schedule of the Company's share purchase warrants is as follows:

	Number of share purchase warrants	Weighted average exercise price \$
<b>Balance, April 30, 2018</b>	87,939,274	0.51
Exercised	(7,563,332)	0.11
<b>Outstanding, October 31, 2018</b>	<b>80,375,942</b>	<b>0.54</b>

During the period ended October 31, 2018, 7,563,332 warrants were exercised and issued.

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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*(Expressed in Canadian dollars)*

**11 SHARE CAPITAL (CONTINUED)**

**Common Share Purchase Warrants (Continued)**

As of October 31, 2018, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
August 16, 2019	\$ 0.06	15,588,017
September 25, 2019	0.12	21,998,676
December 17, 2019	1.07	33,698,340
February 28, 2020	0.46	9,090,909
<b>Total warrants outstanding</b>		<b>80,375,942</b>
<b>Weighted Average</b>	<b>\$ 0.54</b>	<b>-</b>

**(d) Finders' Warrants**

A continuity schedule of the Company's outstanding finders' warrants is as follows:

	<b>Number of finders' warrants</b>	<b>Weighted average exercise price</b>
<b>Balance, beginning</b>	-	\$ -
Transferred in per Arrangement	10,095,558	0.33
<b>Outstanding, April 30, 2018 and October 31, 2018</b>	<b>10,095,558</b>	<b>\$ 0.33</b>

At April 30, 2018 and October 31, 2018, the following finders' warrants are outstanding:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
March 14, 2019	\$ 0.06	70,006
August 16, 2019	0.06	2,333,334
September 25, 2019	0.12	5,333,332
December 21, 2018	1.07	2,358,886
<b>Total warrants outstanding</b>		<b>10,095,558</b>
<b>Weighted Average</b>	<b>\$ 0.33</b>	<b>-</b>

**12 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**(a) 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's maximum credit risk is limited by its liquidity. Credit risk with respect to receivables has been assessed as low from management as receivables are due from companies with related parties and the Company has strong working relationships with the parties involved.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Board of Directors approves the Company's annual operating budget as well as any material transactions outside the ordinary course of business. The Company's working capital deficiency at October 31, 2018 is \$2,237,700 (April 30, 2018 – Working Capital of \$833,296). Liquidity risk is assessed as moderate.



## **12 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **(c) Foreign exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

The Company operates in the North American business environment, and some of the Company's financial instruments and transactions are denominated in currencies other than the Company's functional currency.

### **(d) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk.

### **(e) Digital currency risk**

Digital currencies are measured using level two fair values, determined by taking the rate from [www.cryptocompare.com](http://www.cryptocompare.com).

Digital currency 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 coins; in addition, the Company may not be able to liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its coin sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. The Company's digital currencies currently consist of bitcoin. A 25% variance in the price of Bitcoin based on their closing price as at October 31, 2018 was \$49,269.

## **13 RELATED PARTY TRANSACTIONS**

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers.

During the period ended October 31, 2018, the Company accrued consulting fees of \$60,000 to the CEO and \$60,000 to the CFO. As of October 31, 2018, the Company owes \$120,000 to the CEO and CFO.

As at October 31, 2018, the Company owed \$2,220,893 to Global Blockchain Technology, the former parent company and a Company that shares common management. The amount owing is non-interest bearing, unsecured and due on demand.

**Global Blockchain Mining Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six-month period ended October 31, 2018**  
*(Expressed in Canadian dollars)*

**14 SEGMENTED INFORMATION**

The Company operates in one segment, the mining and sale of digital currencies. Loss for the period and total assets by geographic location are as follows:

<b>For the period ending</b>	<b>October 31, 2018</b>
Loss	\$
Canada	26,946,684
Mozambique	71,866
<b>Total loss</b>	<b>27,018,550</b>

As the Company was incorporated on November 9, 2017, there are no comparative period numbers prior to this date.

<b>As at</b>	<b>October 31, 2018</b>	<b>April 30, 2018</b>
Total assets	\$	\$
Canada	12,640,750	21,722,342
Mozambique	1,365,838	1,437,724
<b>Total assets</b>	<b>14,006,588</b>	<b>23,160,066</b>

**15 MANAGEMENT OF CAPITAL**

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. In managing its liquidity, the Company aims to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of financial information. The Company considers shareholders' equity as its capital.

The Company is not subject to any externally imposed capital requirements. Other than the steps taken by the Company to conserve capital as described above, there have been no changes to the Company's objectives and what it manages as capital for the period ended October 31, 2018.

## **APPENDIX B**

GLOBAL BLOCKCHAIN MINING CORP.

