CODEBASE VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Codebase Ventures Inc.:

Opinion

We have audited the consolidated financial statements of Codebase Ventures Inc. and its subsidiaries (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the events and conditions indicating that material uncertainties exist that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

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

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 24, 2020

Codebase Ventures Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2019	December 31, 2018
ASSETS			
Current			
Cash		$ 79,278	$ 1,020,719
Temporary investments		-	7,204
Receivables		5,250	114
Prepaid expenses and deposits		30,771	114,246
		115,299	1,142,283
Non-Current			
Intangible assets - Blockchain Media Tech LLC	5	-	170,000
Intangible assets - Token Media Tech LLC	6	-	1,436,482
Goodwill	6	-	1,005,080
Investment in associate	7	332,722	606,155
Long term investments	8	1,773,115	228,308
Total assets		$ 2,221,136	$ 4,588,308
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	9	$ 210,058	$ 82,812
Non-Current			
Deferred tax liability	14	-	373,000
Total liabilities		210,058	455,812
Equity			
Share capital	10	16,169,720	13,446,163
Contributed surplus		2,955,483	2,833,833
Accumulated other comprehensive income		(5,510)	545
Deficit		(17,112,525)	(12,158,505)
Total equity attributable to shareholders of the Company		2,007,168	4,122,036
Non-controlling interest		3,910	10,460
Total equity		2,011,078	4,132,496
Total liabilities and equity		$ 2,221,136	$ 4,588,308

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on April 23, 2020:

"George Tsafalas" - Director *"Brian Keane" - Director*

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

Codebase Ventures Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	December 31, 2019	December 31, 2018
Expenses			
Depreciation	6	$ 560,167	$ 259,940
Advertising and promotion		563,548	366,063
Office and miscellaneous		239,726	262,806
Professional fees		285,120	569,383
Regulatory and transfer agent		61,976	30,055
Management and consulting	9	1,415,643	1,699,960
Share-based compensation	9,10	-	1,466,748
Travel		197,720	210,575
Total expenses		3,323,900	4,865,530
Interest and other income		17,763	11,426
Foreign exchange		59,023	-
Loss on acquisition of SV CryptoLab Inc.	4	-	(1,302,505)
Impairment - Blockchain Media Tech LLC	5	(170,000)	-
Impairment - Token Media Tech LLC	6	(1,881,395)	-
Impairment - Temporary investment		(21,845)	-
Loss in associate	7	(273,433)	(403,182)
Gain on sale of long-term investment	8	14,000	-
Unrealized gain (loss) on long-term investments	8	246,217	(18,715)
Net loss before tax		(5,333,570)	(6,578,506)
Deferred tax recovery	14	373,000	64,000
Net loss for the year		$ (4,960,570)	$ (6,514,506)
Comprehensive loss:			
Translation adjustment		(6,055)	34,721
Fair value adjustment on temporary investments		-	(59,071)
Comprehensive loss for the year		$ (4,966,625)	$ (6,538,856)
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(4,954,020)	(6,487,574)
Net loss - non-controlling interest		(6,550)	(26,932)
Translation adjustment - shareholders		(6,055)	1,029
Translation adjustment - non-controlling interest		-	(25,379)
		$ (4,966,625)	$ (6,538,856)
Loss per share			
Basic and diluted		$ (0.02)	$ (0.03)
Weighted average number of common shares			
Basic and diluted		263,349,466	215,956,969

