METAVERSE CAPITAL CORP.
(FORMERLY GLOBAL BLOCKCHAIN MINING CORP.)

Consolidated Financial Statements

Year Ended April 30, 2019 and 2018

(Expressed in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Metaverse Capital Corp.:

Opinion

We have audited the consolidated financial statements of Metaverse Capital Corp. (the “Company”), which comprise the consolidated statements of financial position as at April 30, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders’ equity (deficiency) and cash flows for the year ended April 30, 2019 and the period from November 9, 2017 (incorporation) to April 30, 2018 , and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for the year ended April 30, 2019 and period from November 9, 2017 (incorporation) to April 30, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $65,086,684 during the year ended April 30, 2019. As stated in Note 1, this event or condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

August 28, 2019

Metaverse Capital Corp. (formerly Global Blockchain Mining Corp.)
Consolidated Statements of Financial Position
For the year ended April 30, 2019

AS AT	Notes	April 30, 2019 $	April 30, 2018 $
ASSETS			
CURRENT ASSETS			
Cash		**180,895**	8,012
Marketable securities	6	**347,865**	-
Digital currencies	5	**499,215**	-
Prepaid expenses		**26,070**	5,644
Due from Global Gaming	14	**-**	819,640
		1,054,045	833,296
NON-CURRENT ASSETS			
Investments	7	**2,800,000**	744,046
Equipment deposit	8	**-**	20,145,000
Property and equipment	8	**-**	1,437,724
Intangible asset	9	**1,280,000**	-
TOTAL ASSETS		**5,134,045**	23,160,066
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	11, 18	**32,141,607**	100,828
Due to Global Gaming	14	**2,418,534**	-
TOTAL LIABILITIES		**34,560,141**	100,828
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	12	**34,230,646**	22,754,598
Obligation to issue shares	12	**-**	319,640
Share based payment reserve	12	**1,444,942**	-
Accumulated deficit		**(65,101,684)**	(15,000)
		(29,426,096)	23,059,238
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**5,134,045**	23,160,066

Note 1: Nature and continuance of operations

Note 18: Litigation

Note 19: Subsequent events

These consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2019.

They are signed on the Board's behalf by:

"Brendan Purdy"

Director

"Theo van der Linde"

Director

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

Metaverse Capital Corp. (formerly Global Blockchain Mining Corp.)
Consolidated Statements of Comprehensive Income
For the year ended April 30, 2019
(Expressed in Canadian dollars)

	Notes	Year ended April 30, 2019 $	November 9, 2017 to April 30, 2018 $
Expenses			
Professional fees		**200,501**	15,000
Consulting fees	14	**369,804**	-
Filing and listing fees		**46,037**	-
Foreign exchange loss		**6,708**	-
Investor communications		**41,376**	-
General and administration		**145,361**	-
Technology development		**3,732**	-
Share based compensation	12	**1,444,942**	-
Share of loss in investment using the equity method	7	**109,020**	-
		2,367,481	15,000
Other items			
Impairment of investment	7	**635,026**	
Unrealized gain on marketable securities	6	**(16,565)**	-
Revaluation of digital currencies	5	**82,728**	-
Net loss from continuing operations		**3,068,670**	15,000
Net loss from discontinued operations	10	**62,018,014**	-
Comprehensive loss		**65,086,684**	15,000
Basic and diluted loss per share		**(0.13)**	(0.00)
Weighted average number of common shares outstanding		**501,564,458**	19,800,597

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

Metaverse Capital Corp. (formerly Global Blockchain Mining Corp.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the year ended April 30, 2019
(Expressed in Canadian dollars)

	Note	Number of common shares #	Share capital $	Obligation to issue shares $	Share based payment reserve $	Accumulated deficit $	Total shareholders' equity (deficiency) $
Balance, November 9, 2017		-	-	-	-	-	-
Issuance of common shares pursuant to plan of arrangement	4, 12	340,570,264	22,754,595	-	-	-	22,754,598
Warrants exercised	4, 12	-	-	319,640	-	-	319,640
Net and comprehensive loss for the period		-	-	-	-	(15,000)	(15,000)
Balance, April 30, 2018		**340,570,264**	**22,754,598**	**319,640**	**-**	**(15,000)**	**23,059,238**
Shares issued for warrant exercise	4,12	10,419,998	1,187,240	(319,640)	-	-	867,600
Shares issued for asset acquisitions	4, 12	347,888,028	9,898,800	-	-	-	9,898,800
Finders shares issued for asset acquisitions	8, 12	13,000,287	390,008	-	-	-	390,008
Shares to be returned to treasury	8, 12, 18	62,830,357	-	-			-
Share based compensation	12	-	-	-	1,444,942	-	1,444,942
Net and comprehensive loss for the year		-	-	-	-	(65,086,684)	(65,086,684)
Balance, April 30, 2019		**774,708,934**	**34,230,646**	**-**	**1,444,942**	**(65,101,684)**	**(29,426,096)**