Management's Discussion & Analysis  
for the **six** month period ended **October 31, 2018**



# **GLOBAL BLOCKCHAIN MINING CORP.**

## **Management's Discussion and Analysis**

**For the six-month period ended October 31, 2018**

*(Expressed in Canadian dollars)*

**FORM 51-102F1**

For the six-month period ended October 31, 2018

*This management's discussion and analysis ("MD&A") provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the six-month period ended October 31, 2018. This report prepared as at December 31, 2018 intends to complement and supplement our condensed interim consolidated financial statements (the "consolidated financial statements") for the period ended October 31, 2018 and should be read in conjunction with the consolidated financial statements and the accompanying notes.*

*Our consolidated financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.*

*Our consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.*

*Where we say "we", "us", "our", the "Company" or "Global Blockchain Mining", we mean Global Blockchain Mining Corp.*

*Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.forkcse.com](http://www.forkcse.com)*

**FORWARD-LOOKING INFORMATION OR STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS**

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding Global Blockchain Mining's business programs going forward, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in currency exchange rates; uncertainty of estimates of capital and operating costs; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of December 31, 2018, and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations that the Company can compete effectively with its competitors in the investment industry.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

## **OVERVIEW AND DESCRIPTION OF BUSINESS**

### **Overview**

Global Blockchain Mining Corp. ("Global Blockchain Mining" or the "Company") is a technology company that was incorporated on November 9, 2017 under the Business Corporations Act (British Columbia) and was a wholly owned subsidiary of Global Blockchain Technologies Corp. ("Global Blockchain Technologies"). The Company's registered office is located at 810 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

On January 26, 2018, Global Blockchain Technologies announced the spinout of Global Blockchain Mining Corp. The reason for the spinout is so that Global Blockchain Mining can represent an independent pure play cryptocurrency mining company with a unique business model differentiated from the other verticals and focuses within Global Blockchain Technologies. The spinout is also an effort to not only simplify our story for investors, but more critically to unlock this overlooked value, by splitting the company into two publicly traded entities, each with its own major individual and important business focus.

On April 20, 2018, Global Blockchain Technologies completed a plan of arrangement (the "Arrangement") with Global Blockchain Mining to liberate the value of its mining division. Global Blockchain Technologies transferred all of its interest in its mining machines, Coinstream Mining Corp. ("Coinstream"), which has a wholly-owned subsidiary in Mozambique, and a 25% interest in Distributed Consensus Platform ("DISCO") formerly Distributed Mining and \$500,000 for working capital purposes (the "Mining Assets"). As consideration for the Mining Assets, all existing shareholders' of the Global Blockchain Technologies as of the March 1, 2018 (the "Record Date" for the Arrangement), received 340,570,263 common shares in Global Blockchain Mining on a one-for-one basis.

The Company's common shares trade on the Canadian Securities Exchange under the symbol "FORK" and on the OTC Markets under the symbol "GBCHF."

### **Description of Business**

The Company is a technology company with a focus in the mining of cryptocurrencies and operating master nodes, witnesses, block producers and other kind of "service nodes" for various block chain networks.

### **Mining Operations**

The Company has the infrastructure and hardware that can mine cryptocurrencies by verifying and validating transactions as trustworthy through the processing of difficult cryptographic problems that require tremendous amounts of computational power to solve. This achieves exposure at a fraction of the cost of ownership and speculative risk associated with retail purchase at current price levels.

### **Facilities:**

The Company has facilities and agreements in place for mining operations in the following locations:

- Lachute, Quebec
- Winnipeg, Manitoba
- Buffalo, New York
- Maputo, Mozambique.

The facilities are managed by personnel who are seasoned in the operation of cryptocurrencies, providing a turnkey and lean solution to the Company.

## **OVERVIEW AND DESCRIPTION OF BUSINESS (Continued)**

### **Hardware:**

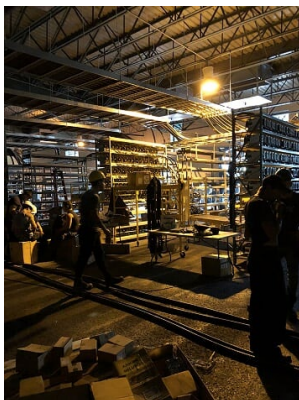
As of the date of this report, the Company has 11,666 Bitcoin mining rigs fully operational. Below are pictures of the plugged machines in its Quebec and New York facility.

Below are pictures of the Company's facilities and mining machines in New York and Quebec.

### **New York:**



### **Quebec:**



## **OVERVIEW AND DESCRIPTION OF BUSINESS (continued)**

### **DISCO:**



The Company holds a 25% interest in DISCO. DISCO is a blockchain software company that makes software enabling anyone with common electronic devices to participate in cryptocurrency mining. This can include gaming consoles and mobile phones. With billions of such devices in everyday use, access to their power throughput for cryptocurrency mining will create substantial opportunities for Global Blockchain Mining to control an even greater share of mining resources.

### **BlockChain Network**

Subsequent to October 31, 2018, Management elected to commence a strategy in which it will operate masternodes for two-tier blockchain networks that utilize servicenodes to provide trust services for specialized features, such as expedited transactions. The Company has subsequently launched servicenodes on the Dash, Horizen, Zcoin, PIVX and Loki blockchain networks. Additionally, the Company will be operating servicenodes on the Laser, Ammbr and several additional networks, in Q1 - 2019.

