360 Blockchain Inc.

(Formerly 360 Capital Financial Services Group Inc.)

Management's Discussion and Analysis

For the year ended December 31, 2017

DATE OF REPORT: May 17, 2018

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of 360 Blockchain Inc. (the "Company" or "360 Blockchain") for the year ended December 31, 2017. All amounts are expressed in Canadian dollars unless otherwise stated. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). References to notes are with reference to the consolidated financial statements.

The MD&A, may contain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

It is the Company's policy that all forward-looking statements, if any, 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 are subject to change, 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 that may be contained in this MD&A, may include, but are not limited to, information or statements concerning management's expectations for the Company's ability to raise capital and meet our obligations.

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 other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

DESCRIPTION OF BUSINESS

360 Blockchain was incorporated in British Columbia on February 19, 2009. On September 30, 2013 pursuant to a Plan of Arrangement and Amalgamation Agreement (the "Plan"), Global MGA Financial Inc. ("Global") amalgamated with Carnelian Strategic Capital Corp. ("Carnelian"), which was a reporting issuer incorporated in British Columbia on May 3, 2013. Pursuant to the Plan, the amalgamated company was named 360 Capital Financial Services Group Inc. On September 29, 2017 the Company changed its name to 360 Blockchain Inc.

On November 27, 2013, shares of 360 Capital Financial Services Group Inc. were listed on the Canadian Securities Exchange ("CSE") for trading under the trading symbol TSZ. In September 2017, shares of 360 Blockchain Inc. were listed on the Frankfurt Stock Exchange ("FWB") for trading under the trading symbol C5B. In October 2017, shares of 360 Blockchain Inc. listed on the CSE started trading under the trading symbol CODE. Since then it has made several investments in the blockchain space.

The Company's registered address is 734-1055 Dunsmuir Street, British Columbia, Canada.

360 Blockchain and its subsidiaries, conduct financial services businesses and seek to develop the Company On September 29, 2017 the Company changed its name to 360 Blockchain Inc. to reflect its focus on investments in the technology sector surrounding blockchain and crypto-technologies.

360 Blockchain Inc. has an all-round view to accelerate the development and application of revolutionary blockchain technologies by investing capital and expertise. The Company is founded on the belief that blockchain technology (a distributed ledger that is transparent and incorruptible) has the potential to transform the way business is conducted, delivering security, cost savings and efficiency gains not seen before in our internet-connected world. 360 Blockchain is focused on these technologies as they apply to cryptographic tokens and transactional cryptocurrencies; enterprise-grade smart contracts; global data management; media distribution and ownership; supply chain auditing and beyond..

Its subsidiary, Mega Bright Financial Incorporated ("MBF") provides financial services sales and consultancy. The Company also owns a financial services company, 360 Securities Ltd., an Exempt Market Dealer. The Company is in the process of divesting of these businesses effective March 31, 2018.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

Legal Name	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	Hong Kong	Holding company
Zhaoying (Shanghai) Management Consulting Co. Ltd	China	Holding company
Mega Bright Financial Incorporated	British Columbia, Canada	Financial services and consulting sales
360 Securities Ltd.	British Columbia, Canada	Financial services company
360 Blockchain USA Inc.	Delaware, United States	Holding company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Global MGA (Hong Kong) Limited is a non-active holding company. During the year ended December 31, 2016, the Company dissolved its China subsidiary, Zhaoying (Shanghai) Management Consulting Co. Ltd. as it had been inactive since incorporation.