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

Codebase Ventures Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		December 31, 2019		December 31, 2018
Operating activities				
Net loss for the year	$	(4,960,570)	$	(6,514,506)
Adjusted for:				
Depreciation		560,167		259,940
Share-based compensation		-		1,466,748
Impairment - Blockchain Media Tech LLC		170,000		-
Impairment - Token Media Tech LLC		1,881,395		-
Impairment - Temporary investment		21,845		-
Loss from investment in associate		273,433		403,182
Loss on write off of equipment		-		18,715
Loss on acquisition of SV CryptoLab Inc.		-		1,302,505
Accrued interest income		(17,890)		(11,831)
Deferred tax recovery		(373,000)		(64,000)
Gain on long-term investments		(14,000)		-
Unrealized foreign exchange gain		(54,700)		-
Unrealized (gain) loss on long-term investments		(246,217)		59,071
Changes in non-cash working capital:				
Receivables		(5,136)		22,936
Prepaid expenses and deposits		83,475		146,224
Accounts payable and accrued liabilities		127,246		(174,891)
Discountinued operations		-		11,363
Cash flows from operating activities		(2,553,952)		(3,074,544)
Investing activities				
Acquisition of long-term investment		(1,327,000)		(50,000)
Disposition of long-term investment		115,000		-
Acquisition of equipment		-		(5,205)
Loans and promissory note advanced		-		-
Investment in Capital Blocktech Inc.		-		(1,009,337)
Acquisition of SV CryptoLab Inc., net		-		114,853
Acquisition of Token Media Tech		-		(1,979,737)
Temporary investment		-		-
Cash flows from investing activities		(1,212,000)		(2,929,426)
Financing activities				
Proceeds from private placements		2,515,945		3,997,450
Proceeds from exercise of warrants and options		500,000		642,592
Share issuance costs		(170,738)		(323,164)
Cash flows from financing activities		2,845,207		4,316,878
Effect of exchange rate changes on cash		(20,696)		(24,350)
Decrease in cash		(941,441)		(1,711,442)
Cash, beginning of year		1,020,719		2,732,161
Cash, end of year	$	79,278	$	1,020,719

Supplemental cash flow disclosure (Note 13)

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

Codebase Ventures Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of common shares	Share Capital	Subscriptions received in advance	Contributed surplus	Accumulated other comprehensive income	Non-controlling interest	Accumulated Deficit	Total equity
Balance, December 31, 2017	164,978,442	$ 7,843,646	$ 102,500	$ 1,036,381	$ 26,448	$ -	$ (5,670,931)	$ 3,338,044
Shares issued for private placemens	40,999,500	4,099,950	(102,500)	-	-	-	-	3,997,450
Shares issued for warrants exercised	10,102,832	622,888	-	(10,296)	-	-	-	612,592
Shares issued for stock options exercised	300,000	30,000	-	-	-	-	-	30,000
Shares issued for acquisition of SV CryptoLab Inc.	5,000,000	1,075,000	-	-	-	-	-	1,075,000
Shares issued for acquisition of Blockchain Media Tech LLC	2,000,000	170,000	-	-	-	-	-	170,000
Shares issued for acquisition of Token Media Tech LLC	4,888,060	268,843	-	-	-	-	-	268,843
Finders' fees - cash	-	(323,164)	-	-	-	-	-	(323,164)
Finders' fees - warrants	-	(341,000)	-	341,000	-	-	-	-
Share-based compensation	-	-	-	1,466,748	-	-	-	1,466,748
Non-controlling interest on acquisition	-	-	-	-	-	35,839	-	35,839
Translation adjustment	-	-	-	-	(25,903)	-	-	(25,903)
Non-controlling interest	-	-	-	-	-	(25,379)	-	(25,379)
Net loss for the year	-	-	-	-	-	-	(6,487,574)	(6,487,574)
Balance, December 31, 2018	228,268,834	$ 13,446,163	$ -	$ 2,833,833	$ 545	$ 10,460	$ (12,158,505)	$ 4,132,496
Shares issued for private placements	76,503,665	2,515,945	-	-	-	-	-	2,515,945
Shares issued for warrants exercised	10,000,000	500,000	-	-	-	-	-	500,000
Finders' fees - cash	-	(170,738)	-	-	-	-	-	(170,738)
Finders' fees - warrants	-	(121,650)	-	121,650	-	-	-	-
Translation adjustment	-	-	-	-	(6,055)	-	-	(6,055)
Fair value adjustment	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	(6,550)	-	(6,550)
Net loss for the year	-	-	-	-	-	-	(4,954,020)	(4,954,020)
Balance, December 31, 2019	314,772,499	$ 16,169,720	$ -	$ 2,955,483	$ (5,510)	$ 3,910	$ (17,112,525)	$ 2,011,078

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

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Codebase Ventures Inc. (the "Company") was incorporated in British Columbia on February 19, 2009. On February 15, 2019, the Company changed its name from 360 Blockchain Inc. to Codebase Ventures Inc. The Company's registered address is 1780-355 Burrard Street, British Columbia, Canada.

