



**BIGG DIGITAL ASSETS INC.**

**Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2021 and 2020**

**(Expressed in Canadian dollars)**

### **NOTICE TO READER**

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

The accompanying unaudited condensed consolidated interim financial statements of BIGG Digital Assets Inc. as at September 30, 2021 and 2020, notes to unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian dollars



<b>As at</b>	<b>September 30, 2021 (Unaudited)</b>	<b>December 31, 2020 (Audited)</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 48,830,215	\$ 12,778,242
Restricted cash (Note 3)	82,500	82,500
Amounts receivable	416,564	1,065,596
Investment tax credits receivable	175,325	175,325
Digital currency inventory (Note 4)	83,141,679	9,715,508
Prepays	296,149	206,111
<b>Total current assets</b>	<b>132,942,432</b>	<b>24,023,282</b>
<b>Digital currencies</b> (Note 5)	<b>6,658,620</b>	<b>3,827,003</b>
<b>Marketable securities</b> (Note 6)	<b>949,819</b>	<b>3,827,003</b>
<b>Intangible assets</b> (Note 7)	<b>419,566</b>	<b>505,213</b>
<b>Goodwill</b> (Note 8)	<b>1,071,851</b>	<b>1,071,851</b>
<b>Right-of-use asset</b> (Note 9)	<b>63,087</b>	<b>-</b>
<b>Equipment</b> (Note 11)	<b>256,620</b>	<b>162,238</b>
<b>Total assets</b>	<b>\$ 142,361,995</b>	<b>\$ 29,589,587</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 13)	\$ 875,009	\$ 642,449
Deferred revenue	205,228	331,955
Customer deposits – cash	7,692,548	6,367,983
Customer deposits – digital currency	61,141,925	6,367,983
Lease liability (Note 10)	24,909	-
Contingent liabilities (Notes 16(a),18)	36,000	-
<b>Total current liabilities</b>	<b>69,975,619</b>	<b>14,843,160</b>
<b>Non-Current</b>		
Lease liability (Note 10)	42,572	-
<b>Total liabilities</b>	<b>70,018,191</b>	<b>14,843,160</b>
<b>Equity</b>		
Share capital (Note 12)	95,546,434	41,986,720
Equity reserves (Note 12)	11,893,945	7,080,614
Accumulated other comprehensive income	4,908,494	2,678,749
Deficit	(40,005,069)	(36,999,656)
<b>Total equity</b>	<b>72,343,804</b>	<b>14,746,427</b>
<b>Total liabilities and equity</b>	<b>\$ 142,361,995</b>	<b>\$ 29,589,587</b>

Nature of operations (Note 1)

Subsequent events (Note 18)

On behalf of the Board:

“Mark Binns” Director

“Lance Morginn” Director

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

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited)  
Expressed in Canadian dollars