The Company entered into an agreement with a private company (the "Purchaser") controlled by a director (subsequent to the year-end, a former director) of the Company whereby the Company has agreed to sell its shareholding interest in 360 Securities Ltd., its LottoGopher investment and its SMV investment in consideration for the Purchaser assuming any and all debts, liabilities or obligations of the Company and any of its subsidiaries owing to a director (subsequent to the year-end, a former director) and certain consultants.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial information below is presented in Canadian dollars (except where noted) and is prepared in accordance with IFRS:

	2017	2016	2015
	$	$	$
Revenues	43,644	52,406	35,798
Net Income (loss)	(2,613,474)	431,624	(506,753)
Total assets	3,729,253	989,636	214,043
Working capital	2,789,485	56,419	94,876
Shareholders' equity	3,338,044	698,979	69,855
Gain (Loss) per share	(0.03)	0.01	(0.01)

OUTLOOK

The Company focuses on investments in the technology sector surrounding blockchain and crypto-technologies and its change of name to 360 Blockchain Inc. reflects this mandate. On October 17, 2017 the Company opened an office in San Carlos, California in the heart of Silicon Valley, the leading high technology hub in the United States, which accounts for 1/3 of all venture capital funding in the country. 360 Blockchain's office in Silicon Valley will provide the Company with a foothold at the center of the latest developments in blockchain technology.

In addition to identifying investment targets, the 360 Blockchain's Silicon Valley office will also allow the Company to grow its team and work with leading edge talent and innovations. The Company believes that there is sufficient interest in its services to make it financially rewarding for 360 Blockchain to focus its investments in the growing technology sector surrounding blockchain and crypto-technologies. To ensure that the Company has sufficient working capital while it implements its business model, the Company raised $150,000 in December 2016; $900,000 in May 2017, $1,047,000 in August 2017, and $1,500,000 in October 2017, a total of $3,597,000 in 2017.

On January 17, 2018, the Company closed the previously announced acquisition of 60% of the issued and outstanding shares of SV CryptoLab Inc. The Company paid US $250,000 and issued 5,000,000 common shares from treasury as consideration. As at December 31, 2017, the Company had paid the cash portion of consideration being US$250,000 (CAD $322,111). The prepaid consideration was recorded as deferred acquisition costs. The Company has the option to purchase the remaining 40% for US $75,000.

On April 5, 2018, the Company closed its previously announced acquisition of the media directory and website Pressland (http://press.land) from Chaotic Neutral LLC. Under the direction of 360 Blockchain's Strategic Advisor, Jeff Koyen, Pressland will relaunch as a blockchain-powered enterprise platform dedicated to fighting fake news. The Company paid US $250,000 and issued 2,000,000 common shares from treasury as consideration.

Subsequent to yearend, the Company advanced $350,000 to Capital Blocktech Inc., a private company developing a new blockchain. The Company has the right to earn up to 51% of that company by providing funding of up to $2,000,000 for development.

RESULTS OF OPERATIONS

LONG-TERM INVESTMENTS

a) Silver Maple Ventures Inc.

On August 29, 2014, the Company acquired a 29% interest in Silver Maple Ventures Inc. ("SMV") by purchasing 2,175,000 common shares of SMV at $0.025 per share for aggregate cash consideration of $54,375. The initial value of the Company's investment in SMV at the time the interest was originally acquired, was based on the subscription price for the shares. The Company was granted a pre-emptive right enabling it to maintain its percentage equity interest in SMV upon subsequent equity financing of SMV.

SMV was incorporated under the Business Corporation Act of British Columbia on October 18, 2013. It is registered as an Exempt Market Dealer in British Columbia, Alberta and Ontario. SMV proposes to raise funds by providing funding and investment services to accredited and non-accredited investors via online platform and representative networks. The shares of SMV are not currently listed on any stock exchange.

During 2015, the Company advanced various amounts to SMV. These advances were unsecured and bear interest at the rate of 3% per annum and matured on December 31, 2016. As of December 31, 2016, the loan and accrued interest of $1,345 was fully repaid.

During the year ended December 31, 2016, management determined that it had lost significant influence over SMV. Specifically, management determined that influence was lost on September 30, 2016 because the Company's interest in SMV had been reduced below 20% as a result of SMV continuing to issue shares to subscribers between July and September 2016. Although the Company had the right to do so, it did not participate in these subscriptions, as a result its interest was diluted to approximately 18.5%. In addition, the Company did not have any representation on SMV's Board of Directors for some time prior to September 30, 2016, and it was no longer active in SMV's management. Subsequently, the Company's interest in SMV was further diluted to approximately 16.6%.