As cryptocurrencies and blockchain networks continue to expand in use, the importance of masternodes and servicenodes, in general, becomes greater. Masternodes operate differently than regular nodes on a blockchain network; they operate as a subset of nodes that are capable of performing unique functions. Such functions include instant or near-instant transactions, private transactions and others. Operators are required to commit collateral in order to own a masternode, which can be confiscated in cases of dishonesty. Thus, the use of collateral has the dual effect of ensuring honesty through incentive economics and placing a high barrier to entry for node operators.

In the course of its operations, FORK has been evaluating running a data centre for purposes other than mining Bitcoin. Prospective uses include operating servicenodes, in addition to providing computation power for artificial intelligence applications, an opportunity which is still under consideration.

A secondary element of the Company's strategy in operating these nodes is to establish itself as a major player in the operation of reputation based servicenodes like those of Ammbr, Loki and Laser. With a larger stake in operating such nodes, and a developed track record of performance, FORK will be positioned to attract more transactions to its nodes, enabling it to earn more fees - thus making node operation a sustainable and lucrative arm of operations.

### **Glossary of Terms:**

Terms used throughout that are used frequently within the cryptocurrency mining space:

**Blockchain:** A Blockchain is a digital public ledger in which cryptocurrency are recorded in chronological order and published publicly.

**Nodes:** Are the underlying infrastructure of the block chain and stores the transaction history for all block chain activity. Also, Nodes accept or reject transactions and communicate with other nodes to synchronize information.

**Master nodes:** Are more complex than regular Nodes on a block chain network; they operate as a subset of nodes that are capable of performing unique functions. Such functions include instant or near-instant transactions, private transactions and others. Operators are required to commit collateral in order to own a masternode, which can be confiscated in cases of dishonesty.

**Mining:** Mining refers to the process by which transactions are verified and added to the Blockchain. Mining involves compiling transactions into small blocks of data and trying to solve a computationally difficult puzzle.



***DIFFERENCES BETWEEN CRYPTOCURRENCIES AND BLOCKCHAIN TECHNOLOGY***

Blockchain technology used to be interchangeable and synonymous with Bitcoin, and then with other virtual currencies as they sprang up, as it was first developed to support them. However, the public ledger has come a long way since with a lot more uses for blockchain technology, over and above altcoins ("alternative cryptocurrencies"), are being identified and developed. Cryptocurrencies are now just one of the many applications that blockchain can be used for. The difference between the blockchain industry and the cryptocurrency industry can be best explained as an extension of the differences between blockchain and cryptocurrency as technologies themselves. Blockchain is a distributed computing approach that enables decentralized asset management, and cryptocurrency is a form of an asset that can reside and be exchanged on a blockchain. This means that blockchains can host and exchange other assets, such as utility tokens - which do not necessarily act as currencies. This example can be solidified with the analogy of roads and automobiles. Roads are the network that facilitate the movement of people and goods, whereas automobiles are the primary form of transportation that move through roads. While automobiles may be the primary traffic of roads (just as cryptocurrencies are the primary traffic of blockchains), roads can still allow other forms of traffic such as bicycles and pedestrians (just as blockchains can allow other forms of traffic such as utility tokens).

From this, the difference between the blockchain industry and the cryptocurrency industry can easily be seen. The blockchain industry relates to blockchain technology as a whole, irrespective of the exact use of the blockchain - whereas the cryptocurrency industry relates to cryptocurrencies specifically, and the nuances that relate to the currencies themselves, as opposed to the underlying technology. The blockchain industry consists more of programming, analysis, and integration - as a matter of aligning blockchain's functionality with the business applications of user organizations and their corresponding stakeholders. The cryptocurrency industry would then consist more of finance-related competencies, as a matter of forming asset-related applications for a given coin, integrating it with payment and accounting systems, and marketing it as appropriate to users who can benefit from a given cryptocurrency's unique properties.

To ultimately simplify this difference would be to equate blockchain to the term "technology", and cryptocurrency to the term "finance or asset class". Each of these pairs overlap with each other in the real world, but they are distinct enough that they are treated separately.

