360 BLOCKCHAIN INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
March 31, 2018 AND 2017

(Expressed in Canadian Dollars)
(Unaudited)

360 Blockchain Inc.
Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

	Note		March 31, 2018		December 31, 2017
ASSETS					
Current Assets					
Cash		$	5,816,544	$	2,732,161
Temporary investment			6,322		-
Sales tax receivable			47,284		23,050
Prepaid expenses and deposits			297,048		181,424
Assets held for sale	4,7		-		244,059
			6,167,198		3,180,694
Amounts receivable	6		362,914		-
Deferred acquisition costs			47,670		322,111
Equipment			29,441		-
Long-term investments	7		226,448		226,448
		$	6,833,671	$	3,729,253
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	8	$	228,430	$	154,025
Liabilities held for sale	4,8		-		237,184
			228,430		391,209
Equity					
Share capital	9		12,890,683		7,843,646
Subscriptions received in advance	9		-		102,500
Contributed surplus			2,160,629		1,036,381
Accumulated other comprehensive income			31,841		26,448
Accumulated deficit			(8,554,809)		(5,670,931)
Equity attributable to the owners of the Company			6,528,344		3,338,044
Non-controlling interest			76,897		-
Total shareholders’ equity			6,605,241		3,338,044
Total liabilities and shareholders’ equity		$	6,833,671	$	3,729,253

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved on behalf of the Board of Directors on May 30, 2018:

“George Tsafalas”
Director

“Brian Keane”
Director

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

360 Blockchain Inc.

Consolidated Interim Statements of Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

Three months ended,	Note	March 31, 2018	March 31, 2017
Revenue			
Financial advisory services		$ -	$ 28,500
Expenses			
Amortization		5,196	-
Advertising and promotion		34,062	-
Computer and internet		50,520	-
Consulting	8	540,972	30,350
Office and miscellaneous		38,956	8,537
Professional fees		72,141	-
Regulatory and transfer agent fees		9,841	2,749
Management fees and salaries	8	-	41,250
Share-based compensation	8,9	783,248	179,778
Travel		132,650	8,474
Total expenses		1,667,586	271,138
Loss from continuing operations		(1,667,586)	(242,638)
Other income (expenses):			
Interest and other income		6,219	-
Loss on acquisition of SV CryptoLab Inc.	5	(1,248,853)	-
Net loss from continuing operations		(2,910,220)	(242,638)
Net gain (loss) from discontinued operations	4	806	(164)
Net loss for the period		(2,909,414)	(242,802)
Other comprehensive income:			
Item that may be reclassified subsequently to income or loss:			
Foreign currency translation of foreign operations		8,988	-
Total comprehensive loss for the period		$ (2,900,426)	$ (242,802)
Net loss for the period attributable to:			
Owners of the Company		$ (2,883,878)	$ (242,638)
Non-controlling interest		(25,536)	-
Total net loss for the period		$ (2,909,414)	$ (242,638)
Total comprehensive loss for the period attributable to:			
Owners of the Company		$ (2,878,485)	$ (242,802)
Non-controlling interest		(21,941)	-
Total loss and comprehensive loss for the period		$ (2,900,426)	$ (242,802)
Loss per share attributable to the owners of the Company:			
Basic and diluted – continuing operations		$ (0.02)	$ (0.00)
Basic and diluted		$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		188,780,881	57,504,112