As a result of no longer having significant influence, the Company was required to re-measure its investment in SMV at fair value. Management's determination of fair value at September 30, 2016 was based on the fact that SMV had issued approximately 1 million shares to subscribing shareholders pursuant to an offering memorandum at a price of $0.32 per share to September 30, 2016. As SMV continued to issue additional shares to subscribers between October 2016 and January 2017 at $0.32 per share, management determined that the fair value of the investment in SMV should continue to be based on the $0.32 per share value at December 31, 2016.

The Company has classified its investment in SMV as an available for sale financial instrument, which will results in any gains or losses as a result of changes in fair value, other than impairment, being accounted and presented in other comprehensive income or loss.
Summarized financial information for SMV (100% basis) as an equity investee up to September 30, 2016 is as follows:

	As at September 30, 2016
	$
Total current assets	361,681
Total non-current assets	59,654
Total assets	421,335
Total current liabilities	254,710
Total non-current liabilities	46,000
Total liabilities	300,710
Total deficit	120,625
Total liabilities and deficit	421,335

During the year ended September 30, 2015, SMV generated revenue of $155,109 and incurred operating expenses totalling $773,500, for a net loss and comprehensive loss of $618,391. As the Company's net loss from SMV was substantially higher than its carrying value, the full amount of investment was written off as of September 30, 2016, giving rise to recognition of a loss from investment in associate of $13,979.

The initial recognition of the investment at fair value, upon loss of significant influence, gives rise to a gain on recognition of fair value of former associate of $696,000, which has been recognized as other income through operations. After re-measurement at fair value, there were no changes in the subsequent measurement and as a result, no other comprehensive income or loss has been recorded to December 31, 2016.

Effective March 31, 2018, the Company has disposed of the SMV shares as part of the transaction detailed in Note 4. Fair value of the SMV shares has been calculated based on net assets held for sale, being $108,750 or $0.05 per SMV share. As at December 31, 2017, an unrealized loss of $587,250 was recorded in net loss for the year.

(b) Investment in LottoGopher Holding Inc. ("LottoGopher")

During the year ended December 31, 2016, the Company purchased 40,000 common shares of LottoGopher Holdings Inc. at $0.25 per share for a total of $10,000. Effective March 31, 2018, the Company has disposed of the LottoGopher shares as part of the transaction detailed in Note 4. As at December 31, 2017, an unrealized loss of $3,400 was recorded in net loss for the year.

(c) Investment in Quikflo Health Inc. ("Quikflo") (now Friday Night Inc.)

During the year ended December 31, 2017, the Company purchased 66,667 (post 2:1 consolidation) units of Quickflo at $0.15 per unit for a total of $10,000. Each unit consisted of one common share and ½ share purchase warrant ("warrant"). During the year ended December 31, 2017, the Company sold 66,667 shares of Quickflo at $0.11 for gross proceeds of $14,436, a realized gain of $4,436 was recorded in net loss for the year. The Company still holds 33,334 warrants as at December 31, 2017. The warrants were valued using a residual value method based on Quickflo's market price as at December 31, 2017, less the warrants exercise price of $0.30 per warrant. An unrealized gain of $28,667 was recorded in other comprehensive income.

(d) Investment in ePic Blockchain Technologies Inc. ("ePic")

During the year ended December 31, 2017, the Company purchased 100,000 common shares of ePic at $1.00 per share for a total of $100,000. As the shares were acquired in December 2017 management believes the acquisition cost is a reasonable estimate of fair value.

(e) Investment in Nerds on Site Inc. (“Nerds”)

During the year ended December 31, 2017, the Company invested $100,000 by way of convertible debenture which bears interest at 10% per annum. The convertible debenture is convertible into Units of Nerds at $0.25 per unit. Each Unit will consist of one common share and one common share purchase warrant (“warrant”). Each warrant will be exercisable at $0.30 per share for a period of 2 years.