	Three months ended		Nine months ended	
	September 30, 2021	Sept 30, 2020	Sept 30, 2021	Sept 30, 2020
<b>Revenue</b>				
Product revenue	\$ 278,614	\$ 205,543	\$ 662,269	\$ 561,136
Service revenue	148,581	46,428	453,946	195,076
Transaction revenue	2,197,804	391,172	9,728,620	745,428
	<b>2,624,999</b>	643,143	<b>10,844,835</b>	1,501,640
<b>Cost of sales</b>	<b>63,574</b>	24,170	<b>144,687</b>	54,780
	<b>2,561,425</b>	618,973	<b>10,700,148</b>	1,446,860
<b>General and Administrative Expenses</b>				
Advertising and promotion	1,243,140	157,901	4,425,196	389,418
Amortization (Notes 7,9, 11)	130,050	190,473	425,983	571,774
Bad debt	2,675	75	2,675	715
Consulting (Note 13)	181,083	34,379	299,642	53,874
Director's fees (Note 13)	37,701	4,598	76,400	13,795
Office	440,251	285,637	1,023,797	813,863
Professional fees	239,047	157,877	701,733	308,859
Regulatory and listing fees	20,705	7,946	76,438	28,059
Research and development	203,886	144,161	517,019	846,969
Share-based compensation (Note 13)	2,508,606	167,489	6,096,023	239,207
Shareholder communications	7,562	18,593	37,113	25,721
Travel	18,377	(6)	17,963	8,872
Wages and benefits (Note 13)	1,292,836	679,796	3,844,953	2,285,987
<b>Loss from operating activities</b>	<b>(3,764,494)</b>	(1,229,945)	<b>(6,844,787)</b>	(4,140,252)
<b>Other Income (Expenses)</b>				
Interest income	28,010	192	71,970	5,828
Foreign exchange (loss) gain	192,584	(14,638)	(47,935)	21,789
Gain on sale of equity investments	495,000	-	495,000	-
Gain (loss) on sale of digital currencies	34,977	(1,335)	34,977	(1,335)
Unrealized (loss) gain on digital currencies	(574)	241,058	5,360	558,208
Gain (loss) on sale of digital currency inventory	-	18,178	-	(24,989)
Unrealized foreign exchange gain (loss) on digital currency inventory	(2,788,072)	103,511	(4,203,373)	282,297
Unrealized gain on digital currency inventory	6,829,445	463,679	7,483,374	666,593
<b>Net income (loss) for the period</b>	<b>\$ 1,026,876</b>	\$ (419,300)	<b>\$ (3,005,414)</b>	\$ (2,631,861)
<b>Other comprehensive income (loss)</b>				
Unrealized gains on digital currencies	1,313,651	-	2,226,150	-
<i>Item that may be reclassified to profit or loss</i>				
Currency translation adjustment	(3,432)	(5,961)	3,595	(11,012)
<b>Other comprehensive income (loss) for the period</b>	<b>1,310,219</b>	(5,961)	<b>2,229,745</b>	(11,012)
<b>Comprehensive income (loss) for the period</b>	<b>\$ 2,337,095</b>	\$ (425,261)	<b>\$ (775,669)</b>	\$ (2,642,873)
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	\$ (0.00)	<b>\$ (0.01)</b>	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>	<b>241,684,481</b>	138,070,420	<b>224,708,353</b>	137,943,132

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

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**(Unaudited)**



Expressed in Canadian dollars

	Share Capital		Equity Reserves	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount				
<b>Balance at December 31, 2019</b>	138,292,566	\$ 35,627,862	\$ 6,510,610	\$ (4,690)	\$ (34,051,128)	\$ 8,082,654
Shares issued for private placement	2,282,609	525,000				525,000
Shares issued for fees on private placement	114,130	26,250				26,250
Shares issued on option exercises	278,125	42,645	(18,994)	-	-	23,651
Purchase of common shares for cancellation	(720,000)	(34,450)	-	-	-	(34,450)
Share issue costs	-	(37,976)	-	-	-	(37,976)
Share-based compensation	-	-	239,207	-	-	239,207
Loss for the period	-	-	-	-	(2,631,861)	(2,631,861)
Other comprehensive loss	-	-	-	(11,012)	-	(11,012)
<b>Balance at September 30, 2020</b>	140,247,430	\$ 36,149,331	\$ 6,730,823	\$ (15,702)	\$ (36,682,989)	\$ 6,181,463
<b>Balance at December 31, 2020</b>	169,656,805	\$ 41,986,720	\$ 7,080,614	\$ 2,678,749	\$ (36,999,656)	\$ 14,746,427
Shares issued for private placement, net of costs (Note 12)	41,394,500	39,794,963	-	-	-	39,794,963
Shares issued on warrant exercises	26,078,957	12,506,044	(672,654)	-	-	11,833,390
Shares issued on option exercises	5,150,694	1,291,527	(610,038)	-	-	681,489
Share issue costs	-	(32,820)	-	-	-	(32,820)
Share-based compensation	-	-	6,096,023	-	-	6,096,023
Loss for the period	-	-	-	-	(3,005,414)	(3,005,414)
Other comprehensive income	-	-	-	2,229,745	-	2,229,745
<b>Balance at September 30, 2021</b>	242,280,956	\$ 95,546,434	\$ 11,893,945	\$ 4,908,494	\$ (40,005,070)	\$ 72,343,804

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

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
Expressed in Canadian dollars