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

360 Blockchain Inc.
Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

		March 31, 2018		March 31, 2017
OPERATING ACTIVITIES				
Net loss from continuing operations	$	(2,910,220)	$	(242,638)
Items not affecting cash:				
Amortization		5,196		-
Share-based compensation		783,248		198,528
Loss on acquisition of SV CryptoLab Inc.		1,248,853		-
		(872,923)		(44,110)
Changes in non-cash working capital items:				
Sales tax receivable		(24,234)		(3,543)
Prepaid expenses and deposits		(16,202)		(1,250)
Accounts payable and accrued liabilities		(67,542)		6,250
Deferred revenue		-		(16,500)
Due to/from related parties		-		7,430
Cash used in operating activities – continuing operations		(980,901)		(51,723)
Cash provided by (used in) operating activities – discontinued operations		12,169		(328)
INVESTING ACTIVITIES				
Deferred acquisition costs		(47,670)		-
Acquisition of temporary investment		(6,322)		-
Acquisition of long-term investment		-		(10,000)
Loans and promissory note advanced		(362,804)		-
Cash from acquisition of SV CryptoLab Inc.		250,386		-
Cash used in investing activities		(166,410)		(10,000)
FINANCING ACTIVITIES				
Proceeds from share issuances, net		4,210,537		-
Cash provided by financing activities		4,210,537		-
Effect of exchange rate changes on cash		8,988		-
Change in cash		3,084,383		(62,051)
Cash, beginning of period		2,732,161		271,026
Cash, end of period	$	5,816,544	$	208,975
Supplemental disclosures:				
Cash paid for interest		-		-
Cash paid for income taxes		-		-
Non-cash transactions:				
Fair value of warrants granted as finders' fees		341,000		-
Shares issued for acquisition of SV CryptoLab Inc.		1,075,000		-

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

360 Blockchain Inc.
Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Share Capital	Subscriptions Received in Advance	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Non-Controlling Interest	Total
Balance at December 31, 2016	56,754,112	$ 3,385,291	$ -	$ 344,697	$ -	$ (3,031,009)	$ -	$ 698,979
Share-based compensation	-	-	-	179,778	-	-	-	179,778
Shares issued for services	750,000	18,750	-	-	-	-	-	18,750
Net loss and comprehensive loss	-	-	-	-	-	(242,802)	-	(242,802)
Balance at March 31, 2017	57,504,112	3,404,041	-	524,475	-	(3,273,811)	-	654,705
Balance at December 31, 2017	164,978,442	7,843,646	102,500	1,036,381	26,448	(5,670,931)	-	3,338,044
Share-based compensation	-	-	-	783,248	-	-	-	783,248
Shares issued for cash	40,999,500	4,099,950	(102,500)	-	-	-	-	3,997,450
Shares issued for warrants exercised	7,976,000	506,250	-	-	-	-	-	506,250
Shares issued for stock options exercised	300,000	30,000	-	-	-	-	-	30,000
Shares issued for acquisition of SV CryptoLab Inc. (Note 5)	5,000,000	1,075,000	-	-	-	-	-	1,075,000
Finders' fees – cash	-	(297,836)	-	-	-	-	-	(297,836)
Finder's fees – non-cash	-	(341,000)	-	341,000	-	-	-	-
Share issuance costs	-	(25,327)	-	-	-	-	-	(25,327)
Non-controlling interest on acquisition	-	-	-	-	-	-	98,838	98,838
Other comprehensive income	-	-	-	-	5,393	-	3,595	8,988
Net loss for the period	-	-	-	-	-	(2,883,878)	(25,536)	(2,909,414)
Balance at March 31, 2018	**219,253,942**	**$ 12,890,683**	**$ -**	**$ 2,160,629**	**$ 31,841**	**$ (8,554,809)**	**$ 76,897**	**$ 6,605,241**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

360 Blockchain Inc. (formerly 360 Capital Financial Services Group Inc.) (the "Company") 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. amalgamated with Carnelian Strategic Capital Corp., 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 the Company 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 and started trading under the trading symbol CODE. The Company's principal activities relate to identifying investments in the technology sector focusing on blockchain and crypto-currencies.

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

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for at least the next twelve months. The Company has incurred losses since its inception and has an accumulated deficit of $8,554,809 as at March 31, 2018. In addition, the Company has experienced negative cash flows from operations. These factors may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, identifying and acquiring businesses or assets, and generating profitable operations in the future. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The condensed consolidated interim financial statements do not include all of the information required in annual financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2017.

The accounting policies applied in preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2017, other than as described in Note 3.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries as follows:

Legal Name	% ownership	Place of Incorporation	Principal Activity
Global MGA (Hong Kong) Limited	100%	Hong Kong	Holding company (non active)
Mega Bright Financial Incorporated	100%	British Columbia, Canada	Financial services and consulting sales
360 Securities Ltd. (note 4)	100%	British Columbia, Canada	Financial services
360 Blockchain USA Inc.	100%	Delaware, United States	Investment company
SV CryptoLab Inc. (note 5)	60%	Wyoming, United States	Cryptocurrency mining

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the condensed consolidated interim financial statements. The accounting policies of its subsidiaries are consistent with the policies adopted by the Company.