The summary of the carrying value of long-term investments throughout the years is as follows:

	SMV	LottoGopher	Quikflo	Nerds	ePic	Total
Carrying value, December 31, 2015	$ 34,979	$ -	$ -	$ -	$ -	$ 34,979
Loan repayment	(21,000)	-	-	-	-	(21,000)
Loss of investment in 2016	(13,979)	-	-	-	-	(13,979)
Adjustment on initial recognition as available for sale	696,000	-	-	-	-	696,000
Purchase of investment	-	10,000	-	-	-	10,000
Carrying value, December 31, 2016	696,000	10,000	-	-	-	706,000
Purchase of investment	-	-	10,000	100,000	100,000	210,000
Sale of investment	-	-	(14,436)	-	-	(14,436)
Unrealized gain from change in fair value	(587,250)	(3,400)	28,667	(2,219)	-	(564,202)
Realized gain (loss) from sale	-	-	4,436	-	-	4,436
Transfer to assets held for sale	(108,750)	(6,600)	-	-	-	(115,350)
Carrying value, December 31, 2017	$ -	$ -	$ 28,667	$ 97,781	$100,000	$ 226,448

The following table presents the Company’s consolidated statement of comprehensive loss for the year ended December 31, 2017 and 2016. The financial information is presented in Canadian dollars and was prepared in accordance with IFRS.

	Year ended December 31, 2017 $	Year ended December 31, 2016 $
Revenues	43,644	52,406
Operating expenses	1,472,875	295,150
Share-based compensation	605,920	-
Loss from operations	(2,035,151)	(242,744)
Interest and other income	-	1,545
Share of loss from investment in associate	-	(13,979)
Unrealized gain on recognition of fair market value of former associate	-	696,000
Unrealized loss on long-term investments	(590,650)	-
Realized gain on long-term investments	4,436	-
Net income (loss) from continuing operations	(2,621,365)	440,822
Loss from discontinued operations	(18,557)	(9,198)
Net income (loss)	(2,639,922)	431,624
Unrealized gain on investments classified as available for sale	26,448	-
Total comprehensive income (loss)	(2,613,474)	431,624

Year ended December 31, 2017

The Company's total comprehensive loss totaled $2,613,474 for the year ended December 31, 2017 (2016 total comprehensive income: $431,624), with basic and diluted loss per share of $(0.03) (2016: basic and diluted earnings per share of $0.01).

Net loss primarily related to management fees of $1,070,324 (2016: $94,572), share-based compensation of $605,920 (2016: $Nil), office and miscellaneous of $114,839 (2016: $38,338), professional fees of $81,069 (2016: $128,404), and regulatory and transfer agent fees of $331,203 (2016: $13,601). The main reason of the expense increase was the increase in the Company activity.

SELECTED QUARTERLY RESULTS

. A summary of selected information for each of the quarters is as follows:

Three Months Ended	Revenues	Net (Loss) Gain	Basic and Diluted Loss Per Share
	$	$	$
December 31, 2017	(3,582)	(1,776,987)	(0.03)
September 30, 2017	4,903	(392,799)	(0.00)
June 30, 2017	14,000	(200,886)	(0.00)
March 31, 2017	28,500	(242,802)	(0.00)
December 31, 2016	11,500	524,285	0.01
September 30, 2016	22,572	(647)	(0.00)
June 30, 2016	8,860	(38,134)	(0.00)
March 31, 2016	24,765	(53,880)	(0.00)

FOURTH QUARTER INFORMATION

The Company's net loss totaled $1,776,987 for the three months ended December 31, 2017, with basic and diluted loss per share of $(0.03) (2016: net gain 524,285 with basic and diluted gain per share of $0.01). The reason of the Company's net loss increase was the increase in the Company activities.