	<b>For the Nine Months ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Loss for the period	\$ (3,005,414)	\$ (2,631,861)
Items not involving cash		
Amortization	425,983	571,774
Share-based compensation	6,096,023	239,207
Foreign exchange (gain) loss	(56,674)	21,964
(Gain) loss on sale of investments	(34,977)	1,335
Loss on the sale of digital currency inventory	-	24,989
Unrealized gain on marketable securities	(495,000)	-
Unrealized gain on digital currencies	(5,360)	(558,208)
Unrealized foreign exchange loss (gain) on digital currency inventory	4,203,373	(282,297)
Unrealized gain on digital currency inventory	(7,483,374)	(666,593)
Other	39,493	2,547
Changes in non-cash working capital items:		
Amounts receivable	649,032	(33,703)
Prepays	(90,038)	(1,604)
Accounts payable and accrued liabilities	232,560	149,947
Deferred revenue	(127,223)	(223,153)
Customer deposits	54,970,124	1,864,908
Digital currency inventory	(70,146,171)	(1,354,078)
Net cash used in operating activities	<u>(14,827,643)</u>	<u>(2,874,826)</u>
<b>CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(234,866)	(7,854)
Restricted Cash	-	55,000
Purchase of intangible asset	(181,464)	-
Equity investment	(451,859)	-
Sale of digital currencies	86,445	82,150
Purchase of digital currencies	(589,371)	-
Net cash (used in) from investing activities	<u>(1,371,115)</u>	<u>129,296</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	52,309,842	548,650
Purchase and cancellation of common shares	-	(34,450)
Share issue/repurchase costs	(32,821)	(37,976)
Lease payments	(17,487)	(74,419)
Net cash from financing activities	<u>52,259,534</u>	<u>401,805</u>
<b>Change in cash for the period</b>	<b>36,060,776</b>	<b>(2,343,725)</b>
<b>Cash, beginning of period</b>	<b>12,778,242</b>	<b>4,283,133</b>
<b>Effect of foreign exchange on cash</b>	<b>(8,803)</b>	<b>14,935</b>
<b>Cash, end of period</b>	<b>\$ 48,830,215</b>	<b>\$ 1,954,343</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.

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

BIGG Digital Assets Inc. (the “Company” or “BIGG”), 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. On September 26, 2019, the Company changed its name to BIGG Digital Assets Inc. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BIGG”.

The Company’s principal business activity is investing in products and companies within the cryptocurrency industry. It has two operating divisions which provide blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally, and brokerage and exchange software to make the purchase and sale of cryptocurrency easily accessible to the mass consumer and investor with a focus on compliance and safety. The Company’s head office and principal place of business is Suite 1220 - 1130 West Pender Street, Vancouver, BC, Canada.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant. Management continues to monitor the situation.

## **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, 2020. In preparation of these condensed consolidated interim financial statements, the Company has consistently applied the same accounting policies as disclosed in note 3 to the audited consolidated annual financial statements for the year ended December 31, 2020.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on November 29, 2021.

### **b) Basis of Measurement**

These consolidated 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., QLUE Forensic Systems Inc., CFC Digital Inc., BIG Blockchain Intelligence Group Inc. (Texas), 1208810 B.C. Ltd., Netcoins Inc., and NTC Holdings Corp. The accounts of the subsidiaries are included in the consolidated 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.

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

At September 30, 2021, the Company held restricted cash of \$82,500 (December 31, 2020 - \$82,500) in a Guaranteed Investment Certificate (GIC), at an interest rate of 0.15% with a maturity date of November 23, 2021, pursuant to a demand operating facility agreement with the Toronto-Dominion Bank, to support Visa credit lines of \$75,000.

**BIGG DIGITAL ASSETS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
Expressed in Canadian dollars  
(Unaudited)  
For the Nine Months ended September 30, 2021



**4. DIGITAL CURRENCY INVENTORY**

The Company holds digital currencies as inventory as follows:

	September 30, 2021	December 31, 2020
Bitcoin	\$ 45,222,400	\$ 7,892,043
Ethereum	22,805,110	932,281
USDT	2,663,588	293,575
XRP	10,136,282	289,114
Other digital currencies	2,314,299	308,495
	<u>\$ 83,141,679</u>	<u>\$ 9,715,508</u>

During the period ended September 30, 2021, total proceeds from digital currency inventory sold were \$772,681,245 and the total cost of digital currency inventory sold was \$762,952,625 resulting in a net realized gain from digital currency sales of \$9,728,620 (2020 - \$745,428).