## **COMPANY HIGHLIGHTS AND ACHIEVEMENTS**

### *Key developments and achievements*

- In January 2018, Global Blockchain Technologies paid \$25,468,000 (US\$20,000,000) for 6,666 cryptocurrency mining machines. In addition, Global Blockchain Technologies incurred \$6,314,436 in brokerage fees related to the purchase of these machines and recognized impairment of \$11,637,436 due to a decline in value of the machines. The total carrying value of \$20,145,000 was recognized as an equipment deposit, which transferred to the Company pursuant to the Arrangement. In June and July 2018, the Company took possession of the 6,666 cryptocurrency mining machines. To date, these machines have mined over 120 bitcoins since being fully operational come August 1, 2018.
- On April 10, 2018, the Company entered into an asset purchase agreement for the purchase of 4,000 cryptocurrency mining machines in exchange for the issuance of common shares. On July 13, 2018, the Company issued 62,830,357 common shares with a fair value of \$5,340,580. To date, the Company has received 3,000 of 4,000 cryptocurrency mining machines and is in the process of installing them.
- On August 1, 2018, the Company entered into an amended share purchase agreement for the purchase of all of the issued and outstanding shares of CryptoPower Management Ltd. ("CryptoPower"). CryptoPower owns 5,000 units of cryptocurrency mining machines. As consideration for all of the outstanding shares of CryptoPower, the Company issued 66,500,000 common shares with a fair value of \$2,994,750. The Company also issued 1,658,500 common shares as finder's fees to an arm's length party with a fair value of \$139,755. The Company has plugged all of these mining rigs into the Company's facility in New York. To date, these machines have mined over 120 bitcoins over a two-month period.
- During the period ended October 31, 2018, the Company partnered with Ammbr Foundation Pte. Ltd. ("Ammbr") to launch the website and release the whitepaper for the crowdsale of Ammbr's proprietary crypto token, AMR. AMR is used for Ammbr's wireless mesh network.

Ammbr was formed in 2017, with the vision of combining wireless mesh and blockchain technologies to broaden the availability of Internet connectivity, without having to rely on telecom companies or Internet service providers to build the infrastructure. Offering a lineup of proprietary plug-and-play router hardware, Ammbr makes it easy for Internet connection owners to avail their excess bandwidth to other users on the network through Ammbr's autonomous marketplace by simply purchasing and connecting an Ammbr router device. Once in operation, the router's signal forms a "mesh" with overlapping signals from other nearby routers, creating what is collectively a far-reaching extension of the Internet that exists without traditional networking infrastructure. Ammbr's network will have a proprietary cryptocurrency known as AMR, which will be offered for purchase in January's crowdsale.

The AMR crowdsale's supply will be 400,000,000 AMR tokens, or 20% of the total issuance of 2,000,000,000 AMR tokens. Each token will be priced at the equivalent of US \$0.025 in the accepted currencies listed on the crowdsale's website. In exchange for its sale administration and development services, FORK will be paid a lump sum of 241,550,000 AMR tokens, as well as 10% of all proceeds from the public crowdsale.

- On December 13, 2018, the Company entered into a memorandum of understanding with UK-based Jamaa Online Limited ("Jamaa"), in which FORK will develop a decentralized social network and communications platform called NUVOCASH that Jamaa will use to operate social network communities. This network will be programmed so that users can earn tokens in exchange for posting original content, curating content from other places, and even performing actions as simple as voting and commenting on content. The network can be adapted to accommodate other niche-focused social networks, also with user-monetization capabilities. In exchange for its development services, FORK will be paid five percent of the pre-mined NUVO tokens (genesis tokens), which will act as Jamaa's native cryptocurrency.

Through this deal, FORK is set to become one of the major Witness node operators on the NUVOCASH blockchain network, which is expected to be one of the largest blockchain networks, by transaction volume, as early as in Q1 of 2019. Witnesses are the equivalent of cryptocurrency miners for Delegated Proof of Stake systems like NUVOCASH, Steem and EOS.

## **COMPANY HIGHLIGHTS AND ACHIEVEMENTS (CONTINUED)**

### ***Key developments and achievements (continued)***

Jamaa's NUVOCASH blockchain network is on course to become the world's first decentralized social media platform that allows for censorship-resistant publishing while, at the same time, allowing for democratic moderation and governance of the network by the network's participants themselves. In short, it can potentially turn social networking into a medium like email, where many social networking service providers and individuals can communicate and share content with each other on a global scale, with no central authority.

### ***Outlook***

#### **Mining Division**

As part of the Company's strategy to deliver shareholder value, it has performed and continues to perform an analysis of the crypto asset markets to make corresponding forecasts relating to its business model, and assist in determining what changes to it, if any, are suitable. Given the increased costs of mining which have affected profitability, as well as the price of Bitcoin dropping by more than 71% over the course of 2018 the Company augmented its existing mining operations by using its computing power to operate masternodes, while continuing to mine Bitcoin through its four physical facilities. Masternodes are specialty nodes supported by some blockchain networks to perform premium services such as expedited transactions and private transactions. As the revenue derived from operating masternodes has been demonstrably more consistent as of recent, the Company has made this decision in the interest of protecting investors' equity, and facilitating short-term growth based on current market trends. As of October 31, 2018, the Company has 14,666 mining units, including 11,666 Antminer S9 units online, as well as 3,000 Ebit E9 and E9+ units that are being installed to operate alongside the S9 units.

Further to the above, the Company conducted a valuation of the cryptocurrency mining machines and determined that impairment was required. It was determined that in order to carry the assets at their fair value, an impairment of \$20,210,749 would be recorded. In measuring the fair value of the mining equipment, the Company employed the depreciated replacement cost methodology.

#### **Block Chain Networks**

As of the date of this MD&A, the Company has several exciting projects and has launched service nodes for Dash, Horizon, Zcoin, PIVX and Loki blockchain networks and is looking to add operating service nodes on the Laser, Ammbr and several additional networks in Q3 2019.