The accompanying notes are an integral part of these consolidated financial stat

Metaverse Capital Corp. (formerly Global Blockchain Mining Corp.)
Consolidated Statement of Cash Flows
For the year ended April 30, 2019 and 2018
(*Expressed in Canadian dollars***)**

		April 30, 2019 $		November 9, 2017 to April 30, 2018 $
OPERATING ACTIVITIES				
Net loss from continuing operations for the period		**(3,068,670)**		(15,000)
Adjusted for non cash items:				
Share of loss in investment using the equity method		**109,020**		-
Share based compensation		**1,444,942**		-
Impairment of investment		**635,026**		
Unrealized gain on marketable securities		**(16,565)**		-
Revaluation of digital currencies		**82,728**		
Consulting fees		**70,710**		
Net changes in non-cash working capital:				
Due to Global Gaming		**3,217,748**		-
Trade payables and accrued liabilities		**271,261**		15,000
Cash provided by operating activities of continuing operations		**2,746,200**		-
Cash used in operating activities of discontinued operations		**(2,778,210)**		-
FINANCING ACTIVITIES				
Warrants exercised		**867,600**		
Cash received pursuant to plan of arrangement		**-**		8,012
Cash provided by financing activities of continuing operations		**867,600**		8,012
INVESTING ACTIVITIES				
Cash used in investing activities of discontinued operations		**(662,707)**		-
Increase in cash		**172,883**		8,012
Cash, beginning		**8,012**		-
Cash, ending		**180,895**		8,012
Supplemental cash flow information				
Reclassification of equipment deposit to equipment	**$**	**20,145,000**	**$**	**-**
Finders shares issued for acquisition of equipment	**$**	**390,009**	**$**	**-**
Shares issued to acquire equipment	**$**	**9,898,799**	**$**	**-**

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

1 NATURE AND CONTINUE OF OPERATIONS

Metaverse Capital Corp. (formerly Global Blockchain Mining Corp.) ("Metaverse" or the "Company") is a technology company that focuses on the common needs of early-stage blockchain adopters and was incorporated on November 9, 2017 under the Business Corporations Act (British Columbia) as a wholly owned subsidiary of Global Gaming Technologies Corp. ("Global Gaming") (formerly Global Blockchain Technologies Corp.) for the purposes of a corporate restructuring of Global Gaming. On April 20, 2018, the Company completed the plan of arrangement agreement with Global Gaming. The Company acquired certain assets from Global Gaming, in exchange for the issuance of 340,570,263 common shares to the shareholders of Global Gaming (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.

These 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 year ended April 30, 2019, the Company generated a net loss of $65,086,684 had working capital deficit of $33,506,096 as at April 30, 2019. The Company will require additional financing or need to liquidate certain of its assets to continue operating. 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 the disposition of its investments, the outcome of which cannot be predicted at this time. Management is planning to raise additional capital to finance operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the 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 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 consolidated financial statements on August 28, 2019.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar. The accounting policies set out in Note 3 have been applied consistently in these consolidated financial statements.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Coinstream Mining Corp. ("Coinstream"),, Vaninga E Investimentos, Limitada ("Vaninga") Laser Technologies Corp ("Laser") and CryptoPower Managemenet Ltd ("CryptoPower"). Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Inter-company balances and transactions, arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

2 BASIS OF PREPARATION (CONTINUED)

Name of subsidiary	Jurisdiction of incorporation	Percent ownership
Coinstream	Canada	100%
Vaninga	Mozambique	100%
Laser Technologies Corp.	Cayman Islands	100%
CryptoPower Management Ltd.	Canada	100%

(c) Significant accounting judgments, estimates and assumptions

Functional currency

The functional currency of the Company has been assessed by management as the Canadian dollar based on consideration of the currency and economic factors that mainly influence the Company's operating costs, financing and related transactions.