**5. DIGITAL CURRENCIES**

The Company holds digital currencies as investments as follows:

		Bitcoin	Solarcoin	Bitcoin Cash	Bitcoin Gold	Bitcoin SV	Lumen	USDT	Other
Balance, December 31, 2019	\$ 952,594	100.92	5,916.45	22.00	25.20	24.96	524.93	-	-
Digital currencies purchased or received <sup>(i)</sup>	1,013,193	41.39	-	-	-	-	-	-	-
Traded for cash <sup>(ii)</sup>	(580,250)	(38.56)	-	(0.53)	-	-	-	-	-
Used for research and development <sup>(iii)</sup>	(5,010)	(0.53)	-	-	-	-	(0.53)	-	-
Gain on sale of digital currencies <sup>(iv)</sup>	31,092	-	-	-	-	-	-	-	-
Revaluation of digital currencies <sup>(iv)</sup>	2,415,384	-	-	-	-	-	-	-	-
Balance, December 31, 2020	\$ 3,827,003	103.22	5,916.45	21.47	25.20	24.96	524.40	-	-
Digital currencies purchased or received <sup>(i)</sup>	7,244,920	132.11	-	0.06	-	27.92	5.53	66,643.51	1,201,295.75
Traded for cash or digital currencies <sup>(ii)</sup>	(5,921,273)	(120.14)	-	-	-	-	-	-	(445,000.65)
Used for research and development <sup>(iii)</sup>	-	-	-	-	-	-	-	(1,058.43)	-
Gain on sale of digital currencies <sup>(iv)</sup>	34,977	-	-	-	-	-	-	-	-
Revaluation of digital currencies <sup>(iv)</sup>	1,472,993	-	-	-	-	-	-	-	-
Balance, September 30, 2021	\$ 6,658,620	115.19	5,916.45	21.53	25.20	52.88	529.93	65,585.08	756,295.10

- (i) During the period ended September 30, 2021, the Company purchased or received 132.11 Bitcoin valued at \$7,015,571, 27.92 Bitcoin SV valued at \$ 7,526, 65,585.08 USDT valued at \$84,911 and various other coins valued at \$136,912.
- (ii) During the period ended September 30, 2021, the Company transferred an aggregate 120.07 Bitcoin valued at \$5,863,119 to its Netcoins operations. It further disposed of 0.08 BTC valued at \$5,612, 1,058.43 USDT valued at \$1,074, 20,000 XDC valued at \$51,468. In addition, 425,000.65 XDC valued at \$82,594.17 were exchanged for 64,760.08 USDT valued at \$82,511. A gain of \$34,977 was realized on the disposal of the coins.
- (iii) During the period ended September 30, 2021, the Company did not use any digital currencies for research and development testing.
- (iv) Digital currencies held are revalued each reporting period based on the fair market value of the price of the digital currencies on the reporting date. As at September 30, 2021, a revaluation gain of \$1,507,970 (2020 - \$558,208) was recorded. Of this gain, \$5,360 was recorded as an unrealized gain in the net income, which offset revaluation losses recorded in prior years, \$62,620 was recorded as foreign exchange loss and the remaining \$1,530,253 was recorded to other comprehensive income.

## 6. MARKETABLE SECURITIES

During the period ended September 30, 2021, the Company's marketable securities consisted of:

- a) an aggregate 500,000 common shares of WonderFi Technologies Inc. (formerly Defi Ventures Inc.) ("WonderFi") at a total cost of \$200,000, valued at \$695,000 (December 31, 2020 - \$Nil) based on the closing price of the shares on September 30, 2021 being \$1.39. WonderFi Technologies Inc., a publicly traded company, listed on the NEO Exchange under the symbol WNDR, is involved in decentralized finance; and,
- b) a total of 70,062 shares of Series A preferred stock in ZenLedger, Inc. ("ZenLedger") at a cost of \$251,859 (USD\$199,999). The valuation of the ZenLedger securities, which are unlisted, has been measured using the market approach was unchanged. ZenLedger, Inc., a US-based company, is a leading cryptocurrency tax platform.

The Company records its marketable securities as fair value through profit and loss ("FVTPL"). During the period ended September 30, 2021, the Company recorded a gain of \$495,000 on revaluation of its securities to their fair market value (2020 - \$Nil). During the period ended September 30, 2021, the Company did not sell any of its shares.