Significant Accounting Estimates and Judgements

The preparation of these condensed consolidated interim 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, liabilities, revenue 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 determination of the fair value of the assets acquired, liabilities assumed and consideration provided in respect to the acquisition of SV CryptoLab Inc.;
- 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 these condensed consolidated interim financial statements include the following:

- the determination of the functional currency of the Company and each subsidiary;
- the determination that the acquisition of SV CryptoLab Inc. was a business combination;
- the evaluation of the Company’s ability to continue as a going concern.

3. CHANGES IN ACCOUNTING POLICIES

New Accounting Pronouncements Adopted During the Period

IFRS 9

Effective January 1, 2018, the Company adopted IFRS 9 *Financial instruments*. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes lAS 39, Financial Instruments: recognition and measurement (lAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact on the Company's financial statements. As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows described below.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance had no impact on the Company's condensed interim consolidated financial statements.

Recognition
The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement
The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The classification and measurement bases of the Company's financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to lAS 39) are as follows:

Financial Instrument	**IAS 39**	**IFRS 9**
Cash	FVTPL	FVTPL
Temporary investment	not applicable	FVTPL
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Long-term investments	Available-for-sale	FVTOCI
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

3. CHANGES IN ACCOUNTING POLICIES (continued)

New Accounting Pronouncements Adopted During the Period (continued)

IFRS 9 (continued)

After initial recognition at fair value, financial liabilities are classified and measured at either:
i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

IFRS 15

Effective January 1, 2018, the Company has adopted IFRS 15 *Revenue from Contracts with Customers*. This new 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. The standard was applied using a modified retrospective approach whereby the effects of the change in the accounting policy for revenue as at January 1, 2018 is presented as a single adjustment to the opening deficit. Upon adoption there was no impact as the Company had no uncompleted contracts as at January 1, 2018.

New Accounting Standard Issued But Not Yet Effective

<u>*Standard effective for annual periods beginning on or after January 1, 2019*</u>

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 extent of the impact of adoption of this standard on the consolidated financial statements of the Company is not expected to be material.

(Expressed in Canadian Dollars)

4. DISCONTINUED OPERATIONS

Effective March 31, 2018, the Company entered into an agreement with a private company (the "Purchaser") controlled by a former director of the Company whereby the Company has agreed to sell its subsidiary 360 Securities Ltd., its LottoGopher investment, its SMV investment and $113,698 cash held in certain subsidiaries in consideration for the Purchaser assuming any and all debts, liabilities or obligations of the Company and any of its subsidiaries owing to a former director and certain consultants. Given the Company's new focus on investments in the technology sector surrounding blockchain and crypto-currencies management has decided to divest of the subsidiary, assets and liabilities.

As at December 31, 2017, the following assets and liabilities associated with the disposal were classified as follows:

		Carrying value at December 31, 2017
Assets held for sale:		
Cash	$	128,709
Long-term investments (Note 7)		115,350
	$	244,059
Liabilities held for sale:		
Current liabilities (Note 8)	$	170,512
Subordinated debt (Note 8)		66,672
	$	237,184

The comparative interim consolidated statement of comprehensive income (loss) has been represented to show the discontinued operations separately from continuing operations. Operating results of disposed subsidiaries are summarized below:

Results of discontinued operations for the three months ended,		March 31, 2018		March 31, 2017
Revenue:				
Insurance services revenue	$	-	$	-
Expenses:				
Office and miscellaneous		(65)		836
Regulatory and transfer agent fees		2,975		2,975
Gain on disposition of assets and liabilities		(3,647)		-
Interest and other income		(69)		(3,647)
Net loss (gain) from discontinued operations	$	(806)	$	164

5. BUSINESS COMBINATION

On January 17, 2018 the Company acquired 60% of the outstanding common shares of SV CryptoLab Inc. from three individuals. In exchange the Company paid US$250,000 and issued 5,000,000 common shares with a fair value of $1,075,000 based on the Company's share price on the date of the transaction. The Company has an option to acquire the remaining 40% interest for cash consideration of US$75,000.

