

Predator Blockchain Capital Corp.
(A Capital Pool Corporation)

Financial Statements

For the Period from Date of Incorporation January 25, 2018
to December 31, 2018
(In Canadian Dollars)



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Independent Auditor's Report

To the Shareholders of Predator Blockchain Capital Corp.

Opinion

We have audited the financial statements of Predator Blockchain Capital Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2018 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from date of incorporation January 25, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period from date of incorporation January 25, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management discussion and analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

RSM Alberta LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
May 22, 2019

Predator Blockchain Capital Corp.
Statement of Financial Position
December 31, 2018
(amounts in Canadian dollars)

December 31,
2018

Assets

Current Assets

Cash	\$ 573,943
Accounts receivable	7,138

Total assets **\$ 581,081**

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 73,402
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Total liabilities 73,402

Shareholders' Equity

Share capital (note 4)	593,233
Contributed surplus (note 4)	40,000
Deficit	(125,554)

Total shareholders' equity 507,679

Total Liabilities and Shareholders' Equity **\$ 581,081**

Commitments and subsequent events (notes 1 & 8)

See the accompanying Notes to the Financial Statements

Approved by the Board:

(signed) "Stephen J. Holyoake"
Director

(signed) "Arif Shivji"
Director

Predator Blockchain Capital Corp.
Statement of Loss and Comprehensive Loss
December 31, 2018
(amounts in Canadian dollars)

	For the period from date of incorporation January 25, 2018 to December 31, 2018
Revenue	\$ -
Expenses	
General and administrative costs	85,554
Stock-based compensation (note 4)	40,000
Net loss before tax	(125,554)
Income tax expense (note 5)	-
Net loss and comprehensive loss	\$ (125,554)
Weighted average of common shares outstanding	
– basic	4,117,647
– fully diluted	4,117,647
Loss per share	
– basic	\$ (0.03)
– fully diluted	\$ (0.03)

See the accompanying Notes to the Financial Statements

Predator Blockchain Capital Corp.
Statement of Changes in Shareholders' Equity
December 31, 2018
(amounts in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 25, 2018	\$ -	-	-	\$ -
Issuance of common shares (note 4)	700,000	-	-	700,000
Stock-based compensation (note 4)		40,000	-	40,000
Share issue costs (note 4)	(106,767)	-	-	(106,767)
Net loss	-	-	(125,554)	(125,554)
Balance, December 31, 2018	\$ 593,233	\$ 40,000	\$ (125,554)	\$ 507,679

See the accompanying Notes to the Financial Statements

Predator Blockchain Capital Corp.
Statement of Cash Flows
December 31, 2018
(amounts in Canadian dollars)

For the period
from date of
incorporation
January 25, 2018
to December 31,
2018

Operating activities:

Net loss for the period	\$	(125,554)
Add: Stock-based compensation (note 4)		40,000
Changes in non-cash working capital		
Accounts receivable		(7,138)
Accounts payable and accrued liabilities		73,402
Cash used in operating activities		(19,290)

Financing activities:

Proceeds from issuance of common shares (note 4)		700,000
Payments for share issue costs (note 4)		(106,767)
Cash from financing activities		593,233

Increase in cash during period		573,943
Cash, beginning of period		-
Cash, end of period	\$	573,943

See the accompanying Notes to the Financial Statements

Predator Blockchain Capital Corp.

Notes to the Financial Statements

December 31, 2018

(amounts in Canadian dollars)

1. NATURE OF OPERATIONS

Predator Blockchain Capital Corporation (“the Company” or “Predator”) was incorporated under the Alberta Business Corporations Act on January 25, 2018. Predator is a Capital Pool Corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The Company closed its IPO and began trading on April 6, 2018 under the symbol “PRED.P”. Prior to the QT, which closed on January 23, 2019 as described below, the proceeds raised from the issuance of share capital were only available for use to identify and evaluate assets or businesses for future investment, with the exception that up to \$210,000, may be used for purposes other than evaluating businesses or assets.

According to the Exchange, any compensation or remuneration to management, the board, or any non-arm’s length parties was prohibited. The equity proceeds raised by the Company were only be used to identify and evaluate assets or businesses and obtain shareholder approval for the proposed QT, including valuations, technical assessments, fees for legal, accounting service, broker commissions and share issue costs. These restrictions apply until completion of the QT by the Company, as defined under the policies of the Exchange. The Company was required to complete its QT on or before two years from the date the Company received regulatory approval.

On January 23, 2019, the Company completed a QT with a Highwood Oil Company Ltd. (“Highwood”) and began trading on the TSX Venture exchange under the symbol “HOCL” on January 30, 2019 (note 8).