## 7. INTANGIBLE ASSETS

	LMS Platform	Netcoins App	Netcoins.com	Total
<b>Cost</b>				
December 31, 2018	\$ 129,972	\$ -	\$ -	\$ 129,972
Additions through acquisition	-	882,000	-	882,000
December 31, 2020 and 2019	129,972	882,000	-	1,011,972
Additions	-	-	181,464	181,464
September 30, 2021, December 31, 2020 and December 31, 2019	129,972	882,000	181,464	1,193,436
<b>Amortization</b>				
December 31, 2019	46,935	122,500	-	169,435
Additions	43,324	294,000	-	337,324
December 31, 2020	90,259	416,500	-	506,759
Additions	32,493	220,500	14,118	267,111
September 30, 2021	122,752	637,000	14,118	773,870
December 31, 2020	\$ 39,713	\$ 465,500	\$ -	\$ 842,537
September 30, 2021	\$ 7,220	\$ 245,000	\$ 167,346	\$ 419,566

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.

During the year ended December 31, 2019, the Company recognized \$882,000 as an intangible asset comprising the Netcoins App upon the acquisition of Netcoins Inc. The Netcoins App will be amortized on a straight-line basis over a period of three years representing the estimated useful life of the intangible asset.

During the period ended September 30, 2021, the Company recognized \$181,464 as an intangible asset comprising the Netcoins.com domain, was acquired from a third-party, which will be amortized on a straight-line basis over a period of five years representing the estimated useful life of the intangible asset.

## 8. ACQUISITION OF NETCOINS

On August 1, 2019, the Company acquired 100% of the issued and outstanding shares of Netcoins Inc., NTC Holdings Corp. and NTC Holdings USA Corp., (hereinafter referred to as “Netcoins”) through its wholly-owned subsidiary 1208810 B.C. Ltd. (the “Acquisition”) by issuing 37,500,000 common shares. The common shares were valued at the market price per common share on the close date of the Acquisition.

The Company has determined the Acquisition is a business combination as the assets acquired and liabilities assumed constitute a business. The Acquisition was accounted for using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed were recorded at their estimated fair value at the acquisition date.

The Company applied a cost approach, specifically a historical cost approach, for measuring the fair value of the Netcoins App. This valuation method used the historical costs of development related to the development and enhancement of the Netcoins App.

Details of the purchase consideration, the fair value of the net assets acquired and goodwill are as follows:

<b>Purchase consideration:</b>	
37,500,000 common shares issued at \$0.075 per share	\$ 2,812,500
<b>Fair value of assets and liabilities acquired:</b>	
Cash and cash equivalents	839,054
Amounts receivable	45,218
Digital currency inventory	147,304
Prepays	8,202
Right-of-use-asset	126,842
Equipment	79,621
Intangible asset - Netcoins App	882,000
Accounts payable and accrued liabilities	(20,788)
Customer deposits	(239,962)
Lease liability	(126,842)
Identifiable net assets acquired	1,740,649
Goodwill	1,071,851
	<u>\$ 2,812,500</u>

The resulting goodwill is attributable to the workforce and the highly specialized nature of the acquired business and is not deductible for tax purposes.

## 9. RIGHT-OF-USE ASSET

At September 30, 2021, the right-of-use asset is an office lease entered into by the Company commencing March 1, 2021, which terminates on February 29, 2024. The right-of-use asset is amortized over the shorter of the asset’s useful life and the lease term on a straight-line basis.

	<b>Office Operating Lease</b>
Balance at December 31, 2020	\$ -
Additions	81,475
Amortization	(18,388)
Balance at September 30, 2021	<u>\$ 63,087</u>

**10. LEASE LIABILITIES**

Lease liabilities are recorded as follows:

	<b>Office Operating Lease</b>
Balance at December 31, 2020	\$ -
Additions	81,475
Lease payments	(13,994)
Interest expense on lease liability	-
Balance at September 30, 2021	\$ 67,481
Non-current	\$ 42,572
Current	\$ 24,909