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.

Critical accounting estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

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

Impairment of assets

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes. When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

2 BASIS OF PREPARATION (CONTINUED)

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

Critical accounting judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

The Company adopted all of the requirements of IFRS 9 Financial Instruments during the year ended April 30, 2019. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at adoption date. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	Amortized cost	Amortized cost
Due to/ (from) Global Gaming	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (continued)

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive loss ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(b) Foreign currency translation
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, Laser and Cryptopower is the Canadian dollar and of Vaninga is the Mozambican metical.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation (continued)

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

(c) Impairment of non-current assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value-in-use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

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

(d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted income (loss) per share is the same for the years presented.

(f) Share-based payments

The share option plan allows the Company's directors, executive officers, employees and consultants to acquire common shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at the grant date, and the fair value of non-employee options is measured at the date or over the period during which goods or services are received. The fair value of the options granted to employees is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. The fair value of each tranche of options granted, which do not vest immediately on grant, is recognized using the graded vesting method over the period during which the options vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured.

If options are exercised, their fair value is transferred from the share based payment reserve to share capital.

For unexercised expired options, the corresponding amount of share-based payment expense attributed to these options is reclassified from share-based payment reserve to deficit.

(g) Income taxes

Income tax on profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to prior years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using expected tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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

(i) Intangible assets

Intangible assets with finite useful lives acquired by the Company are measure at cost, net of accumulated amortization and impairment losses. Intangible assets with indefinite useful lives are not amortized but measured at cost, net of accumulated impairment losses. The estimated useful lives are 5 years.

(j) Equity investments

Equity investments are initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment.

(k) Revenue Recognition

The Company adopted new accounting standard IFRS 15- Revenue from Contracts with Customers, May 1, 2018. 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 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.

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. Revenue is measured based on the fair value of the coins earned. 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.

(l) Digital currencies

Digital currencies consist of cryptocurrencies and are initially recorded at cost when purchased or fair value when mined and adjusted for fair value at each reporting period based on quoted market prices. Changes in the fair value of digital currencies are recorded in profit and loss.

(m) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after May 1, 2019, and have not been applied in preparing these consolidated financial statements. None of the new standard are expected to be applicable or to have a significant effect on the consolidated financial statements of the Company.

(Expressed in Canadian dollars)

4 ACQUISITION OF ASSETS

Global Gaming:

On January 26, 2018, the Company entered into an arrangement agreement with Global Gaming pursuant to which, on April 20, 2018, it completed the acquisition and assumption of certain assets and of Global Gaming (the "Arrangement"). As consideration for the Arrangement, the Company issued to Global Gaming 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.), 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	$ **22,754,598**
Assets	
Cash	8,012
Prepaid	5,644
Amounts receivable from Global Gaming	500,000
Investment (Note 7)	744,046
Equipment deposit (Note 8)	20,145,000
Property (Note 8)	1,437,724
Trade payables	(85,828)
Total assets assumed	**$ 22,754,598**

As part of the Arrangement, stock options and warrants outstanding on the Record Date in Global Gaming are exercisable into one common share of Global Gaming and one common share of the Company. Upon exercise, the Company must issue common shares to the option holders and Global Gaming 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 Gaming immediately prior to completion of the Arrangement. Subsequent to closing of the Arrangement, 2,856,666 warrants were exercised in Global Gaming and the Company received $319,640 from Global Gaming for the proceeds on exercise (Note 12).

CryptoPower:

On August 1, 2018, the Company entered into a definitive share purchase agreement to acquire 100% interest in CryptoPower. CryptoPower owned cryptocurrency mining machines.

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, did not 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 (Note 12)	$ 2,994,750
Assets	
Equipment (Note 8)	2,994,750

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 (Notes 8 and 12).

Global Gaming:

On April 3, 2019, the Company entered into an asset purchase agreement with Global Gaming pursuant to which, on April 25, 2019, it completed the acquisition of certain assets of Global Gaming. As consideration, the Company issued Global Gaming 225,000,000 common shares with a fair value of $4,368,838. The fair value of the acquired assets was based on an independent valuation.