Shares of the Company are listed on the Canadian Securities Exchange ("CSE") under the symbol CODE, the Frankfurt Stock Exchange ("FWB") under the symbol C5B, and on the OTCQB under the symbol BKLLF. The Company's principal activities relate to identifying investments in the technology, cannabis, and CBD wellness sectors.

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for at least the next twelve months. The Company has incurred losses since its inception and has an accumulated deficit of $17,112,525 as at December 31, 2019. In addition, the Company has experienced negative cash flows from operations. These factors may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, identifying and acquiring businesses or assets, and generating profitable operations in the future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. As of April 23, 2020 the extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

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

Basis of Consolidation

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

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
360 Blockchain USA Inc.	360 USA	USA	100%	USD	Holding Company
SV CryptoLab Inc.	SV Crypto	USA	80%	USD	Inactive
Blockchain Media Tech LLC	Blockchain Media Tech	USA	100%	USD	Media Technology
Token Media Tech LLC	Token Media Tech	USA	100%	USD	Digital Media
Code Cannabis Investments Inc.	Code Cannabis	CAN	100%	CAD	Holding Company

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currencies

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and Code Cannabis. The functional currency of 360 USA, SV Crypto, Blockchain Media Tech and Token Media Tech is the US dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate in effect at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss).

Subsidiaries

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end rates; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations in each period are classified within other comprehensive income (loss) in the consolidated statement of comprehensive income (loss) and the cumulative effect as at the period end is reported as accumulated other comprehensive income. Cumulative differences are recognized in profit or loss in the period in which the operation is disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Recognition

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

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

Classification and Measurement

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

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

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

The classification and measurement bases of the Company's financial instruments are as follows:

Financial Instrument	**Classification**
Cash	FVTPL
Temporary investments	FVTPL
Receivables	Amortized cost
Long-term investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

After initial recognition at fair value, financial liabilities are classified and measured at either:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. There are no cash equivalents as at December 31, 2019 and 2018.

Impairment

At the end of each reporting period the carrying amounts of the Company's non-monetary assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss in the period in which the impairment arises. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Investment in Associates

The Company follows the equity method of accounting for its investments in associates in which it owns less than 50% and over which it exercises significant influence. Under this method, the Company includes in profit or loss its share of the net earnings or losses of the associate less dividends received, if any.

Once management determines that it no longer has significant influence, it recognizes the investment at fair value, with any gain or loss recognized in profit or loss. Following recognition at fair value, the investment is treated as FVTOCI.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Company's common shares, options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in contributed surplus. Warrants that are issued as transaction costs are accounted for as share-based payments.

Share Issue Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment Transactions

The Company offers equity-settled share-based payments to directors, officers, employees and non-employees. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are valued at the date the goods or services are received.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Consideration received on the exercise of stock options and warrants is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus to deficit.

Earnings (Loss) per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the weighted average number of common shares, stock options, and warrants outstanding at the beginning of or granted during the period, calculated using the treasury stock method. Under this method, the proceeds from the exercise of the options and warrants are assumed to be used to repurchase the Company's shares. The difference between the number of shares assumed purchased and the number of options and warrants assumed exercised is added to the actual number of shares outstanding to determine diluted shares outstanding for purposes of calculating diluted earnings per share. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive, in which case the information is not presented.

Income Taxes

Income tax expense is comprised of current and deferred tax components. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the related tax is recognized in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method. Under this method, the Company calculates all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the period end date. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the period end date.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses and tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Estimates and Judgements

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

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

- the determination of deferred income tax assets and liabilities;
- the determination of the fair value of the assets acquired, liabilities assumed, and consideration provided in respect to the acquisition of SV CryptoLab Inc.;
- the determination of the fair value of the assets acquired, liabilities assumed, and consideration provided in respect to the acquisition of Blockchain Media Tech LLC;
- the determination of the fair value of the assets acquired, liabilities assumed, and consideration provided in respect to the acquisition of Token Media Tech LLC; and
- the valuation and measurement of the long-term investments, including the determination of fair value.