**11. EQUIPMENT**

<b>Cost</b>	<b>Total</b>
<b>Balance at December 31, 2019</b>	<b>\$ 1,072,182</b>
Additions	16,437
Disposals	(25,541)
<b>Balance at December 31, 2020</b>	<b>\$ 1,063,078</b>
Additions	234,866
Disposals	-
<b>Balance at September 30, 2021</b>	<b>\$ 1,297,944</b>
<b>Depreciation</b>	
<b>Balance at December 31, 2019</b>	<b>\$ 595,756</b>
Additions through acquisition	-
Depreciation for the period	305,084
<b>Balance at December 31, 2020</b>	<b>\$ 900,840</b>
Disposals	-
Depreciation for the period	140,484
<b>Balance at September 30, 2021</b>	<b>\$ 1,041,324</b>
<b>Carrying amounts</b>	
<b>At December 31, 2020</b>	<b>\$ 162,238</b>
<b>At September 30, 2021</b>	<b>\$ 256,620</b>

**12. SHARE CAPITAL**

**Authorized share capital**

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

**Share Issuances**

**2021 and 2020**

During the period ended September 30, 2021, the Company:

- (i) issued an aggregate 5,150,694 (2020 – 278,125) common shares upon the exercise of options for gross proceeds of \$681,488 (2020 - \$23,651);
- (ii) issued an aggregate 26,078,957 common shares upon the exercise of share purchase warrants for gross proceeds of \$11,669,891;

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

**Share Issuances (cont'd...)**

**2021 and 2020 (cont'd...)**

- (iii) closed a bought deal short-form prospectus offering for gross aggregate proceeds of \$13,797,378, including the subsequent partial exercise of the over-allotment option. A total of 27,594,500 units were issued, with each unit comprising one common share and one one-half share purchase warrant. Each full warrant entitles the holder thereof to acquire one additional common share of the Company at a price of \$0.70 for a period of 24 months from closing of the offering. The units issued under the offering were offered by way of a short form prospectus dated January 21, 2021 filed in each of the provinces of Canada (other than Québec). The offering was conducted by a syndicate of underwriters led by PI Financial Corp. and included Canaccord Genuity Corp. and Echelon Wealth Partners (collectively, the “Underwriters”). The Underwriters received cash fees of \$827,843, equal to 6% of the gross proceeds of the offering. The Company also paid the Underwriters other related expenses of \$66,688; and
- (iv) closed a second bought deal public offering, via a syndicate of underwriters led by PI Financial Corp. and including Canaccord Genuity Corp., and Echelon Wealth Partners, pursuant to which the underwriters purchased 13,800,000 units of the Company at a price of \$2.10 per unit for gross proceeds of \$28,980,000. Each unit was comprised of one common share and one-half common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share at a price of \$2.70 for a period of 24 months following the closing of the offering. The units were offered by way of short form prospectus in each of the provinces of Canada (other than Quebec). The Underwriters received cash fees of \$1,738,800, equal to 6% of the gross proceeds of the offering. The Company also paid the Underwriters other related expenses of \$88,006.

**Repurchase and cancellation of common shares**

Pursuant to the policies of the Canadian Securities Exchange (CSE), the Company may be permitted from time to time to repurchase its own common shares for cancellation under a NCIB. Under a NCIB program the Company may, if considered advisable, purchase the common shares through the facilities of the CSE and/or alternative trading systems at the market price, from time to time over a period of 12 months, but shall not, in any event, exceed 5% of the issued and outstanding shares.

On October 10, 2019, the Company announced its intention to acquire for cancellation up to an aggregate \$500,000 worth of existing common shares of the Company. The Company was able to acquire up to 7,150,679 common shares, representing 5% of the issued and outstanding shares, for cancellation over a 12-month period commencing on October 16, 2019 and ending on the earlier of the date on which purchases under the bid were completed or on October 15, 2020.

During the period from the commencement of the NCIB on October 10, 2019 to December 31, 2019, the Company repurchased 4,721,000 common shares for an aggregate price of \$222,458 and incurred net costs of \$766 related to the repurchase of the common shares. All 4,721,000 common shares were cancelled as of December 31, 2019.

During the initial three months of fiscal 2020, the Company repurchased 720,000 common shares for an aggregate price of \$34,450 and incurred net costs of \$450 related to the repurchase of these common shares. All 720,000 common shares were cancelled as of September 30, 2020.

**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.

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

**Share purchase warrants (cont'd...)**

Share purchase warrant transactions are summarized for the nine months ended September 30, 2021 and the year ended December 31, 2020.