The head office and the registered head office of the Company are located at Suite 1000, 250 – 2nd Street Avenue SW, Calgary, Alberta, T2P 0C1.

On May 22, 2019, the Board of Directors approved these financial statements.

2. Basis of presentation

Statement of Compliance

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board.

Basis of Measurement

The financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

Foreign Currency

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Use of Estimates and Judgements

The timely preparation of the financial statements requires that management make estimates and use judgement regarding the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities as at the dated of the of the financial statements as and the reported amounts of expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the dated of the financial statements. Accordingly, the actual results may differ from estimated amounts as future events occur.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Key Sources of Estimation Uncertainty

The following are the key estimates and related assumptions concerning the sources of estimation uncertainty that have a significant risk of causing adjustments to the carrying amount of assets and liabilities:

Stock Options and Agent Options

In estimating the fair value of stock options and agent options the Black-Scholes option pricing model is used, the Company uses assumptions related to the risk-free interest rate, expected option life, estimated forfeitures, estimated market price of the Company's shares, and estimated future volatility of the Company's share price.

Income Taxes

Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

3. Significant Accounting Policies

Financial Instruments

Financial assets and liabilities, including derivatives, are recorded on the statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

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

The Company's cash and accounts receivable are financial assets measured at amortized cost using the effective interest rate method. Accounts payable is measured at amortized cost.

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 the end of the subsequent accounting periods. All other financial assets are measured at their fair values at the end of the subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. Fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The Company will apply the simplified approach which requires expected lifetime credit losses to be recognized from initial recognition of any accounts receivables.

Share Issuance Costs

Costs and share-based payments directly related to issuance of share capital are charged as a reduction against share capital.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

Income Taxes

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the carry forward of unused tax credits and unused tax losses can be utilized. The exception is where the deferred income tax is relating to the deductible temporary difference arises from the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of deductible temporary differences.

Share-based Payments

Stock-options granted to directors and officers are accounted for using the fair value method. Equity-settled awards granted to non-employees for services rendered are recorded at the fair value of the good of the service received, unless the value of these services cannot be reliably measured. If the value of these services cannot be reliably measured the Company uses the fair value method.

The Company uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards at the grant date. The expense or issue cost is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates. No expense or issue cost is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to equity shareholders by the weighted average number of common shares outstanding during the period excluding any contingently returnable shares from the date they become contingent. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share-based payments using the treasury stock method (if, and when, applicable). Under this method, stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

Fair value determination

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Accounting Standards issued but not yet applied

Certain new mandatory standards, interpretations and amendments to existing standards, have been issued by the IASB or the IFRS Interpretations Committee, which the Company reasonably expects to be applicable for later periods are listed below. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

IFRS 16 Leases, is intended to replace IAS 17 and will bring fundamental changes for all companies. The new standard is effective for annual reporting periods beginning on or after January 1, 2019, with early application permitted. The most significant financial reporting impacts of the changes include: all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria; the measurement and presentation of expenses will be significantly impacted as rent expense is removed and replaced by the recording of depreciation and financing expenses; the amount of profit (loss) recognized in a period will likely change as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to a straight line operating lease expense; and key ratios may be impacted with the introduction of lease assets and liabilities on the statement of financial position and changes to the timing of expenses. Management is currently evaluating the potential impact of IFRS 16 on the financial statements.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

4. SHARE CAPITAL

a) Authorized
Unlimited common shares

b) Issued

	Number	Stated Value
Issuance of common shares at \$0.05 each (i)	6,000,000	\$ 300,000
Issuance of common shares at \$0.10 each (ii)	4,000,000	400,000
Share issue costs		(106,767)
Balance, December 31, 2018	10,000,000	\$ 593,233

(i) At incorporation, the Company issued 6,000,000 common shares at \$0.05 per common share, which are subject to an escrow agreement. These will be held in escrow pursuant to the requirements of the Exchange and terms of escrow agreement and will be released from escrow in stages over a period of up to three years after the date of the Company receiving the final Exchange acceptance of the QT. All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of the QT must also be deposited in escrow pursuant to the terms of the escrow agreement.

(ii) Pursuant to the prospectus dated March 20, 2018, the Company offered to sell and issue 4,000,000 common shares at \$0.10 per share for total gross proceeds of \$400,000 for the initial public offering ("IPO"). The IPO closed and the symbol "PRED.P" began trading on April 6, 2018.

On January 26, 2018, the Company entered into an agreement with Haywood Securities Inc. (the "agent") to complete the IPO. As part of the agreement, the agent was granted an option to acquire 10% of the common shares issued in connection with the IPO at a price of \$0.10 per common share exercisable for a period ending twenty-four months from the date the Company's common shares were listed on the Exchange ("agent's options"). Any non-cash share issue costs to recognize for the agent's options would be nominal.