(Expressed in Canadian dollars)

4 ACQUISITION OF ASSETS (CONTINUED)

At April 25, 2019, the Company recorded the following:

Purchase consideration - issuance of 225,000,000 common shares	$ 4,368,838
Assets	
Digital currencies (Note 5)	240,000
Investments (Note 7)	2,800,000
Marketable securities (Note 6)	331,300
Intangible assets (Note 9)	1,280,000
Trade payables	(282,462)
Total assets assumed	$ 4,368,838

5 DIGITAL CURRENCIES

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

	April 30, 2019 $	April 30, 2018 $
Bitcoin	111,109	-
DASH	148,106	-
KODAK coins (Note 4)	240,000	
	499,215	-

Digital currencies are recorded at cost or fair value and are revalued to market value at each reporting date. Fair value is determined by taking the hourly volume weighted average price from www.cryptocompare.com.

6. MARKETABLE SECURITIES

During the year ended April 30, 2019, the Company received 1,656,500 common shares of Quisitive Technology Solutions Inc., a company listed on the CSE, from the purchase of assets from Global Gaming (Note 4). At April 30, 2019, the shares had a fair value of $347,865 and the Company recognized an unrealized gain of $16,565 (Note 19).

7 INVESTMENTS

Investments in DISCO:

On April 20, 2018, the Company acquired 25% of DISCO, pursuant to the Arrangement (Note 4). The Company accounted for its investment using the equity method.

Investment in DISCO:

	April 30, 2019 $
Balance, April 30, 2018 (Note 4)	744,046
Share of loss in investment using the equity method	(109,020)
Impairment	(635,026)
Ending balance	-

Investment in Hyperion Crypto Exchange Inc.:

On April 25, 2019 the Company acquired 12.41% of Hyperion Crypto Exchange Inc. pursuant to an asset purchase agreement (Note 4). The fair value on April 25, 2019 was estimated to be $2,800,000, based on an independent valuation. The Company classified this investment as a financial instrument measured at FVTPL.

(Expressed in Canadian dollars)

8 PROPERTY AND EQUIPMENT

	Data centre $	Cryptocurrency mining machines $	Total $
Cost			
Balance at April 30, 2018 (Note 4)	1,437,724	-	1,437,724
Reclassified from equipment deposit (Note 4)	-	20,145,000	20,145,000
Additions (Note 4)	-	32,971,427	32,971,427
Disposals	-	(28,169,359)	(28,169,359)
Impairment	(1,293,952)	(23,147,310)	(24,441,262)
Balance at April 30, 2019	143,772	1,799,759	1,943,530
Accumulated depreciation			
Balance at April 30, 2018	-	-	-
Depreciation	(143,772)	(3,873,042)	(4,016,814)
Disposal	-	2,073,284	2,073,284
Balance at April 30, 2019	(143,772)	(1,799,758)	(1,943,530)-
Net book value			
April 30, 2019	-	-	-
April 30, 2018	1,437,724	-	1,437,724

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). The data center was fully impaired during the year ended April 30, 2019. The impairment and depreciation charge is recorded in the results of discontinued operations (Note 10).

During the period from November 9, 2017 (incorporation) to April 30, 2018, Global Gaming paid $25,468,000 (US$20,000,000) for cryptocurrency mining machines. In addition, Global Gaming incurred $6,314,436 in brokerage fees related to the purchase of these machines (Note 12). 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).

On August 1, 2018, the Company issued 56,338,028 common shares with a fair value of $2,535,211 pursuant to the acquisition of cryptocurrency machines (Note 12). The Company issued 3,943,662 finder common shares with a fair value of $118,310 (Note 12). Shipping and transport costs of $30,257 for these machines have been capitalized.

The Company acquired cryptocurrency mining machines from AB Mining Limited ("AB Mining") with a cost of $26,388,750 (Note 18). The Company also issued 4,398,125 finder common shares with a fair value of $131,944 and paid shipping cost of $632,450, which have been capitalized (Note 12).

During the year ended April 30, 2019, the Company acquired cryptocurrency machines as a result of the acquisition of CryptoPower. The Company issued 66,550,000 common shares with a fair value of $2,994,750 for this acquisition. The Company issued finder common shares with a fair value of $139,755, which have been capitalized (Note 12).