	For the Nine Months Ended September 30, 2021		For the Year Ended December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	17,889,238	\$ 0.29	1,704,650	\$ 0.21
Issued	20,700,000	1.37	18,434,238	0.29
Exercised	(24,069,684)	0.48	(545,000)	0.30
Expired	-	-	(1,704,650)	0.21
Ending balance	14,519,554	\$ 1.51	17,889,238	\$ 0.29
Warrants exercisable	14,519,554	\$ 1.51	17,889,238	\$ 0.29

As at September 30, 2021 and December 31, 2020 the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	September 30, 2021	December 31, 2020	Weighted Average Remaining Contractual Life
Warrants	September 17, 2022	\$ 0.27	2,288,043	2,396,739	0.96 years
Warrants	November 30, 2022	\$ 0.30	1,843,153	13,830,000	1.17 years
Broker Warrants	November 30, 2022	\$ 0.24	397,558	1,662,499	1.17 years
Warrants	January 28, 2023	\$ 0.70	1,362,800	-	1.33 years
Warrants	February 5, 2023	\$ 0.70	1,800,000	-	1.35 years
Warrants	April 16, 2023	\$ 2.70	6,828,000	-	1.54 years
			14,519,554	17,889,238	

**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.

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

**Performance-based share purchase warrants (cont'd...)**

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 Performance Warrants	No. of Performance Warrants vested	No. of Performance Warrants exercised
1 Upon completion of product - QLUE 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	1,401,850
5 Upon completion of global network	December 31, 2017	4,018,500	\$ 0.05	4,018,500	517,900
		17,413,500		17,413,500	12,635,750

**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 nine months ended September 30, 2021 and year ended December 31, 2020. 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.

	For the Nine Months ended September 30, 2021		For the Year ended December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	12,046,926	\$ 0.14	11,766,701	\$ 0.14
Granted	11,195,000	1.15	2,231,605	0.14
Exercised	(5,150,694)	0.13	(392,500)	0.11
Expired	(158,750)	0.12	(1,383,880)	0.20
Forfeited/cancelled	(895,000)	0.95	(175,000)	0.08
Ending balance	17,037,482	\$ 0.75	12,046,926	\$ 0.14
Options exercisable	10,302,482	\$ 0.46	11,313,176	\$ 0.14

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

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

<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	February 1, 2022	803,700	803,700	0.34 years
\$ 0.19	August 7, 2022	88,950	88,950	0.85 years
\$ 0.26	October 19, 2022	1,038,582	1,038,582	1.05 years
\$ 1.40	July 13, 2023	25,000	-	1.78 years
\$ 0.20	September 12, 2023	605,000	605,000	1.95 years
\$ 0.10	December 20, 2023	200,000	200,000	2.22 years
\$ 0.08	August 8, 2024	2,250,000	2,000,000	2.86 years
\$ 0.08	August 13, 2024	728,750	728,750	2.87 years
\$ 0.08	January 14, 2025	440,000	440,000	3.29 years
\$ 0.08	July 27, 2025	620,000	620,000	3.82 years
\$ 0.75	February 5, 2026	5,317,500	2,677,500	4.35 years
\$ 1.75	March 3, 2026	2,100,000	1,100,000	4.42 years
\$ 3.00	April 22, 2026	195,000	-	4.56 years
\$ 1.40	July 13, 2026	2,625,000	-	4.79 years
		17,037,482	10,302,482	

**Share-based compensation**

During the nine-month period ended September 30, 2021, the Company recorded share-based compensation totaling \$6,096,023 (2020 - \$239,207) 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>For the Nine Months Ended Sept 30, 2021</b>	<b>Year Ended December 31, 2020</b>
Share price at measurement date	\$0.65 to \$2.56	\$0.04 to \$0.13
Risk-free interest rate	0.48 to 0.95%	0.35 to 1.59%
Exercise Price	\$0.75 to \$3.00	\$0.08 to \$0.20
Expected life of options	2 to 5 years	5 years
Expected volatility	140 – 143.11%	197 – 232 %
Forfeiture rate	Nil	Nil
Dividend yield	Nil	Nil

**13. 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.

**13. RELATED PARTY TRANSACTIONS (cont'd...)**

**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.

	For the Nine Months ended September 30,	
	2021	2020
Consulting fees	\$ -	\$ 20,379
Director's fees	76,400	13,796
Wages and benefits	1,263,099	773,018
Share-based compensation	5,283,689	101,800
<b>Total</b>	<b>\$ 6,623,188</b>	<b>\$ 908,993</b>
Accounts payable due to related parties	\$ 18,929	\$ 15,895
Customer Deposits held on Netcoins App	\$ 265,359	\$ 15,484

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at September 30, 2021, the Company's financial instruments are comprised of cash and restricted cash, accounts payable, customer deposits and lease liability. 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 September 30, 2021, the fair value of cash and restricted cash held by the Company was based on Level 1 of the fair value hierarchy. Digital currency assets are measured using level two fair values, determined by taking the rate from [www.coinmarketcap.com](http://www.coinmarketcap.com).