A business combination is defined in IFRS 3, Business Combinations, as a transaction in which an acquirer obtains control of a business, which is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to investors. For an integrated set of activities and assets to be considered a business, the set must include inputs and processes. The acquisition of SV CryptoLab Inc. meets the definition of a business combination. Consequently, the transaction was accounted for as a business combination in which the Company is the acquirer.

The identifiable assets acquired and liabilities assumed were recognized at their provisional estimated fair values at the closing date. At the reporting date the Company has not yet completed the acquisition price allocation and will finalize the recognition of this acquisition during the year in order to complete the determination of the fair value of the assets acquired and liabilities assumed and intangible assets, if any, related to the acquisition.

(Expressed in Canadian Dollars)

5. BUSINESS COMBINATION (continued)

The following table provisionally allocates the purchase price between the assets acquired and liabilities assumed based on the fair value of the total consideration.

Fair value of consideration paid:		
Cash, US $250,000	$	322,111
5,000,000 common shares		1,075,000
	$	1,397,111
Fair value of net assets acquired:		
Cash	$	250,386
Computer hardware and network contract		134,169
Accounts payable and accrued liabilities		(137,459)
Non-controlling interest (40%)		(98,838)
Excess of purchase price over fair value of net assets acquired		1,248,853
	$	1,397,111

The excess amount of $1,248,853 has been recorded as a loss on acquisition and has been recorded in profit or loss for the period ended March 31, 2018.

6. AMOUNTS RECEIVABLE

As at		March 31, 2018		December 31, 2017
Advance [1]	$	350,000	$	-
Promissory note		12,800		-
Other		114		-
Total	$	362,914	$	-

[1] During the period ended March 31, 2018, 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 by January 1, 2019. Funds advanced earn interest at 8% per annum. Accrued interest will be forgiven should the Company exercise its option to acquire 51% of Capital Blocktech Inc. The loan matures on December 31, 2019.

7. 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.

Effective March 31, 2018, the Company has disposed of the SMV shares as part of the transaction detailed in Note 4.

(b) Investment in LottoGopher Holdings 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.

(Expressed in Canadian Dollars)

7. LONG-TERM INVESTMENTS (continued)

(c) Investment in Quickflo Health Inc. ("Quickflo") (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, and a realized gain of $4,436 was recorded in net loss for the year. The Company still holds 33,334 warrants as at March 31, 2018.

(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 investments throughout the period is as follows:

	SMV	LottoGopher	Quickflo	Nerds	ePic	Total
Balance, 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 (loss) from change in fair value	(587,250)	(3,400)	28,667	(2,219)	-	(564,202)
Realized gain	-	-	4,436	-	-	4,436
Transfer to assets held for sale (December 31, 2017)	(108,750)	(6,600)	-	-	-	(115,350)
Balance, December 31, 2017 and March 31, 2018	$ -	$ -	$ 28,667	$97,781	$100,000	$226,448

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

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

		March 31, 2018		December 31, 2017
Amounts due to directors and officers included in accounts payable and accrued liabilities	$	68,384	$	10,557
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. As at March 31, 2018, the subordinated debt was disposed of as described in Note 4.

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 three months ended March 31, 2018 and 2017 was as follows:

For the three months ended March 31,		**2018**		**2017**
Management fees and salaries	$	-	$	22,500
Consulting fees		126,580		15,000
Share-based compensation		367,891		179,778
Total	$	494,471	$	217,278

9. SHARE CAPITAL AND SHARE-BASED COMPENSATION

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. All issued shares are fully paid.

On January 17, 2018 the Company closed the 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 with a fair value of $1,075,000 from treasury as consideration. As at December 31, 2017, the Company had prepaid the cash portion of consideration being US$250,000 or $322,111. The prepaid consideration was recorded as deferred acquisition costs as at December 31, 2017. The Company has an option to purchase the remaining 40% of SV CryptoLab Inc. for US $75,000 (see Note 13).

On February 28, 2018, the Company closed a financing of 40,999,500 units at $0.10 per unit for gross proceeds of $4,099,950, of which $102,500 was received as at December 31, 2017. 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. The warrants attached to the units were valued at nil using the residual value method. The Company paid qualified finders a total of $297,836 and issued 2,978,836 finder’s warrants on the same terms as the warrants issued as part of the units.