**GLOBAL BLOCKCHAIN MINING CORP.**  
**Management's Discussion & Analysis**  
**For the six-month period ended October 31, 2018**

**CONDENSED INTERIM CONSOLIDATED RESULTS OF OPERATIONS**

All of the balances set out in this and following sections, including the Summary of quarterly results conform to IFRS standards.

	For the three month ended		For the six month ended	
	October 31, 2018	October 31, 2017	October 31, 2018	October 31, 2017
	\$	\$	\$	\$
<b>Revenues – digital currency mining</b>	<b>2,010,153</b>	<b>-</b>	<b>2,102,904</b>	<b>-</b>
<b>Costs of mining</b>				
Operating and maintenance costs	4,820,065	-	4,907,179	-
Depreciation on mining machines	1,678,225	-	2,097,913	-
<b>Operating Loss</b>	<b>(4,488,137)</b>	<b>-</b>	<b>(4,902,188)</b>	<b>-</b>
<b>Revaluation loss of digital currencies</b>	<b>(769)</b>	<b>-</b>	<b>(6,139)</b>	<b>-</b>
<b>Expenses</b>				
Professional fees	99,673	-	153,486	-
Consulting fees	69,553	-	129,553	-
Filing and listing fees	15,812	-	30,704	-
Foreign exchange gain	(12,014)	-	(12,014)	-
Depreciation on data centre	35,943	-	71,886	-
Investor communications	10,243	-	10,243	-
General and administration	51,186	-	52,674	-
Share based compensation	1,444,942	-	1,444,942	-
Impairment of property and equipment	20,210,749	-	20,210,749	-
Share of loss in investment using the equity method	2,983	-	18,000	-
<b>Net and comprehensive loss for the period</b>	<b>(26,417,976)</b>	<b>-</b>	<b>(27,018,550)</b>	<b>-</b>

Prior to the completion of the Arrangement on April 20, 2018, the Company had no operating income or expenses.

During the six-month period ended October 31, 2018, the Company reported a net loss and comprehensive loss for the period of \$27,018,550. Some of the significant changes to operations are as follows:

- Since July 2018, the Company installed approximately 11,666 cryptocurrency mining machines and recorded revenues of \$2,102,904. Over the quarter, the Company mined approximately 240 bitcoins.
- Operating and maintenance costs include power used to mine cryptocurrencies for the six-month period ended in New York and Quebec.
- Depreciation of \$2,097,913 relate the amortization of the cryptocurrency mining machines for the month of July to October, 2018.
- Consulting fees of \$129,553 relate to fees charged by the CEO and CFO.
- Revaluation loss in digital currencies of \$6,139 is attributed to the difference between the average price of Bitcoin at period end to the spot rate of Bitcoin at October 31, 2018.
- Professional fees of \$153,486 consist of accounting, legal, corporate service fees and other professional fees incurred during the period. During the period, the Company closed the CryptoPower transaction, and completed asset purchase agreements to acquire cryptocurrency mining machines that required the consultation of accountants and lawyers.

**CONDENSED INTERIM CONSOLIDATED RESULTS OF OPERATIONS (CONTINUED)**

- Filing fees relate to all matter concerning the Canadian Securities Exchange, corporate filings and Sedar filings. The Company made a number of announcements resulting in an overall increase in filing fees.
- Depreciation of \$71,886 relate to the depreciation of the data centre facility in Mozambique.
- Loss on investment of \$18,000 relate to the 25% equity pick up in connection with DISCO's loss during the period ended October 31, 2018.
- The Company issued stock options during the period ended October 31, 2018 and recognized a fair value of \$1,444,942, measured with the Black Scholes valuation method.
- Investor communications include fees for news dissemination and other investor communication costs. General and administration include travel, miscellaneous expenditure and business conferences.
- The Company recorded an impairment of property and equipment of \$20,210,749 as the Company determined that the fair value was less than the carrying value. The Company used the depreciated cost methodology to determine the fair value of its assets. In measuring the fair value of the mining equipment, the Company employed the depreciated replacement cost methodology. The replacement value of the mining equipment was estimated based on recent open market transaction data involving the acquisition of Bitmain Antminer S9 mining machines, Ebit 9+ and Ebit 9.2 mining machines observed as of the date of the unaudited condensed interim consolidated financial statements. Observed values from the transaction data were then adjusted for accumulated depreciation/functional obsolescence. The mining equipment was estimated to have an average useful life of four years (if acquired in new condition); an allowance for accumulated depreciation was deducted based on the estimated age of the mining equipment at the date of acquisition.

During the three-month period ended October 31, 2018, the Company incurred loss and comprehensive losses of \$26,417,976 compared to \$Nil. A significant amount of the overall expenditures was incurred during the three-month period ended October 31, 2018 and the explanations of the nature of cost incurred are similar to the above descriptions. Combined with the overall downturn in the cryptocurrency market for Bitcoins, resulted in a larger than expected loss for the period ended October 31, 2018. Depreciation of \$1,714,168 and share based compensation of \$1,444,942 are non-cash in nature, and make up \$3,159,110 expenses for the three month period ended October 31, 2018. The Company recorded impairment of \$20,210,749 on its property and equipment as the carrying value exceeded the fair value.