LIQUIDITY AND CAPITAL RESOURCES

	2017	2016
	$	$
Cash used in operating activities	(1,500,941)	(41,137)
Cash provided by (used in) investing activities	(517,675)	61,000
Cash provided by financing activities	4,627,869	
		150,000
Increase (decrease) in cash	2,461,135	160,665
Cash, beginning	271,026	110,361
Cash, ending	2,732,161	271,026

Cash and Working Capital

As at December 31, 2017, the Company had cash of $ 2,732,161 (2016 - $271,026), and a working capital of $2,789,485 (2016 - $56,419).

OUTSTANDING SHARE DATA

Authorized Share Capital

On March 3, 2017, the Company issued 750,000 common shares to two consultants of the Company for providing consulting services. The fair value of these shares was determined to be $18,750 based on the market price on the date of issuance.

On May 2, 2017, the Company completed a non-brokered private placement and issued 29,999,999 units (“Units”) for proceeds of $900,000 at $0.03 per Unit. Each Unit comprised one common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one common share of the Company at a price of $0.05 per share for three years. Warrants were allocated a nil value using the residual value method. The Company incurred finders’ fees of $34,081 and granted 136,000 broker warrants with a fair value of $4,839. The fair value of the broker warrants was estimated using the Black-Scholes option pricing model. Broker warrants have the same terms as warrants issued as part of the Unit private placement.

On August 17, 2017, the Company completed a non-brokered private placement and issued 26,175,000 units (“Units”) for proceeds of $1,047,000 at $0.04 per Unit. Each Unit comprised one common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one common share of the Company at a price of $0.05 per share for three years. Warrants were allocated a nil value using the residual value method. The Company incurred finders’ fees of $54,960 and granted 1,374,000 broker warrants with a fair value of $55,440. The fair value of the broker warrants was estimated using the Black-Scholes option pricing model. Broker warrants have the same terms as warrants issued as part of the Unit private placement.

On October 16, 2017 the Company completed the first tranche of a non-brokered private placement of 25,299,998 units of the Company ("Units") at a price of $0.06 per Unit for aggregate gross proceeds of $1,518,000. Each Unit comprised one common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one common share of the Company at a price of $0.10 per share for two years. Warrants were allocated a nil value using the residual value method. The Company incurred finders’ fees of $58,761 and granted 979,360 broker warrants with a fair value of $167,344. The fair value of the broker warrants was estimated using the Black-Scholes option pricing model. Broker warrants have the same terms as warrants issued as part of the Unit private placement.

During the year ended December 31, 2017, 24,449,333 shares were issued upon the exercise of warrants.

During the year ended December 31, 2017, 1,550,000 shares were issued upon the exercise of options.

On January 17, 2018 the Company closed the previously announced acquisition of 60% of the issued and outstanding shares of SV CryptoLab Inc. The Company paid US $250,000 and issued 5,000,000 common shares from treasury as consideration.

On February 18, 2018, the Company closed a financing of 40,999,500 units at $0.10 per unit for gross proceeds of $4,099,950. Each unit consists of one share and one warrant, each warrant entitling the holder to subscribe for one additional share for $0.15 for a period of 2 years, with the Company retaining the right to accelerate the expiry date if shares of the Company trade at $0.30 or above for 10 trading days. Proceeds will be used for working capital and potential business investments The Company paid qualified investors a total of $297,836 and granted 2,978,836 finder’s warrants on the same terms as the warrants issued as part of the units.

On April 5, 2018, the Company issued 2,000,000 shares at a deemed price of $0.075 per Common Share. The Common Shares are being issued pursuant to the acquisition of Pressland.

Subsequent to December 31, 2017, 7,976,000 shares were issued upon the exercise of warrants.

Subsequent to December 31, 2017, 300,000 shares were issued upon the exercise of options.

Total shares outstanding as at May 17, 2018 is 221,253,942.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the “Plan”) approved by the Company’s shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers.