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

- the determination of the functional currency of the Company and each subsidiary;
- the determination that the acquisition of SV CryptoLab Inc. was a business combination;
- the determination that the acquisition of Blockchain Media Tech LLC was an asset acquisition;
- the determination that the acquisition of Token Media Tech LLC was a business combination; and
- the evaluation of the Company's ability to continue as a going concern.

3. CHANGES IN ACCOUNTING POLICIES

New Accounting Pronouncements Adopted During the Period

IFRS 16 *Leases* - On January 13, 2016 the IASB issued IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The Company was not impacted by adopting IFRS 16.

(Expressed in Canadian Dollars)

4. BUSINESS COMBINATION – SV CRYPTOLAB INC.

During the year ended December 31, 2018, the Company acquired 80% of the outstanding common shares of SV Crypto from three individuals. In exchange the Company paid US$287,500 and issued 5,000,000 common shares with a fair value of $1,075,000 based on the Company's share price on the date of the transaction.

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

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

Consideration		
Cash - US $287,500	$	370,861
5,000,000 common shares		1,075,000
		1,445,861
Fair value of net assets acquired		
Cash		169,906
Computer hardware and network contract		108,593
Accounts payable and accrued liabilities		(99,304)
Non-controlling interest (20%)		(35,839)
Excess		1,302,505
Total	$	1,445,861

The excess amount of $1,302,505 was recorded as a loss on acquisition during the year ended December 31, 2018. Operations were suspended during the year ended December 31, 2019.

(Expressed in Canadian Dollars)

5. ASSET ACQUSITION - BLOCKCHAIN MEDIA TECH LLC

On March 19, 2018, the Company completed the acquisition of Blockchain Media Tech by issuing 2,000,000 common shares to the vendor. The fair value of the 2,000,000 common shares of the Company was determined to be $0.085 per common share, or $170,000 based on the market value at the date of issuance.

The transaction did not constitute a business combination as the operations of Blockchain Media Tech did not meet the definition of a business under IFRS 3, Business Combinations. As a result, the acquisition was accounted for as an asset acquisition, the assets acquired, and liabilities assumed were recorded at fair value. Upon closing of the transaction, Blockchain Media Tech became a subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

Consideration		
2,000,000 common shares	$	170,000
Fair value of assets acquired		
Blockchain based tracking technology	$	170,000

Subsequent to December 31, 2019, the Company's investment in Blockchain Media Tech was put on hold. As such the Company recognized an impairment charge of $170,000 in relation to this investment.

6. BUSINESS COMBINATION – TOKEN MEDIA TECH LLC

On July 23, 2018, the Company acquired all of the assets of Token Media Tech (formerly known as ICO Ranker), a platform that houses resources for token sale data and insight, in consideration for US$1,500,000 in cash and US$250,000 payable in common shares of the Company. The fair value of the 4,888,060 common shares of the Company was determined to be $0.055 per common share, based on the market value at the date of issuance.

The acquisition has been accounted for as a business combination. The purchase price has been allocated to the assets acquired based on their estimated fair values as follows:

Consideration		
Cash - US $1,500,000	$	1,979,737
4,888,060 common shares		268,843
		2,248,580
Fair value of net assets acquired		
ICO Ranker Trademark		718,000
Editorial mailing list		262,500
Instagram account		200,000
Accredited investor list		500,000
Goodwill		1,005,080
Deferred tax liability		(437,000)
Total	$	2,248,580

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

During the year ended December 31, 2019 the Company recorded an impairment charge of $1,881,395 in relation to the remaining goodwill and intangible assets acquired as development funding to Token Media Tech was halted.

