



**BLOCKCHAIN  
INTELLIGENCE  
GROUP**

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**

**Condensed Consolidated Interim Financial Statements  
For the Six Months ended June 30, 2019 and 2018**

**(Expressed in Canadian dollars)**

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian dollars



<b>As at</b>	<b>June 30, 2019</b> <i>(Unaudited)</i>	December 31, 2018 <i>(Audited)</i>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 8,278,517	\$ 10,699,858
Restricted cash (Note 3)	137,500	137,500
Short term investments (Note 3)	-	1,255,500
Amounts receivable	241,373	206,523
Investment tax credits receivable	175,325	175,325
Prepays	138,978	197,319
<b>Total current assets</b>	<b>8,971,693</b>	<b>12,672,025</b>
<b>Digital currencies</b> (Note 4)	<b>821,653</b>	<b>122,038</b>
<b>Intangible asset</b> (Note 5)	<b>104,699</b>	<b>126,362</b>
<b>Equipment</b> (Note 6)	<b>566,106</b>	<b>614,252</b>
<b>Total assets</b>	<b>\$ 10,464,151</b>	<b>\$ 13,534,677</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 338,163	310,375
<b>Total liabilities</b>	<b>338,163</b>	<b>310,375</b>
<b>Equity</b>		
Share capital (Note 7)	33,038,586	33,038,586
Equity reserves (Note 7)	6,133,850	5,941,219
Cumulative translation adjustment	(3,677)	(6,011)
Deficit	(29,042,771)	(25,749,492)
<b>Total equity</b>	<b>10,125,988</b>	<b>13,224,302</b>
<b>Total liabilities and equity</b>	<b>\$ 10,464,151</b>	<b>\$ 13,534,677</b>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 12)

**On behalf of the Board:**

“Mark Binns” Director

“Shone Anstey” Director

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



**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited)  
Expressed in Canadian dollars

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>Product Revenue</b>	\$ 4,835	\$ 3,950	\$ 4,935	\$ 3,950
<b>Service Revenue</b>	<b>44,931</b>	54,976	<b>76,341</b>	60,645
	<b>49,766</b>	58,926	<b>81,276</b>	64,595
<b>Cost of sales</b>	<b>9,687</b>	3,793	<b>17,874</b>	12,613
	<b>40,079</b>	55,133	<b>63,402</b>	51,982
<b>General and Administrative Expenses</b>				
Advertising and promotion	<b>88,548</b>	500,537	<b>219,399</b>	950,975
Amortization	<b>82,129</b>	23,359	<b>163,277</b>	34,302
Consulting (Note 8)	<b>70,861</b>	63,581	<b>92,151</b>	232,641
Director's fees	<b>3,064</b>	3,062	<b>6,128</b>	3,062
Office	<b>233,280</b>	213,500	<b>413,267</b>	310,273
Professional fees	<b>110,614</b>	99,281	<b>147,229</b>	246,243
Regulatory and listing fees	<b>7,664</b>	19,051	<b>11,420</b>	21,443
Research and development (Note 8)	<b>625,760</b>	585,181	<b>1,336,230</b>	1,107,424
Share-based compensation	<b>38,481</b>	41,500	<b>192,631</b>	425,000
Shareholder communications	<b>1,324</b>	82,279	<b>43,589</b>	117,863
Travel	<b>21,709</b>	71,153	<b>57,469</b>	179,118
Wages and benefits (Note 8)	<b>530,434</b>	474,579	<b>1,114,975</b>	937,151
<b>Loss from operating activities</b>	<b>(1,773,789)</b>	(2,121,930)	<b>(3,734,363)</b>	(4,513,513)
<b>Other Income (Expenses)</b>				
Interest income	<b>39,735</b>	45,599	<b>84,043</b>	87,716
Foreign exchange loss	<b>(88,548)</b>	(6,561)	<b>(89,877)</b>	(22,287)
Gain on sale of digital currencies	<b>52,804</b>	-	<b>52,804</b>	-
Unrealized (loss) gain on digital currencies	<b>384,195</b>	(14,612)	<b>394,114</b>	(283,486)
<b>Net loss for the period</b>	<b>\$ (1,385,603)</b>	\$ (2,097,504)	<b>\$ (3,293,279)</b>	\$ (4,731,570)
<b>Other comprehensive income</b>				
<i>Item that may be reclassified to profit or loss</i>				
Currency translation adjustment	<b>2,793</b>	-	<b>2,334</b>	-
<b>Other comprehensive income for the period</b>	<b>2,793</b>	-	<b>2,334</b>	-
<b>Comprehensive loss for the period</b>	<b>\$ (1,382,810)</b>	\$ (2,097,504)	<b>\$ (3,290,945)</b>	\$ (4,731,570)
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	\$ (0.02)	<b>\$ (0.03)</b>	\$ (0.05)
<b>Weighted average number of common shares outstanding</b>	<b>105,513,566</b>	104,812,423	<b>105,513,566</b>	104,124,756