**SELECTED QUARTERLY FINANCIAL DATA**

The following table provides summary financial data for our last quarters since incorporation prepared in accordance with IFRS:

Quarter ended		Revenue	Net loss and comprehensive loss	Basic and diluted loss per common share	Total assets	Total liabilities	Shareholders' equity
		\$	\$	\$	\$	\$	\$
Q2/19	31-Oct-18	2,010,153	(26,417,976)	(0.00)	14,006,588	4,392,808	9,613,780
Q1/19	31-Jul-18	92,751	(600,574)	(0.00)	30,531,303	1,864,459	28,666,844
Q4/18	30-Apr-18	-	(15,000)	(0.00)	23,160,066	100,828	23,059,238
Q3/18	31-Jan-18	-	-	-	-	-	-

On April 20, 2018, Global Blockchain Technology completed the plan of arrangement and spun out Global Blockchain Mining Corp. Prior to the completion of the Arrangement on April 20, 2018, the Company had no operating income or expenses.

Fluctuations in assets and total liabilities are mostly due to cash on financing activities and invested in the installation, development and acquisition of cryptocurrency mining machines. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the availability of funding from investors or collaboration partners.

Growth between Q1/19 to Q2/19 in sales quarter over quarter relate to the installation of approximately 11,666 cryptocurrency mining machines. The overall increases between Q1/19 and Q2/19 is due to \$3,159,110 in share based compensation and depreciation, as well as increasing operating and maintenance cost to run the cryptocurrency machines. Furthermore, the Company recorded impairment of \$20,210,749 on its property and equipment as the carrying value exceeded the fair value. This increase in net loss was partially offset by the revenues the Company generated.

**GLOBAL BLOCKCHAIN MINING CORP.**  
**Management's Discussion & Analysis**  
**For the six-month period ended October 31, 2018**

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**ANALYSIS OF CASH FLOWS**

**OPERATING ACTIVITIES:**

Cash provided by operating activities for the six months ended October 31, 2018 was \$190,152. Approximately 11,666 cryptocurrency machines were installed and actively mining since August, 2018. The cash used in operating activities represent the cash used to maintain and operate these machines. Further, the Company recently filed their GST return, representing an increase in GST receivable of \$490,657.

**INVESTING ACTIVITIES:**

Cash used in investing activities for the six months ended October 31, 2018 was \$30,258 and relate to costs associated with bringing the cryptocurrency machines operational.

**FINANCING ACTIVITIES:**

Cash provided by financing activities for the six months ended was \$535,000. The Company received a \$500,000 as part of the Plan of Arrangement with Global Blockchain Technologies.

**WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES**

The liquidity and working capital of the Company is integrated as follows:

		October 31, 2018
<b>Liquidity:</b>		
Cash	\$	702,906
GST receivable		490,657
Prepaid		764,455
Digital currencies		197,090
<b>Total liquidity</b>		<b>2,155,108</b>
<b>Total working capital deficiency</b>	\$	<b>2,237,700</b>

The Company's ability to continue as a going concern and realize its assets is dependent on its ability to raise capital through public equity financing, or upon the generation of income from its mining operations, the outcome of which cannot be predicted at this time. Management is planning to raise additional capital to finance operations and expected growth.

## **FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### **(a) 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's maximum credit risk is limited by its liquidity.

Credit risk with respect to receivables has been assessed as low from management as receivables are due from companies with related parties and the Company has strong working relationships with the parties involved.

### **(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Board of Directors approves the Company's annual operating budget as well as any material transactions outside the ordinary course of business. The Company's working capital deficit at October 31, 2018 is \$2,237,700; therefore, is exposed to moderate liquidity risk. The Company's ability to continue as a going concern and realize its assets is dependent on its ability to raise capital through public equity financing, or upon the generation of income from its mining operations, the outcome of which cannot be predicted at this time. Management is planning to raise additional capital to finance operations and expected growth.

### **(c) Foreign exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

The Company operates in in the North American business environment, and some of the Company's financial instruments and transactions are denominated in currencies other than the Company's functional currency. The Company determines the fair value of its digital currencies by using the CAD spot rate based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com).

### **(d) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk.

### **(e) Digital currency risk**

Digital currencies are measured using level two fair values, determined by taking the rate from [www.cryptocompare.com](http://www.cryptocompare.com).

Digital currency 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 coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its coin sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. The Company's digital currencies currently consist of bitcoin. A 25% variance in the price of Bitcoin based on their closing price as at October 31, 2018 was \$49,268.

## **OUTSTANDING SHARE DATA**

The following table summarizes the outstanding common shares, options, and warrants.

As of the date of this MD&A, there are:

- 549,708,933 common shares outstanding;
- Stock options outstanding for the purchase of 78,740,893 common shares; and,
- Warrants and finders warrants outstanding for the issuance of 90,471,500 common shares.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been previously disclosed in subsequent events or elsewhere.