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 and cash equivalents, cash on deposit with fiat to cryptocurrency exchanges, and restricted cash. 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. Credit risk associated with digital currencies proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 to 15 days. 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.

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Market risk*

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

Commodity and equity price risk arises from market fluctuations in commodity and 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 equity shares, which could impede its ability to raise additional funds when required.

*Digital currencies risk*

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital assets. In addition, the Company may not be able liquidate its digital currency inventory at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets. Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance.

**15. 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. Some cash is kept on deposit with fiat to cryptocurrency exchanges in order to facilitate the Company's business. There have been no significant changes to the Company's approach to capital management during the period ended September 30, 2021.

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

## 16. CONTINGENT LIABILITIES

During the period ended September 30, 2021, the Company had two legal claims filed against it by former employees:

- a) Ms. Robin Martin (the “Complainant”) filed a complaint against the Company with the BC Human Rights Tribunal claiming discrimination contrary to the Human Rights Code: Employment (S.13): Physical Disability. Ms. Martin is seeking the following remedies: (a) a declaration that the Company’s is in contravention of the Human Rights Code; (b) an order for the reinstatement of Ms. Martin’s employment; (c) alternately, an order for damages in compensation for Ms. Martin’s lost wages and benefits, and injury to dignity; and (d) such other relief as may be advised by the Tribunal at the hearing. An early settlement meeting was held in August 2020; however, a resolution was not reached. Subsequent to September 30, 2021, the Company and the Complainant reached an agreement, on a without prejudice basis, whereby the Company agreed to pay \$36,000 to settle all claims made by the Complainant (see Note 18(c)).
- b) On October 28, 2019, the Company received Notice of Civil Claim in the Supreme Court of British Columbia by Mr. Marty Anstey, the Company’s former CTO, alleging constructive dismissal. The claimant has claimed \$450,000 in damages. The claim is being contested by the Company. The Company believes the claim has no merit and will vigorously defend against the claim. No provision has been recognized in respect to this claim as there is no present obligation and the probability of settlement cannot be determined.

## 17. SEGMENTED INFORMATION

The Company operates two business segments: blockchain technology development and digital currency sales via the Netcoins App. The parent entity manages the two business segments and activities associated with the Company being a public company.

The summarized financial information for the Company’s business segments is as follows:

	For the Nine Months ended September 30,					
	2021			2020		
	Parent	Blockchain	Netcoins	Parent	Blockchain	Netcoins
Total assets	\$ 28,981,525	\$ 5,375,223	\$ 108,005,247	\$ 2,377,743	\$ 1,822,739	\$ 4,573,403
Total liabilities	462,585	341,080	69,214,526	279,166	157,770	2,155,486
Total revenue	-	1,116,216	9,728,619	-	736,212	765,428
Net loss	(7,840,059)	(1,106,402)	5,941,047	(1,435,346)	(1,429,528)	233,013

## 18. SUBSEQUENT EVENTS

Subsequent to September 30, 2021 the Company;

- a) appointed KPMG LLP as its auditor;
- b) acquired an additional 65.52 Bitcoin at an average cost of \$77,330 per coin;
- c) reached an agreement with Robin Martin, on a without prejudice basis, and paid \$36,000 to settle an on-going labour dispute (Note 16(a));
- d) granted 750,000 incentive stock options to directors, officers, employees and consultants exercisable at a price of \$1.60, for a period of up to five years and subject to vesting provisions over a period of 24 months; and,
- e) received proceeds of \$17,120 from the exercise of 148,000 stock options priced between \$0.08 and \$0.19, and \$654,566 from the exercise of 2,424,538 share purchase warrants priced between \$0.24 and \$0.70.