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

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**(Unaudited)**  
**Expressed in Canadian dollars**



	Share Capital		Share Subscriptions	Equity Reserves	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount					
<b>Balance at December 31, 2017</b>	101,207,935	\$ 31,762,595	\$ 51,050	\$ 5,537,282	\$ -	\$ (16,124,356)	\$ 21,226,571
Shares issued on exercise of options	319,059	115,047	-	(52,200)	-	-	62,847
Shares issued on exercise of warrants	3,966,572	699,371	-	(50,736)	-	-	648,635
Share subscriptions	-	-	(51,050)	-	-	-	(51,050)
Share issue costs	-	(17,372)	-	-	-	-	(17,372)
Share-based compensation	-	-	-	425,000	-	-	425,000
Loss and comprehensive loss for the year	-	-	-	-	-	(4,731,570)	(4,731,570)
<b>Balance at June 30, 2018</b>	<b>105,493,566</b>	<b>\$ 32,559,641</b>	<b>\$ -</b>	<b>\$ 5,859,346</b>	<b>\$ -</b>	<b>\$ (20,855,926)</b>	<b>\$ 17,563,061</b>
<b>Balance at December 31, 2018</b>	105,513,566	\$ 33,038,586	\$ -	\$ 5,941,219	\$ (6,011)	\$ (25,749,492)	\$ 13,224,302
Share-based compensation	-	-	-	192,631	-	-	192,631
Loss for the period	-	-	-	-	-	(3,293,279)	(3,293,279)
Other comprehensive loss	-	-	-	-	2,334	-	2,334
<b>Balance at June 30, 2019</b>	<b>105,513,566</b>	<b>\$ 33,038,586</b>	<b>\$ -</b>	<b>\$ 6,133,850</b>	<b>\$ (3,677)</b>	<b>\$ (29,042,771)</b>	<b>\$ 10,125,988</b>

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

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
Expressed in Canadian dollars



	<b>For the six months ended</b>	
	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (3,293,279)	\$ (4,731,570)
Items not involving cash		
Amortization	163,277	34,302
Share-based compensation	192,631	425,000
Foreign exchange loss	(51,988)	217
Gain on sale of investments	(52,804)	-
Unrealized loss (gain) on investments	(394,114)	283,486
Changes in non-cash working capital items:		
Restricted cash	-	(137,500)
Amounts receivable	(34,850)	(93,010)
Prepays	58,341	(640,706)
Accounts payable and accrued liabilities	27,788	(226,943)
Net cash used in operating activities	<u>(3,384,998)</u>	<u>(5,086,724)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of equipment	(93,469)	(564,823)
Short term investments	1,255,500	-
Purchase of digital currencies	(374,343)	-
Sale of digital currencies	173,633	-
Net cash provided by (used in) investing activities	<u>961,321</u>	<u>(564,823)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	-	660,432
Share issue costs	-	(17,372)
Net cash provided by financing activities	<u>-</u>	<u>643,060</u>
<b>Change in cash for the period</b>	<b>(2,423,677)</b>	<b>(5,008,487)</b>
<b>Cash, beginning of period</b>	<b>10,699,858</b>	<b>20,704,259</b>
<b>Effect of foreign exchange on cash</b>	<b>2,336</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 8,278,517</b>	<b>\$ 15,695,772</b>
<b>Cash paid for interest or taxes</b>	<b>\$ -</b>	<b>\$ -</b>

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



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## 1. NATURE AND CONTINUANCE OF OPERATIONS

BIG Blockchain Intelligence Group Inc. (the “Company”), formerly Acana Capital Corp. (“Acana”), was incorporated on October 17, 2014 under the *Business Corporations Act* (British Columbia). On November 30, 2017, the Company acquired Blockchain Technology Group Inc. (“BTGI”) through a reverse acquisition transaction. BTGI was incorporated under the *Business Corporations Act* (British Columbia) on May 31, 2010.