(Expressed in Canadian Dollars)

6. BUSINESS COMBINATION – TOKEN MEDIA TECH LLC (continued)

The Company calculates depreciation on the intangible asset, using the straight-line method and based on a three-year useful life. Details are as follows:

Intangible assets - Token Media Tech LLC:		
Balance, December 31, 2017	$	-
Acquisition of intangible assets		1,680,500
Depreciation		(244,018)
Balance, December 31, 2018		1,436,482
Depreciation		(560,167)
Impairment		(876,315)
Balance, December 31, 2019	$	-

7. INVESTMENT IN ASSOCIATE

The following entity, related by common directors of the Company, has been included in the consolidated financial statements using the equity method:

		Proportion of ownership interest held as at	
Legal Name	Place of Incorporation	December 31, 2019	December 31, 2018
Capital Blocktech Inc.	Alberta, Canada	30%	30%

During the year ended December 31, 2018, the Company entered into an agreement with Capital Blocktech Inc. ("Capital Blocktech"), a private Canadian blockchain technology company. During the year ended December 31, 2018, the Company advanced $1,000,000 to earn a 30% interest in Capital Blocktech. The Company also has the right to earn an additional 21% interest in Capital Blocktech for an additional $1,000,000 to be paid on or before January 1, 2021.

The tables below provide summarised financial information for the Company's equity investment in Capital Blocktech. The information disclosed reflects the amounts presented in the financial statements of Capital Blocktech and not the Company's share of those amounts:

Summarized Balance Sheet		**December 31, 2019**		**December 31, 2018**
Cash	$	5,000	$	105,000
Computer equipment		68,978		41,087
Total Assets	$	73,978	$	146,087
Accounts payable	$	1,320,022	$	480,689
Share capital		1,009,337		1,009,337
Deficit		(2,255,381)		(1,343,939)
Total Liabilities and equity	$	73,978	$	146,087

Summarized Income Statement		**December 31, 2019**		**December 31, 2018**
Software development	$	899,213	$	1,274,330
Website development		-		59,337
Depreciation		12,229		10,272
Net loss for the year	$	911,442	$	1,343,939

(Expressed in Canadian Dollars)

7. INVESTMENT IN ASSOCIATE (continued)

Summarized aggregated financial information of the Company's share in the associate is as follows:

Equity Accounting Investment Continuity		December 31, 2019		December 31, 2018
Balance, beginning of period	$	606,155	$	-
Paid to earn 30% interest in Capital Blocktech		-		1,009,337
Equity pick up - 30% of net loss		(273,433)		(403,182)
Balance, end of year	$	332,722	$	606,155

8. LONG-TERM INVESTMENTS

A continuity of the Company's long-term investments is as follows:

		World High Life		1933 Industries		Nerds on Site		ePic		DreamBlock		Total
Balance, December 31, 2018	$	-	$	9,400	$	117,908	$	100,000	$	1,000	$	228,308
Purchase of investments		1,317,000		-		-		-		-		1,317,000
Exercise of warrants		-		10,000		-		-		-		10,000
Sale of investment		-		-		-		(115,000)		-		(115,000)
Accrued interest		17,890		-		-		-		-		17,890
Foreign exchange		54,700		-		-		-		-		54,700
Gain (loss) on sale of investment		-		-		-		15,000		(1,000)		14,000
Unrealized fair value gain (loss)		352,122		(12,400)		(93,505)		-		-		246,217
Balance, December 31, 2019	$	1,741,712	$	7,000	$	24,403	$	-	$	-	$	1,773,115

		World High Life		1933 Industries		Nerds on Site		ePic		DreamBlock		Total
Balance, December 31, 2017	$	-	$	28,667	$	97,781	$	100,000	$	-	$	226,448
Purchase of investment		-		-		-		-		50,000		50,000
Interest		-		-		10,931		-		-		10,931
Unrealized fair value gain (loss)		-		(19,267)		9,196		-		(49,000)		(59,071)
Balance, December 31, 2018	$	-	$	9,400	$	117,908	$	100,000	$	1,000	$	228,308

The Company's investment in World High Life Plc consists of 3,000,000 ordinary shares and 5,000,000 convertible debentures exercisable at £0.10 accruing interest of 10% per annum maturing September and October 2021. The Company also holds 5,000,000 ordinary share purchase warrants exercisable at £0.15 for a period of two years (expiry October 2021) and 1,500,000 warrants exercisable at £0.20 exercisable for two years (expiry August 2021). A continuity of the valuation of the Company's investment in World High Life Plc is as follows:

	Ordinary Shares	**Warrants £2.00**	**Warrants £1.50**	**Convertible Debenture**	**Conversion feature**	**Total**
Cost	492,000	-	-	825,000	-	1,317,000
Conversion feature allocation	-	-	-	(374,044)	374,044	-
Warrants - fair value	-	61,449	277,681	-	-	339,130
Fair value gain (loss)	50,400	(8,045)	(16,591)	-	(12,772)	12,992
Accrued interest	-	-	-	17,890	-	17,890
Foreign exchange gain	25,200	-	-	29,500	-	54,700
Balance, December 31, 2019	567,600	53,404	261,090	498,346	361,272	1,741,712

(Expressed in Canadian Dollars)

8. LONG-TERM INVESTMENTS (continued)

The World High Life Plc warrants and conversion feature were valued using the Black-Scholes Option Pricing Model with the following assumptions:

	Warrants December 31, 2019	Warrants Initial recognition	Conversion Feature December 31, 2019	Conversion Feature Initial recognition
Exercise price	£0.15 - 0.20	£0.15 - 0.20	£0.10	£0.10
Value date share price	£0.10	£0.10	£0.10	£0.10
Duration to maturity	1.8 years	2 years	1.8 years	2 years
Risk-free interest rate	2.25%	2.25%	2.25%	2.25%
Volatility	80%	80%	80%	80%
Dividend rate	Nil	Nil	Nil	Nil

9. RELATED PARTY TRANSACTIONS AND BALANCES

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has identified its directors and senior officers as its key management personnel. Total compensation to key management personnel for the years ended December 31, 2019 and 2018 was as follows:

Related party transactions	December 31, 2019	December 31, 2018
Consulting fees	$ 439,900	$ 561,376
Share-based compensation	-	696,226
Total	$ 439,900	$ 1,257,602

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

Related party balances	December 31, 2019	December 31, 2018
Accounts payable	$ 27,456	$ 8,287

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and Outstanding – Common Shares Fiscal 2019:

a) completed a non-brokered private placement for 32,336,664 units at a price of $0.03 per unit for gross proceeds of $970,100. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of two years from the date of closing. The Company paid finders fees of $76,088, issued 2,536,267 brokers warrants with the same terms as the units valued at $52,300 and incurred other share issuance costs of $5,872.

b) completed a non-brokered private placement for 44,167,001 units at a price of $0.035 per unit for gross proceeds of $1,545,845. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of two years from the date of closing. The Company paid finders fees of $88,778, issued 2,536,503 brokers warrants with the same terms as the units valued at $69,350.

c) issued 10,000,000 common shares upon the exercise of warrants at a price of $0.05 for total proceeds $500,000.

Issued and Outstanding – Common Shares Fiscal 2018:

a) issued 5,000,000 common shares valued at $1,075,000 pursuant to the acquisition of SV Crypto (Note 4).

b) closed a financing of 40,999,500 units at $0.10 per unit for gross proceeds of $4,099,950, of which $102,500 was received as at December 31, 2017. Each unit consists of one share and one warrant, each warrant entitling the holder to subscribe for one additional share for $0.15 for a period of 2 years, with the Company retaining the right to accelerate the expiry date if shares of the Company trade at $0.30 or above for 10 trading days. The warrants attached to the units were valued at nil using the residual value method. The Company paid finder's fees of $323,164 and issued 2,978,836 finder's warrants on the same terms as the warrants issued as part of the units valued at $341,000.

c) issued 10,102,832 common shares pursuant to the exercise of warrants for proceeds of $612,592, and accordingly, the Company reallocated $10,296 of contributed surplus to share capital.

d) issued 300,000 common shares pursuant to the exercise of options for proceeds of $30,000, and accordingly, the Company reallocated $Nil of contributed surplus to share capital. Market price on the date of exercise was $0.03 per common share.