During the year ended April 30, 2019, the Company entered into a settlement agreement with a vendor whereby the Company transferred cryptocurrency mining machines with a net book value of $26,096,075 to the vendor in exchange for settlement of an aggregate amount of $1,013,659 accounts payable due to the vendor. This settlement resulted in a loss of $25,082,416, which is included in the results of discontinued operations (Note 10).

Due to the Company's decision to exit the Cryptocurrency mining business, the remaining netbook value of the cryptomining equipment was fully impaired. This impairment charge is included in the results of discontinued operations (Note 10).

(Expressed in Canadian dollars)

9 INTANGIBLE ASSET

On April 25, 2019 the Company acquired certain intangible assets pursuant to an asset purchase agreement (Note 4). The fair value on April 25, 2019 was estimated to be $1,280,000, based on an independent valuation.

10 DISCONTINUED OPERATIONS

During the year ended April 30, 2019, the Company ceased cryptocurrency mining. Net loss from the operations of cryptocurrency mining activities were classified as net loss from discontinued operations for the year ended April 30, 2019 and are as follows:

Year ended	April 30, 2019 $	April 30, 2018 $
Revenue	2,585,571	-
Expenses	(64,603,585)	-
Net loss from discontinued operations	(62,018,014)	-

11 TRADE PAYABLES AND ACCRUED LIABILITIES

	April 30, 2019 $	April 30, 2018 $
Trade payables (Notes 14 and 18)	26,797,551	85,828
Accrued liabilities (Notes 14 and 18)	5,344,056	15,000
	32,141,607	**100,828**

12 SHARE CAPITAL

(a) Authorized

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

(b) Issued- April 30, 2019

On April 3, 2019, the Company entered into an asset purchase agreement for the purchase of certain assets from Global Gaming in exchange for the issuance of common shares (Note 4). On April 25, 2019, the Company issued 225,000,000 common shares with a fair value of $4,368,838 to Global Gaming in payment of the purchase price.

On April 10, 2018, the Company entered into an asset purchase agreement for the purchase of cryptocurrency mining machines from AB Mining (Note 8). On July 13, 2018, the Company issued 62,830,357 shares with a fair value of $5,340,580 to AB Mining in relation to the acquisition of the cryptocurrency mining equipment (Note 18). The Company issued 4,398,125 finder common shares with a fair value of $131,944 (Note 8).

On July 12, 2018, the Company issued a total of 10,419,998 common shares pursuant to warrants exercised for proceeds of $1,187,240 (Note 4).

On August 1, 2018, the Company issued 56,338,028 common shares with a fair value of $2,535,211 pursuant to the acquisition of cryptocurrency machines (Note 8). The Company issued 3,943,662 finder common shares with a fair value of $118,310 (Note 8).

On August 1, 2018, the Company issued 66,550,000 common shares with a fair value of $2,994,750 pursuant to the acquisition of CryptoPower (Notes 4 and 8). The Company issued 4,658,500 finder common shares with a fair value of $139,755 (Notes 4 and 8).

(Expressed in Canadian dollars)

12 SHARE CAPITAL (continued)

Issued – April 30, 2018

During the period from November 9, 2017 (incorporation) to April 30, 2018, 2,856,666 warrants were exercised (Note 4). The Company reallocated $319,640 from obligation to issue shares to share capital during the year ended April 30, 2019, when these shares were issued.

On April 20, 2018, pursuant to the Arrangement, the Company issued 340,570,263 common shares with a fair value of $22,754,598 (Note 4).

(c) 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 (Note 4), stock options outstanding in Global Gaming are exercisable into one common share of Global Gaming and one common share of the Company. Upon exercise, the Company must issue common shares to the option holders and Global Gaming 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 Gaming immediately prior to completion of the Arrangement. The exercise prices below, for 2018 issuances, are based on the exercise prices of options outstanding in Global Gaming multiplied by the 61% portion of proceeds allocable to the Company.

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

	Number of options \#	Weighted average exercise price $
Balance, November 9, 2017	-	-
Transferred per Arrangement (Note 4)	26,500,000	0.62
Balance, April 30, 2018	26,500,000	0.62
Issued	52,240,893	0.03
Balance, April 30, 2019	**78,740,893**	**0.23**

On September 25, 2018, the Company granted 52,240,893 stock options to consultants of the Company with an exercise price of $0.03 per option for a period of five years that expire on September 25, 2023. These options have a fair value of $1,444,942 calculated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest of 2.35%, an expected dividend rate of 0.00%, and an expected annual volatility rate of 168.74%.