During the year ended December 31, 2017, the Company recorded share-based compensation of $605,920 with respect to 9,100,000 options granted to directors, officers and consultants which fully vested upon grant.

During the period subsequent to December 31, 2017, 6,600,000 options were granted to management and consultants. Each option is exercisable at $0.12 for a period of 7 years.

The continuity of share purchase options for the years ended December 31, 2017 and 2016 is as follows:

	Number of options
Balance, December 31, 2015 and 2016	3,000,000
Granted	9,100,000
Exercised	(1,550,000)
Expired/Cancelled	(1,950,000)
Balance, December 31, 2017	8,600,000
Granted	6,600,000
Exercised	(300,000)
Balance, May 17, 2018	14,900,000

Warrants

During the year ended December 31, 2017, the Company recorded share issue costs of $227,623 with respect to 2,489,360 broker warrants granted as finders' fees.

The continuity of warrants for the years ended December 31, 2017 and 2016 is as follows:

	Number of warrants
Balance, December 31, 2015	6,250,000
Granted	6,000,000
Expired/Cancelled	(6,250,000)
Balance, December 31, 2016	6,000,000
Granted	83,964,357
Exercised	(24,449,333)
Balance, December 31, 2017	65,515,024
Granted	43,978,336
Exercised	(7,976,000)
Balance, May 17, 2018	101,517,360

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

RELATED PARTIES TRANSACTIONS AND BALANCES

Details of outstanding balances with related parties including key management personnel are as follows:

	December 31, 2017		December 31, 2016	
Due from related companies with common shareholders	$	-	$	10,861
Due to related parties	$	-	$	27,596
Amounts due to directors and officers included in accounts payable and accrued liabilities	$	10,557	$	134,846
Amounts due to directors included in current liabilities held for sale	$	158,012	$	-

The above amounts are unsecured, non-interest bearing with no fixed terms of repayment.

On November 18, 2016, the Company entered into subordinated debt in the form of a promissory note with a director to borrow $60,000 at 5% per annum, due January 31, 2018. On November 18, 2016, the promissory note was extended to June 30, 2018 with interest payable upon maturity. During the year ended December 31, 2017, interest in the amount of $3,232 was accrued on this note (2016 - $3,440). As at December 31, 2017, the subordinated debt of $66,672 was included in liabilities held for sale.

Compensation of the executive management team and directors

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has identified its directors and senior officers as its key management personnel.

Total compensation to key management personnel for the years ended December 31, 2017 and 2016 were as follows:

For the years ended December 31,		**2017**		**2016**
Marketing fees (included in office and miscellaneous)	$	-	$	25,200
Salaries and benefits, management and consulting fees		391,300		161,250
Share-based compensation		295,747		-
Total	$	687,047	$	186,450

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, revenues, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- the determination of deferred income tax assets and liabilities;
- the valuation and measurement of the long-term investments, including the determination of fair value.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

- the determination of the functional currency of the Company;
- the determination of the revenue recognition policy for insurance services commission;
- the determination of the revenue recognition policy for financial advisory services income;
- the classification and treatment of the Company's investment in associates and the determination of whether or not it has significant influence over the associate;
- the evaluation of the Company's ability to continue as a going concern.

PROVISIONS

Provisions represent liabilities of the Company for which the amount or timing is uncertain. A provision is recognized when, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED DURING THE YEAR

During the year ended December 31 2017, the Company did not adopt any new accounting standards and interpretations.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company have not been presented.

The following standards will be effective for annual periods beginning on or after January 1, 2018:

Standards effective for annual periods beginning on or after January 1, 2018

IFRS 9 *Financial Instruments* - The standard was finalized in July 2014 and was revised to add a new expected credit loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income ("FVTOCI") category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 - *Revenue from Contracts with Customers* - On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace IAS 11, "Construction contracts", IAS 18, "Revenue", IFRIC 13, "Customer loyalty programmes", IFRIC 15, "Agreements for the construction of real estate", IFRIC 18, "Transfers of assets from customers" and SIC 31, "Revenue – barter transactions involving advertising services". The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time; or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

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

IFRS 16 – *Leases* - On January 13, 2016 the IASB issued IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16.