### **Litigation**

From time to time, the Company is subject to costs and other effects of legal proceedings, settlements, investigations, claims and actions. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses potential liabilities by analyzing the claims using available information. The Company develops its views on estimated losses in consultation with outside counsel handling our defense in these matters. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Subsequent to period-end, the Company became aware of a claim by a third party for additional equity considerations from an agreement. The Company believes the claim is frivolous and completely without merit and has commenced investigation into the matter. Notwithstanding the uncertainty as to the final outcome, based on the information currently available to it, the Company does not currently believe this matter will have a material adverse effect on its consolidated financial position.

## **MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The information provided in this report, including the condensed interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the Company's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.



## **BOARD APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting and internal control matters before the consolidated financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **CONFLICTS OF INTEREST**

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

## **RELATED PARTY TRANSACTIONS**

The Directors and Executive Officers of the Company are as follows:

Shidan Gouran	President and CEO
Theo van der Linde	CFO and Director
Steven Nerayoff	Director and Chairman
Brendan Purdy	Director and Secretary

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. During the period ended October 31, 2018, the Company accrued \$60,000 of consulting fees each to the CFO and CEO. As at October 31, 2018, \$60,000 is owed to the CEO and \$60,000 is owed to the CFO.

As at October 31, 2018, the Company owed \$2,220,893 to Global Blockchain Technology, the former parent Company and a Company that share common management. The amount owing is non-interest bearing, unsecured and due on demand.

On September 17, 2018, the Company announced the resignation of Peter McCague from the Board of Directors in order to focus his efforts on other business commitments.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

### **Dividends**

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant

## **RISKS AND UNCERTAINTIES**

The Company faces a number of risks that are related to both the general cryptocurrency business as well as the Company's business model. The risk factors described below summarize and supplement the risk factors contained in the Company's listing statement dated June 28, 2018 (the "Listing Statement") and available on SEDAR at [www.sedar.com](http://www.sedar.com), and should be read in conjunction with the more detailed risk factors outlined in the Listing Statement.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations, and financial performance. The most significant risks and uncertainties faced by the Company are (in no specific order) are:

### **Limited Operating History**

The Company has limited operating history as an investment company, and no operating history in making investments in the cryptocurrency or blockchain industries. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the cryptocurrency and blockchain market. There is no certainty that the Company will be able to operate profitably.

### **No Profits to Date**

The Company has not made profits since its incorporation and it is expected that it will not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in making strategic investments in companies involved in the cryptocurrency and blockchain industries, which themselves are able to generate significant revenues or capital appreciation. Because of the limited operating history, and the uncertainties regarding the development of the cryptocurrency market and blockchain technology, there is significant risks associated with the Company's investment strategy.

### **Additional Requirements for Capital**

Substantial additional financing may be required if the Company is to be successful in developing a diversified and material portfolio of investments. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

### **Development of Cryptocurrencies**

Cryptocurrency and blockchain technology is a young and rapidly growing business area. Although it is predicted that cryptocurrency will become an accepted means of digital payment, it cannot be assured that this will in fact occur. Currently, blockchain software is dependent on the widespread acceptance of cryptocurrency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, such cryptocurrency activities may prove in the long run to be an unprofitable means for businesses.

In particular, the factors affecting the further development of the cryptocurrency industry include:

- (a) *Worldwide adoption and usage of cryptocurrencies;*
- (a) *Regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies;*
- (b) *Changes in consumer demographics and public behavior, tastes and preferences;*
- (c) *Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and*
- (d) *General economic conditions and the regulatory environment relating to cryptocurrencies.*

### **Regulatory Risks**

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the cryptocurrency business. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition.

Regulatory agencies could shut down or restrict the use of platforms or exchanges using virtual currencies or blockchain based technologies. This could lead to a loss of any investment made in the Company.

The legal status of cryptocurrency varies substantially from country to country and is still undefined and changing in many of them. While some countries have explicitly allowed its use and trade, others have banned or restricted it. Likewise, various government agencies, departments, and courts have classified cryptocurrencies differently.

### **Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change**

The success as any developer of cryptocurrency-based, blockchain platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Cryptocurrency has experienced and is expected to continue to experience significant growth in the number of users, amount of content and bandwidth availability. It cannot be assured that the cryptocurrency infrastructure will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make cryptocurrency a viable medium for digital payments will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies.

### **Intellectual Property Rights**

Companies involved in the development and operation of virtual currencies or blockchain based technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability for substantial damages which in turn could harm the underlying business, results of operations and financial condition.

### **Volatilities in Cryptocurrency Prices**

The markets for cryptocurrencies have experienced much larger fluctuations than other security markets. There can be no assurances that cryptocurrency prices will not be subject to erratic swings in the future, which could be related not only to improper payment activities involving cryptocurrency but also regulations by law makers in various countries. Furthermore, cryptocurrencies have not been widely adopted as a means of payments for goods and services by the majority of retail and commercial outlets. On the other hand, a significant portion of the demands for cryptocurrency is generated by investors and speculators focusing on generating profits by buying and holding cryptocurrency which might create limitations on the availability of cryptocurrencies to pay for goods and services resulting in increased volatility of cryptocurrency which could adversely impact an investment in the Company.