Concurrent with the closing of the acquisition on November 30, 2017, Acana changed its name to BIG Blockchain Intelligence Group Inc. and effected a change in directors, management and business. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BIGG”.

The Company’s principal business activity is the provision of its blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally. Blockchain is fundamentally a digital ledger of transactions with unique characteristics designed to create records that are secure, reliable, transparent, and accessible. The Company’s head office and principal place of business is Suite 114 – 990 Beach Avenue, Vancouver, BC, Canada.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2019, the Company has an accumulated deficit of \$29,042,771 and has generated negative cash flows from operations. Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive, or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing. These factors cast significant doubt on the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the condensed consolidated interim statements of financial position. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

## 2. BASIS OF PRESENTATION

### a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, 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 IAS 34, Interim Financial Reporting. As a result, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated annual financial statements for the year ended December 31, 2018. In preparation of these condensed consolidated interim financial statements, the Company has consistently applied the same accounting policies as disclosed in note 2 to the audited consolidated annual financial statements for the year ended December 31, 2018, except for the adoption of new standards and interpretations as of January 1, 2019 described below.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on August 29, 2019.



**2. BASIS OF PRESENTATION (cont'd...)**

b) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries Blockchain Technology Group Inc., 2140 Software Solutions Inc., BitRank Verification Services Inc., Dark Fibre Systems Inc., QLUÉ Forensic Systems Inc., CFC Digital Inc., 1208810 B.C. Ltd., and BIG Blockchain Intelligence Group Inc. (Texas). The accounts of the subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date the control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

c) Changes in and future accounting standards

**New accounting standards adopted effective January 1, 2019:**

*IFRS 16 Leases*

The Company adopted IFRS 16 - Leases ("IFRS 16") on January 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 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 obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As the Company has a short term office lease of less than 12 months with no purchase option and no other leases, no lease liability or right to use assets were recognized at January 1, 2019. The Company's accounting for office leases remained substantially unchanged.

The following leases accounting policies have been applied as of January 1, 2019 on adoption of IFRS 16. For comparative periods prior to 2019, the Company applied leases policies in accordance with IAS 17, Leases and IFRS 4, Determining Whether an Arrangement Contains a Lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.



**2. BASIS OF PRESENTATION (cont'd...)**

c) Changes in and future accounting standards (cont'd...)

**New accounting standards adopted effective January 1, 2019: (cont'd...)**

*IFRS 16 Leases (cont'd...)*

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

As part of the initial application of IFRS 16, the Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

The Company adopted IFRS 16 as at January 1, 2019 in accordance with the transitional provisions outlined in the standard, using a cumulative catch-up approach where it has recorded leases from that date forward and have not restated comparative information.

*IFRIC 23 Uncertainty over Income Tax Treatments*

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The adoption of this standard did not have any impact on the Company's condensed consolidated interim financial statements.

**3. RESTRICTED CASH AND SHORT TERM INVESTMENTS**

At June 30, 2019, the Company held restricted cash of \$137,500 (December 31, 2018 - \$137,500) in a Guaranteed Investment Certificate (GIC), at an interest rate of 1.5% with a maturity date of November 14, 2019, pursuant to a demand operating facility agreement with the Toronto-Dominion Bank, to support Visa credit lines of \$125,000.

At December 31, 2018, the Company held short term investments of \$1,255,500 in a GIC, at an interest rate of 2.20% with a maturity date of October 18, 2019. At June 30, 2019, the short term investments were reclassified as cash equivalents.

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
Expressed in Canadian dollars  
(Unaudited)  
For the Six Months ended June 30, 2019



**4. DIGITAL CURRENCIES**

The Company holds cryptocurrencies as investments as follows:

	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
	Number of coins held	Value	Number of coins held	Value
Bitcoin	57.12	\$ 808,674	22.57	\$ 115,254
Solarcoin	25,916.45	544	25,916.45	979
Bitcoin Cash	22.00	11,500	25.49	5,253
Bitcoin Gold	25.20	863	25.20	471
Lumen	524.93	72	524.93	81
		<b>\$ 821,653</b>		<b>\$ 122,038</b>

**5. INTANGIBLE ASSET**

<b>Cost</b>	
December 31, 2018	\$ 129,972
Additions	-
June 30, 2019	<u>129,972</u>
<b>Amortization</b>	
December 31, 2018	\$ 3,610
Additions	21,663
June 30, 2019	<u>25,273</u>
<b>Net book value</b>	
<b>December 31, 2018</b>	<b>\$ 126,362</b>
<b>June 30, 2019</b>	<b>\$ 104,699</b>

During the year ended December 31, 2018, the Company recognized \$129,972 as an intangible asset comprised of the development costs of its learning management system (LMS) online content, which will be amortized on a straight-line basis over a period of three years representing the estimated useful life of the intangible asset.