(Expressed in Canadian dollars)

12 SHARE CAPITAL (continued)

(c) Stock Options (continued)

As of April 30, 2019, 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	2.92
September 26, 2022	0.31	2,000,000	2,000,000	3.41
December 27, 2022	0.72	2,000,000	2,000,000	3.66
January 30, 2023	0.36	22,000,000	22,000,000	3.76
September 25, 2023	0.03	52,240,893	52,240,893	4.41
Total		**78,740,893**	**78,740,893**	**3.97**
Weighted average	**$ 0.23**	-	-	-

(c) Common Share Purchase Warrants

As part of the Arrangement (Note 4), warrants outstanding in Global Gaming are now exercisable into one common share of Global Gaming and one common share of the Company. Upon exercise, the Company must issue common shares to the warrant holders and Global Gaming 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 Gaming immediately prior to completion of the Arrangement. The exercise prices below, for 2018 issuances, are based on the exercise prices of warrants outstanding in Global Gaming 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
Balance, beginning	-	$ -
Transferred per Arrangement (Note 4)	90,795,940	0.50
Exercised (Note 4)	(2,856,666)	0.11
Balance, April 30, 2018	87,939,274	$ 0.51
Exercised	(7,563,332)	0.11
Outstanding, April 30, 2019	**80,375,942**	**$ 0.54**

As of April 30, 2019, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise Price	Number of Warrants
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
Total warrants outstanding		**80,375,942**
Weighted Average	**$ 0.54**	**-**

(Expressed in Canadian dollars)

12 SHARE CAPITAL (continued)

(d) Finders' Warrants

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

	Number of finders' warrants	Weighted average exercise price
Balance, beginning	-	$ -
Transferred in per Arrangement (Note 4)	10,095,558	0.54
Balance April 30, 2018	10,095,558	0.54
Expired	(2,428,892)	(1.70)
Outstanding, April 30, 2019	**7,666,666**	**$ 0.17**

At April 30, 2019, the following finders' warrants are outstanding:

Expiry Date	Exercise Price	Number of Warrants
August 16, 2019	0.10	2,333,334
September 25, 2019	0.20	5,333,332
Total warrants outstanding		**7,666,666**
Weighted Average	**$ 0.17**	**-**

(e) Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

13 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 is exposed to credit risk with regards to its holding of cash. Credit risk with respect to cash has been assessed as low as all the Company's cash is deposited with Chartered Canadian banks.

(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 April 30, 2019 is ($33,506,096) (2018-$732,468). Liquidity risk is assessed as high.

(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.

(Expressed in Canadian dollars)

13 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

The Company has not entered into any foreign currency contracts to mitigate this risk, but manages the risk by minimizing the value of financial instruments denominated in foreign currency. The Company does not believe to be exposed to significant currency risk.

(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 interest rate risk.

(e) Fair value

The fair value of the Company's financial instruments approximate their carrying values at April 30, 2019.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

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

The Company's financial instruments are classified in the fair value hierarchy as follows:

	April 30, 2019		
	Level 1 **$**	**Level 2** **$**	**Level 3** **$**
Cash	180,895	-	-
Due to Global Gaming	-	-	2,418,534
Trade payables	-	-	26,797,551
Investment	-	-	2,800,000
Marketable securities	347,865	-	-
	528,760	-	32,016,085

14 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. Key management compensation for the year ended April 30, 2019 was $275,000 (2018: $Nil).

During the period ended April 30, 2019, the Company accrued consulting fees of $120,000 to the CEO (2018 - $Nil) and $155,000 (2018 - $Nil) to the CFO and a company controlled by the CFO. As of April 30, 2019, the Company owes $240,000 to the CEO and CFO and $5,250 to a company owned by the CFO. The amounts owing are non-interest bearing, unsecured and due on demand. As at April 30, 2019, the Company owed $2,418,534 (2018 – receivable of $819,640) to Global Gaming, the former parent company and a Company that shares common management. The amount owing is non-interest bearing, unsecured and due on demand.