Several factors may affect the price and the volatility of cryptocurrency, including, but not limited to:

- (a) *Global cryptocurrency demand depending on the acceptance of cryptocurrency by retail merchants and commercial businesses, the perception that the use and holding of cryptocurrency is safe and secure as well as the lack of regulatory restrictions;*
- (b) *Interest rates;*
- (c) *Currency exchange rates, including exchange rates between cryptocurrency and fiat currency;*
- (d) *Fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges;*
- (e) *Interruption of services or failures of major cryptocurrency exchanges;*

### **Volatilities in Cryptocurrency Prices**

- (f) *Large investment and trading activities in cryptocurrency;*
- (g) *Monetary policies of governments, trade restrictions, currency de- and revaluations;*
- (h) *Regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency;*
- (i) *Global or regional political, economic or financial events and situations, including increased threat of terrorist activities; and/or*
- (j) *Self-fulfilling expectations of changes in the cryptocurrency market.*

### **Stability of Bitcoin Exchanges**

The price of cryptocurrency is established by public exchanges that have, by nature of their business, a limited operating history. Even the largest cryptocurrency exchanges have been subject to operational interruptions or even collapse. The interruption and the collapse of cryptocurrency exchanges may limit the liquidity of cryptocurrencies resulting in volatile prices and a reduction in confidence in the cryptocurrency network and the cryptocurrency exchange market. The deposit or withdrawal of fiat currency into or from the cryptocurrency exchanges may also affect the price of cryptocurrency. Operational limits regarding the settlement with fiat currencies may also reduce the demand to use cryptocurrency exchanges which would adversely affect an investment made by the Company. Cryptocurrency exchanges are relatively new and largely unregulated, and may, therefore, be more exposed to fraud and failure than other, more established currency and commodity exchanges. While smaller cryptocurrency exchanges are lacking infrastructure and capitalization the larger cryptocurrency exchanges are more likely to become targets of hackers and malware. Also, arbitrage activities between cryptocurrency exchanges may destabilize some of the smaller cryptocurrency exchanges. A lack of stability in the cryptocurrency exchange market may reduce the confidence in the cryptocurrency network affecting adversely an investment in the Company.

### **Changes in the Bitcoin Network Protocol**

The cryptocurrency network is based on a protocol governing the peer-to-peer interactions between computers that are connected to each other within the cryptocurrency network. The governing code regulating such math-based protocol is informally managed by a development team. This development team, though, might propose and implement amendments to the cryptocurrency network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the validation of blockchain software distributed ledgers. Such changes of the original protocol and software may adversely affect an investment made by the Company.

### **Acceptance of Virtual Currencies**

Although the Company believes that the usage of cryptocurrencies will be focused on the technology to transmit and clear fiat currencies their usage as virtual currency will be an important factor as well. Hence, in the event that companies or individuals will be increasingly reluctant to accept virtual currencies, such limited usage of cryptocurrencies could adversely affect an investment made by the Company.

### **Misuse of Cryptocurrencies**

Ever since the existence of cryptocurrencies, and especially bitcoins, there has been attempts to use them for speculation purposes and manipulations by hackers to use cryptocurrencies for malicious purposes. Although law makers increasingly regulate the use and applications of cryptocurrencies and software is being developed to curtail hacker activities as well as misuses by speculators no assurances can be given that those measures will be sufficiently deter those illegal activities in the future.

In particular, misuses could occur if a malicious actor or botnet (i.e. a series of computer controlled by a networked software coordinating the actions of the computers) obtains a majority of the processing power controlling the cryptocurrency validating activities and altering the blockchain which cryptocurrency transactions rely upon. Moreover, if the award for solving transaction blocks declines and transaction fees are not sufficiently high, the incentive to continue validating blockchain transactions would decrease and could lead to a stoppage of validation activities. The collective processing power of the blockchain network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adaption and adjustment in the difficulty for transaction block solutions. Such slower adjustments would make the blockchain network more vulnerable to malicious actors or botnets obtaining control of the blockchain network processing power.

### **Recording of Transactions**

It is feasible that blockchain validators will cease to record transactions in solved transaction blocks. In particular, transactions that do not include the payment of transaction fees will not be recorded on the blockchain until a transaction block is solved by validators who are not required to pay such transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in the blockchain network which could adversely affect an investment in the Company.

### **Competition**

The market for blockchain technology and cryptocurrencies is becoming highly competitive on both a local and a national level. The current marketplace is dominated by a few companies, but will face substantial competition from and other competitors, which may have greater financial, technical, and marketing resources. Competitors may also have a larger installed base of users, longer operating histories or greater name recognition. There can be no assurance that any company will successfully differentiate its products from its competitors, or that the marketplace will consider one technology to be superior to others.

### **Key Personnel**

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

### **Conflicts of Interest**

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.