**6. EQUIPMENT**

<b>Cost</b>	<b>Total</b>
<b>Balance at December 31, 2017</b>	<b>\$ 97,716</b>
Additions	739,065
Disposals	-
<b>Balance at December 31, 2018</b>	<b>\$ 836,781</b>
Additions	93,469
Disposals	-
<b>Balance at June 30, 2019</b>	<b>\$ 930,250</b>
<b>Depreciation</b>	
<b>Balance at December 31, 2017</b>	<b>\$ 25,684</b>
Depreciation for the period	196,845
Disposals	-
<b>Balance at December 31, 2018</b>	<b>\$ 222,529</b>
Depreciation for the period	141,615
Disposals	-
<b>Balance at June 30, 2019</b>	<b>\$ 364,144</b>
<b>Carrying amounts</b>	
<b>At December 31, 2018</b>	<b>\$ 614,252</b>
<b>At June 30, 2019</b>	<b>\$ 566,106</b>

**7. SHARE CAPITAL**

**Authorized share capital**

Unlimited number of common shares and preferred shares, without par value

**Share Issuances**

**2019**

There were no share issuances during the six months ended June 30, 2019.

**2018**

During the six-month period ended June 30, 2018, the Company:

- (i) issued 319,059 common shares for the exercise of stock options. The Company received proceeds of \$62,847 and re-classified \$52,200 from equity reserves to share capital upon exercise; and
- (ii) issued 3,966,572 common shares for the exercise of warrants. The Company received proceeds of \$648,635 and re-classified \$50,736 from equity reserves to share capital upon exercise.

**Share purchase warrants**

The Company may issue share purchase warrants to acquire its common shares either in combination with share offerings, or on a stand-alone basis to its consultants and advisors. The terms of warrants issued are determined by the Company's Board of Directors.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
Expressed in Canadian dollars  
(Unaudited)  
For the Six Months ended June 30, 2019



7. **SHARE CAPITAL** (cont'd...)

Share purchase warrant transactions are summarized for the six months ended June 30, 2019 and the year ended December 31, 2018.

	For the Three Months Ended June 30, 2019		For the Year Ended December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	1,704,650	\$ 0.21	6,709,555	\$ 0.17
Exercised	-	-	(3,966,572)	0.16
Expired	-	-	(1,038,333)	0.15
Ending balance	1,704,650	\$ 0.21	1,704,650	0.21
Warrants exercisable	1,704,650	\$ 0.21	1,704,650	0.21

As at June 30, 2019 and December 31, 2018 the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	June 30, 2019	December 31, 2018	Weighted Average Remaining Contractual Life
Warrants	March 11, 2020	0.21	1,704,650	1,704,650	0.70 years

**Performance-based share purchase warrants**

On May 31, 2016, the Company granted an aggregate 12,000,000 performance warrants to directors, officers and employees at an exercise price of \$0.15 per share with an expiration date of December 31, 2022.

On July 25, 2017, the number of issued and outstanding performance warrants was increased from 12,000,000 to 13,000,000 and the terms were amended by reducing the exercise prices from \$0.15 to a range of Nil to \$0.01 per share for the first three tranches comprised of 8,000,000 performance warrants and from \$0.15 to \$0.07 per share for the final two tranches comprised of 5,000,000 performance warrants.

On November 16, 2017, the exercise prices for the first three tranches comprising an aggregate 8,000,000 performance warrants were amended from a range of Nil to \$0.01 to Nil to \$0.02 per share. Prior to completion of the reverse take-over transaction (the "Transaction") a total of 5,500,000 performance warrants were exercised for proceeds of \$110,000.

Upon closing of the Transaction, each outstanding performance warrant of BTGI became exercisable into the number of common shares of the Company based on the exchange ratio of 1.3395 and the exercise price of each outstanding performance warrant was decreased by the same exchange ratio. A total of 2,500,000 performance warrants were converted into 3,348,750 common shares of the Company for no further consideration.