The Company also paid the agent 10% commission on the gross proceeds. In addition, the Company paid a corporate finance fee of \$10,000 and reimbursed the agent's legal fees and other reasonable expenses incurred pursuant to the IPO.

Stock options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employee and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Under the Plan, options may have up to a ten-year term and are non-transferable, however it is anticipated that options granted will likely

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

have a five-year term. Unless otherwise determined by the Board of Directors, options vest immediately upon granting and may be exercised until the expiry date, five years from the date of grant. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant.

The summary for stock options is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Granted	1,000,000	\$ 0.10	4.25
Balance, December 31, 2018	1,000,000	\$ 0.10	4.25

On April 6, 2018, the company granted 1,000,000 stock options to officers and directors. Each stock option, which expires five years from the date of grant, is entitled to acquire a common share of the Company at a price of \$0.10 per share. All the options are exercisable immediately and the weighted average remaining life is 4.25 years.

During the period ended December 31, 2018, the Company recorded stock-based compensation totalling \$40,000, which was based on following assumptions:

	Inputs
Exercise price	\$0.10
Risk-free interest rate	1.74%
Expected life of options	5 years
Expected volatility	50%
Weighted average fair value per option	\$0.04
Dividend yield	Nil
Forfeiture rate	Nil
Market price at grant	\$0.10

The forfeiture rate and expected volatility has been based on management's expectations at the grant date.

Agent options

On April 6, 2018, the company granted 400,000 agent options to the agent. Each option, which expires two years from the date of grant, is entitled to acquire a common share of the Company at an exchange price of \$0.10 per share each. All the options are exercisable immediately and the weighted average remaining life is 1.25 years.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

The summary for agent options is as follows:

	Number of Options	Weight Average Exercise Price	Weight Average Remaining Life
Granted	400,000	\$ 0.10	1.25
Balance, December 31, 2018	400,000	\$ 0.10	1.25

During the period ended December 31, 2018, the Company determined the amount of share issue costs related to the agent options was not significant, which was based on following assumptions:

	Inputs
Exercise price	\$0.10
Risk-free interest rate	1.74%
Expected life of options	2 years
Expected volatility	50%
Weighted average fair value per option	\$0.03
Dividend yield	Nil
Forfeiture rate	Nil
Market price at grant	\$0.10

The forfeiture rate and expected volatility has been based on management's expectations at the grant date.

5. INCOME TAXES

The Corporation has unrecognized deferred tax assets since it cannot currently demonstrate that it is probable that this potential value will be realized. The unrecognized asset is comprised of approximately \$105,000 of non-capital loss carry forwards and \$87,000 of deductible temporary differences.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes shareholders' equity, comprised of issued common shares, deficit, and contributed surplus in the definition of capital.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

The Company's primary objective, with respect to its capital management, was to ensure that it had sufficient cash resources to fund the identification and evaluation of the QT.

The proceeds raised from the issuance of common shares were only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of the QT by the Company as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, accounts receivable and accounts payable and accrued liabilities, approximate fair value due to the relatively short-term maturity of these instruments.

Credit risk

The Company's financial assets are cash, and accounts receivable. The Company's maximum exposure to credit risk, as at period end, is the carrying value of its financial assets.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company conducted an IPO to raise additional funds to achieve its goal of completing the QT.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not subject to interest rate risk as no significant balances are subject to variable interest rates.

7. RELATED PARTY TRANSACTIONS

The Company engaged a law firm, of which a director is a partner of, to provide legal and advisory services. An amount of \$17,970 related to these legal fees have been recorded for the period ended December 31, 2018, which are included in share issue costs.

There was no remuneration paid to management personnel during the period ended December 31, 2018.

Transactions involving related parties are in the normal course of business.

Predator Blockchain Capital Corp.
Notes to the Financial Statements
December 31, 2018

(amounts in Canadian dollars)

8. SUBSEQUENT EVENTS

Prior to December 31, 2018 the Company entered into a non-binding letter of intent with a private company, Highwood, whereby the Company would acquire all the issued and outstanding common shares of Highwood for the purposes of completing the Company's Qualifying Transaction.

Subsequent to period end the Company completed an amalgamation transaction with Highwood and received common shares at an exchange ratio of 53:1, resulting in the Company's shareholders receiving 188,879 common shares of the 5,940,483 common shares issued by the resulting issuer. As a director of the Company is also a director of Highwood the acquisition constituted a Related Party Qualifying Transaction.