During the three months ended March 31, 2018, 7,976,000 warrants were exercised for total amount $506,250 and 300,000 stock options were exercised for total amount $30,000. Stock options were exercised on January 29, 2018 when the stock price was $0.165.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND SHARE-BASED COMPENSATION (continued)

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 period ended March 31, 2018, the Company recorded share-based compensation of $783,248 with respect to 6,600,000 options granted to directors, officers and consultants which fully vested upon grant. Each option is exercisable at $0.12 for a period of 7 years. The weighted average fair value of these stock options was $0.12 and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

Stock price	$0.12
Exercise price	$0.12
Risk free interest rate	2.25%
Expected life of options	7 years
Expected dividend yield	0.0%
Expected annual stock price volatility	190%
Expected forfeiture rate	0.0%

The continuity of share purchase options for the three months ended March 31, 2018 is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2017	8,600,000	$0.08
Granted	6,600,000	$0.12
Exercised	(300,000)	$0.10
Balance, March 31, 2018	14,900,000	$0.10

The following table summarizes stock options outstanding at March 31, 2018:

Expiry Date	Exercise Price $	Number of options outstanding and exercisable	Weighted average remaining contractual life (years)
October 14, 2018	0.10	2,700,000	0.54
February 16, 2022	0.05	2,500,000	3.88
September 25, 2022	0.08	3,100,000	4.49
February 3, 2025	0.12	6,600,000	6.85
		14,900,000	

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND SHARE-BASED COMPENSATION (continued)

Warrants

During the three months ended March 31, 2018, the Company recorded share issue costs of $341,000 with respect to 2,978,836 broker warrants granted as finders' fees. The weighted average fair value of these broker warrants was $0.11 and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

Stock price	$0.14
Exercise price	$0.15
Risk free interest rate	1.78%
Expected life of warrants	2 years
Expected dividend yield	0.0%
Expected stock price volatility	190%
Expected forfeiture rate	0.0%

The continuity of warrants for the three months ended March 31, 2018 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2017	65,515,024	$0.07
Granted	43,978,336	$0.15
Exercised	(7,976,000)	$0.06
Balance, March 31, 2018	101,517,360	$0.11

The following table summarizes warrants outstanding at March 31, 2018:

Expiry Date	Exercise Price $	Number of warrants outstanding and exercisable	Weighted average remaining contractual life (years)
December 12, 2019	0.05	1,400,000	1.70
May 2, 2020	0.05	15,733,666	2.09
August 17, 2020	0.05	16,275,000	2.38
October 16, 2020	0.10	24,130,358	1.55
February 28, 2020	0.15	43,978,336	1.89
		101,517,360	

Earnings per Share

The Company's options and warrants have not been included in the calculation of diluted loss per share for the periods presented because their effect would have been anti-dilutive.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Fair values

The Company's financial instruments consist of cash, temporary investment, amounts receivable, long-term investments, 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.

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 March 31, 2018				
Cash	$ 5,816,544	$ 5,816,544	$ -	$ -
Long-term investments	226,448	-	126,448	100,000
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

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

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 are monitored by management. The Company's exposure to potential loss is equal to the carrying value of the amounts receivable.

Liquidity Risk

All of the Company's financial liabilities have maturities of one year or less as at March 31, 2018.

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
As at March 31, 2018					
Accounts payable and accrued liabilities	$ 228,430	$ (228,430)	$ (228,430)	$ -	$ -
Total	$ 228,430	$ (228,430)	$ (228,430)	$ -	$ -
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)	$ -	$ -

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 2 and 3 of the fair value hierarchy and therefore a change in market prices would have an effect on fair value.

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.

11. CAPITAL MANAGEMENT

The Company's objectives for managing capital (defined as all components of equity) are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Company manages capital by issuing new common shares, options, and warrants, and may in the future issue new debt. There are no externally imposed capital requirements

12. SEGMENTED REPORTING

The Company's business as described in Note 1 is considered and reported as one operating segment.

13. SUBSEQUENT EVENTS

On April 6, 2018, the Company issued 2,000,000 common shares with a fair value of $170,000 from treasury as consideration for acquisition of 70% of a media directory and website.

Subsequent to March 31, 2018, the Company acquired a further 20% of SV CryptoLab Inc. (Note 5) for cash consideration of US$37,500, increasing its ownership interest from 60% to 80%.