The performance warrants are subject to vesting upon the achievement of certain milestones by certain dates, as set out below:

Milestone	On or before	No. of Performance Warrants	Exercise price of vested Performance Warrants	No. of Performance Warrants vested	No. of Performance Warrants exercised
1 Upon completion of product - QLUÉ 1.0	December 31, 2016	3,348,750	\$ 0.01	3,348,750	3,348,750
2 Upon filing of software patent	June 30, 2017	3,348,750	\$ 0.01	3,348,750	3,348,750
3 Upon signing of first government contract	August 31, 2017	4,018,500	Nil	4,018,500	4,018,500
4 Upon completion of BitRank product	October 31, 2017	2,679,000	\$ 0.05	2,679,000	-
5 Upon completion of global network	December 31, 2017	4,018,500	\$ 0.05	4,018,500	-
		17,413,500		17,413,500	10,716,000

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Expressed in Canadian dollars  
(Unaudited)  
For the Six Months ended June 30, 2019



7. **SHARE CAPITAL** (cont'd...)

**Stock options**

The Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Stock option transactions are summarized for the six months ended June 30, 2019 and the year ended December 31, 2018. At closing of the reverse acquisition transaction on November 30, 2017, each outstanding stock option of BTGI became exercisable into the number of common shares of the Company based on the exchange ratio of 1.3395 on the Transaction and the exercise price of each outstanding stock option was decreased by the same exchange ratio. The number of stock options outstanding and the exercise prices have been adjusted retrospectively to show the effect of this adjustment.

	<b>For the Six Months ended June 30, 2019</b>		<b>For the Year ended December 31, 2018</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	11,502,979	\$ 0.42	7,569,525	\$ 0.49
Granted	-	-	4,851,225	0.26
Exercised	-	-	(339,059)	0.19
Expired	(1,824,955)	0.65	(200,925)	0.25
Forfeited/Cancelled	(1,827,999)	1.16	(377,787)	0.19
Ending balance	7,850,025	\$ 0.19	11,502,979	\$ 0.42
Options exercisable	7,371,656	\$ 0.19	8,797,114	\$ 0.49

<b>Weighted Average Exercise Price</b>	<b>Expiry Date</b>	<b>Number Outstanding</b>	<b>Number Exercisable</b>	<b>Weighted Average Remaining Contractual Life</b>
\$ 0.15	August 2, 2019	133,950	133,950	0.09 years
\$ 0.20	September 12, 2019	466,975	466,975	0.20 years
\$ 0.11	March 14, 2021	419,000	419,000	1.71 years
\$ 0.15	February 1, 2022	803,700	803,700	2.59 years
\$ 0.15	March 15, 2022	267,900	267,900	2.71 years
\$ 0.19	August 7, 2022	133,950	117,206	3.11 years
\$ 0.26	October 2, 2022	158,276	145,776	3.26 years
\$ 0.19	October 11, 2022	649,720	538,095	3.28 years
\$ 0.26	October 19, 2022	1,526,304	1,526,304	3.31 years
\$ 0.20	September 12, 2023	2,595,250	2,587,750	4.21 years
\$ 0.10	December 20, 2023	695,000	365,000	4.48 years
		7,850,025	7,371,656	

**BIG BLOCKCHAIN INTELLIGENCE GROUP INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
Expressed in Canadian dollars  
(Unaudited)  
For the Six Months ended June 30, 2019



**7. SHARE CAPITAL (cont'd...)**

**Stock options (cont'd...)**

**Share-based compensation**

During the six months ended June 30, 2019, the Company recorded share-based compensation totaling \$192,631 (June 30, 2018 - \$425,000) in relation to the stock options, which was expensed as share-based compensation in operations.

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	<b>Six Months Ended June 30, 2019</b>	<b>Year Ended December 31, 2018</b>
Share price at measurement date	-	\$0.09 to \$0.78
Risk-free interest rate	-	1.92 to 2.25%
Exercise Price	-	\$0.10 to \$2.20
Expected life of options	-	1 to 5 years
Expected volatility	-	195 – 230%
Forfeiture rate	-	Nil
Dividend yield	-	Nil

**Escrowed Shares and Warrants**

As of the date of the reverse acquisition transaction that took place on November 30, 2017, 29,223,645 common shares and 6,787,023 share purchase warrants of the Company were subject to an escrow agreement dated November 30, 2017 pursuant to which 10% were released upon closing of the share exchange agreement, and an additional 15% will be released every six months thereafter for a period of 36 months. At June 30, 2019, 13,150,642 common shares and 3,054,161 share purchase warrants remained in escrow.