The extent of the impact of adoption of these standards on the consolidated financial statements of the Company is not expected to be material.

FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments consist of cash, amounts receivable, due from related companies, long-term investments, and accounts payable and accrued liabilities, due to related parties, and subordinated debt. The fair values of the Company's financial assets, other than long-term investments, and liabilities approximate their carrying amounts because of their current nature. The following table provides the classification of the Company's financial assets and financial liabilities:

		December 31, 2017		December 31, 2016
Assets:				
Fair value through profit or loss (i)	$	2,860,870	$	271,026
Loans and receivables (ii)		-		12,610
Available-for-sale (iii)		341,798		706,000
Liabilities:				
Other financial liabilities (iv)	$	391,209	$	263,157

(i) Cash including cash held for sale of $128,709
(ii) Amounts receivable, and due from related companies
(iii) Long-term investments including long-term investments held for sale of $115,350
(iv) Accounts payable and accrued liabilities, including amounts held for sale of $170,512 and subordinated debt held for sale of $66,672.

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

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

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
As at December 31, 2017				
Cash	2,732,161	2,732,161	-	-
Cash held for sale	128,709	128,709	-	-
Long-term Investments	226,448		126,448	100,000
Long-term Investments held for sale	115,350	6,600	-	108,750
As at December 31, 2016				
Cash	271,026	271,026	-	-
Long-term Investments	706,000		696,000	10,000

Credit Risk

Credit risks associated with cash are minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risks associated with its amounts receivable and due from related companies are monitored by management and exposure to potential loss is assessed as minimal.

Liquidity Risk

All of the Company's financial liabilities have maturities of one year or less as at December 31, 2017.

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
	$	$	$	$	$
As at December 31, 2017					
Accounts payable and accrued liabilities	154,025	(154,025)	(154,025)	-	-
Accounts payable held for sale	147,000	(147,000)	(147,000)	-	-
Due to related parties held for sale	23,512	(23,512)	(23,512)	-	-
Subordinated debt held for sale	66,672	(66,672)	(66,672)	-	-
Total	391,209	(391,209)	(391,209)	-	-
As at December 31, 2016					
Accounts payable and accrued liabilities	172,121	(172,121)	(172,121)	-	-
Due to related parties	27,596	(27,596)	(27,596)	-	-
Subordinated debt	63,440	(63,440)	-	(63,440)	-
Total	263,157	(263,157)	(199,717)	(63,440)	-

Market Risk

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

a) Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is not exposed to significant interest rate risk.

b) Price Risk

The Company is exposed to price risk associated with its long-term investments. Certain long-term investments are classified in levels 1 to 3 of the fair value hierarchy, and therefore a change in market prices would have an effect on fair value. A 10% change in market prices would have a $34,000 impact on the fair values of these long-term investments.

c) Currency Risk

It is management's opinion that the Company is not exposed to significant currency risk as its financial instruments are primarily denominated in Canadian dollars.

RISKS AND UNCERTAINTIES

The Company is in the investment management business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no ongoing revenue or income from operations. The Company has limited capital resources and has to rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company. 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; (b) Regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies; (c) Changes in consumer demographics and public behavior, tastes and preferences; (d) 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 (e) 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.

Dependence on Management Team

The Company currently depends on certain key senior managers to identify business opportunities and acquisitions. Management who has developed key relationships in the industry is also relied upon to oversee the core marketing, business development, operational and fund raising activities. As the financial services industries continues to become more competitive and regulated, the Company expects the competition for management and other skilled personnel to intensify. Competition for experienced senior management is intense and other companies with greater financial resources may offer a higher and more attractive compensation package to recruit our senior managers. If one or more of our senior managers are unable or unwilling to continue their positions with the Company, we may not be able to replace them easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.