(Expressed in Canadian dollars)

15 INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended April 30, 2019 $	**Period ended April 30, 2018 $**
Net loss	65,086,684	15,000
Statutory tax rate	27%	26%
Income tax benefit computed at Canadian statutory tax rate	(17,573,405)	(3,900)
Items not deductible for income tax purposes	390,135	-
Unrecognized benefit of deferred income tax assets	17,183,270	3,900
Income tax recovery	-	-

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income to utilize its deferred tax assets.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

Temporary differences for:	**2019 $**	**2018 $**
Income tax assets		
Non-capital loss carry-forward	3,597,171	4,050
Property, plan, and equipment	13,371,393	-
Marketable securities	(4,473)	-
Equity Investment	200,892	-
Digital currency	22,337	-
	17,187,230	4,050

At April 30, 2019, the Company has accumulated non-capital losses for income tax purposes of approximately $13,322,855 (2018 - $15,000). The losses expire in the following years:

Year of expiration	Non-capital loss $
2038	15,000
2039	13,307,855
	13,322,855

16 SEGMENTED INFORMATION

At April 30, 2019, the Company operates in one segment, blockchain technology. Loss from continuing operations for the period and total assets by geographic location are as follows:

For the period ending	April 30, 2019
Loss	
Canada	3,068,670
Total loss	3,068,670

17 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. There have been no changes to the Company's objectives and what it manages as capital for period ended April 30, 2019.

18 LITIGATION

AB Mining commenced a claim against the Company during the year ended April 30, 2019 pursuant to the breach of the asset purchase agreement between AB Mining, Global Gaming, and the Company. Global Gaming guaranteed the Company's debt to AB Mining (Note 8). AB Mining is seeking damages and costs for the sale of cryptocurrency machines to the Company for a purchase price of $26,388,750. On August 13, 2019, the summary judgement ruled that the Company breached the agreement with AB Mining and AB Mining is entitled to damages, interest and costs, with a hearing of the Registrar to follow. In addition the summary judgement concluded that Global Gaming and the Company are jointly and severally liable for amounts owing to AB Mining, The date of hearing has not been set and the exact amount of damages cannot be quantified at this time. The Company recorded a provision of $31,487,056 as the best estimate of the liability to AB Mining. This is based on the value of the assets received of $26,388,750 plus an estimated amount for damages.

During the year ended April 30, 2019, the Company issued AB Mining 62,830,357 common shares with a fair value of $5,340,580, as partial settlement of amounts owing under the asset purchase agreement. These shares were issued subsequent to the date AB Mining agreed to accept those shares as payment of amounts due. Consequently, AB Mining did not accept these shares as payment for amounts owed. These shares will be returned to the Company once the litigation is finalized.

19 SUBSEQUENT EVENTS

On May 3, 2019, the Company entered into Letter of Intent ("LOI") with Cannadex Labs Inc. ("Cannadex") whereby the Company will transfer the intangible assets associated to the Laser blockchain interoperability solution to Cannadex. In exchange, Cannadex will issue to the Company 25% of its total outstanding share capital.

On May 17, 2019, the Company entered into Letter of Intent ("LOI") with MeVu Inc. ("MeVu") whereby the Company will conduct an initial exchange offering ("IEO") for the MVU crypto asset, in exchange for a total base compensation of up to 3,000,000 MVU coins.

On July 31, 2019, the Company entered into a Simple Agreement for Future Tokens agreement (the "SAFT") with GEAR Blockchain Inc. ("GEAR"), a Barbados corporation, whereby the Company invested US$150,000 worth of cryptocurrency into the private token sale of GEAR. Pursuant to the terms of the agreement, GEAR will issue to the Company the right to certain units of GEAR Tokens, upon the occurrence of certain events as indicated below:

- In the event of a Network Launch before the expiration or termination of the agreement, GEAR will automatically issue to the Company 150,000 units of GEAR Token; and
- In the event of a dissolution before the expiration or termination of the agreement, GEAR will pay $150,000 USD due and payable to the Company immediately prior to, or concurrent with, the consummation of the Dissolution Event.

The agreement will expire and terminate upon the earlier of the issuance of GEAR Tokens to the Company, the payment of amounts due to the Company, and December 15, 2019.

Subsequent to April 30, 2019, the Company disposed all of its marketable securities (Note 6).