**8. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities.

**Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	<b>For the Six Months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Consulting fees	\$ 40,600	\$ 28,500
Director's fees	6,128	3,000
Wages (included in Research and Development costs)	107,891	75,417
Wages	382,079	347,431
Share-based compensation	-	113,300
<b>Total</b>	<b>\$ 536,698</b>	<b>\$ 567,648</b>

As at June 30, 2019 accounts payable due to related parties were \$14, 722 (December 31, 2018: \$36,365).



## **9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at June 30, 2019, the Company's financial instruments are comprised of cash and cash equivalents, restricted cash and accounts payable. The fair value of accounts payable approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices 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 that are not based on observable market data (unobservable inputs).

As at June 30, 2019, the fair value of cash and cash equivalents and restricted cash held by the Company was based on Level 1 of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *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 has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, investments and due from related parties. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by financial institutions with which it keeps its bank accounts and management believes the risk to be remote. The Company's credit risk has not changed significantly from the prior year.

### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through private placements, the risks of which are discussed in Note 1 above.

### *Market risk*

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

#### **i. Interest rate risk**

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

#### **ii. Foreign currency risk**

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has investment assets, some liabilities and revenue or expenses denominated in a foreign currency, so is exposed to foreign currency risk.

#### **iii. Equity price risk**

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.



**10. CAPITAL MANAGEMENT**

The Company includes all components of equity in the definition of capital. The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its blockchain technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash and investments on hand. The Company is not currently subject to any externally imposed capital requirements.

The Company has been dependent upon external financings to fund activities. Until such time as it begins to generate revenue, in order to carry out planned expenditures and pay for administrative costs the Company will spend its existing working capital and may seek to raise additional funds as needed.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company’s investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts. Cash consists of cash on hand. There have been no changes to the Company’s approach to capital management during the period ended June 30, 2019.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**11. SEGMENTED INFORMATION**

The Company operates in the single business segment of blockchain technology development. The summarized financial information for revenue derived by geographic segment is as follows:

	<b>For the Six Months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Total revenues:		
Canada	\$ 11,123	\$ (1,215)
China	23,438	-
Germany	1,160	59,494
Nigeria	2,075	-
South Africa	1,052	-
Switzerland	198	-
United Kingdom	1,911	-
United States	31,919	6,316
Other	8,400	-

**12. SUBSEQUENT EVENTS**

Subsequent to June 30, 2019 the Company:

- (a) granted an aggregate 6,640,000 incentive stock options priced at \$0.08 for a period of five years to directors, officers, employees and consultants. In addition, an aggregate 246,450 options expired unexercised and 20,000 unvested incentive stock options were forfeited. The expired and forfeited options were priced from \$0.10 to \$0.26; and,
- (b) acquired all of the issued and outstanding shares of Netcoins Holdings Inc.’s (the “Vendor”) three subsidiary companies - Netcoins Inc., NTC Holdings Corp., and NTC Holdings USA Corp. (collectively, “Netcoins”) (the “Transaction”).

In consideration for acquiring all of the issued and outstanding shares of Netcoins, and on the closing of the Transaction, the Company issued an aggregate 37,500,000 common shares (the “Payment Shares”) to the Vendor.



**12. SUBSEQUENT EVENTS (cont'd...)**

- (b) The Company had engaged PI Financial Corp. (“PI Financial”) to provide an opinion as to the fairness, from a financial point of view, of the consideration to be paid by the Company in respect of the Transaction (the “Fairness Opinion”). PI Financial received total cash payments of \$75,000 and an aggregate 312,500 compensation options. Each compensation option entitles PI Financial to acquire one common share of the Company at an exercise price of \$0.08 per share for a period of two years from the closing of the Transaction, subject to an acceleration clause whereby if the 10 day weighted average share price on the CSE equals or exceeds \$0.25 the Company can elect to change the expiration date of the compensation options to 30 days from the date of provision of formal notice to PI Financial of the triggering of the acceleration. Further, the Company paid a cash finder’s fee of \$90,000 to Hillcrest Merchant Partners Inc.

The Company has determined that the Transaction is a business combination as the assets acquired and liabilities assumed constitute a business. Due to the timing of this acquisition being subsequent to June 30, 2019, the Company is unable to provide additional disclosure as the accounting for this business combination is complex and uncompleted.