e) closed the acquisition of Blockchain Media Tech. by issuing 2,000,000 common shares with a fair value of $170,000 as consideration (Note 5).

f) closed the acquisition of Token Media Tech by issuing 4,888,060 common shares with a fair value of $268,843 as partial consideration (Note 6).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Stock Options

The Company grants options under the terms of its rolling stock option plan to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the then issued and outstanding shares of the Company. The exercise price of each option equals the market price of the Company's shares, less allowable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

A summary of change in stock options as follows:

	Number of Options		Weighted Average Exercise Price
Balance at December 31, 2017	8,600,000	$	0.08
Granted	15,800,000		0.09
Exercised	(300,000)		0.10
Cancelled	(4,200,000)		0.08
Balance at December 31, 2018	19,900,000	$	0.09
Cancelled	(900,000)		0.08
Balance at December 31, 2019	19,000,000	$	0.09

The following table summarizes stock options outstanding at December 31, 2019:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price	Weighted Average Remaining Years
February 16, 2022	1,000,000	1,000,000	$0.05	2.13
September 25, 2022	3,100,000	3,100,000	$0.08	2.74
February 3, 2025	6,400,000	6,400,000	$0.12	5.10
June 10, 2025	8,500,000	8,500,000	$0.075	5.45
	19,000,000	19,000,000		

The Company recognized share-based compensation during the year of $Nil (2018 - $1,466,748). Options were valued using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	December 31, 2018
Risk-free interest rate	2.23%
Expected life of options	7 years
Annualized volatility	192%
Dividend rate	0%
Weighted average fair value per option	$0.09

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Warrants

A summary of change in warrants as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance at December 31, 2017	65,515,024	$	0.07
Granted	43,978,336		0.15
Exercised	(10,102,832)		0.06
Balance at December 31, 2018	99,390,528	$	0.11
Granted	81,576,435		0.05
Expired	(2,379,360)		0.07
Exercised	(10,000,000)		0.05
Balance at December 31, 2019	168,587,603	$	0.08

The following table summarizes warrants outstanding at December 31, 2019:

Expiry date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Years
February 28, 2020	43,978,336	$0.15	0.16
May 2, 2020	9,066,666	$0.05	0.34
August 17, 2020	11,275,000	$0.05	0.63
October 16, 2021	23,150,998	$0.10	1.79
February 12, 2021	34,413,099	$0.05	1.12
September 20, 2021	46,703,504	$0.05	1.72
	168,587,603	$0.08	

During the year ended December 31, 2019, the Company recorded share issue costs of $121,650 (2018 - $341,000) with respect to broker warrants granted as finders' fees. The weighted average fair value of these broker warrants was $0.03 (2018 - $0.11) and was estimated using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value are as follows:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.79%	1.78%
Expected life	2	2
Annualized volatility	150%	190%
Dividend rate	0%	0%
Weighted average fair value per warrant	$0.03	$0.11

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Fair values

The Company's financial instruments consist of cash, temporary investments, receivables, long-term investments, and accounts payable and accrued liabilities. Cash, temporary investments and long-term investments are carried at fair value. The fair values of receivables, and accounts payable and accrued liabilities approximate their carrying amounts due to their current nature.

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

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

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

	Balance	Level 1	Level 2	Level 3
December 31, 2019				
Cash	$ 79,278	$ 79,278	$ -	$ -
Long-term investments	1,773,115	599,003	1,174,112	-
December 31, 2018				
Cash	$ 1,020,719	$ 1,020,719	$ -	$ -
Temporary investments	7,204	-	7,204	-
Long-term investments	228,308	84,308	43,000	101,000

Credit Risk

Credit risk associated with cash is minimal as the Company deposits the majority of its cash with a large Canadian financial institution. The Company's credit risk associated with its receivables is monitored by management. The Company's exposure to potential loss is equal to the carrying value of the receivables.

Liquidity Risk

All of the Company's financial liabilities have maturities of one year or less as at December 31, 2019 and 2018.

Market Risk

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

a) Interest Rate Risk

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

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

b) Price Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is exposed to significant price risk associated with its long-term investments. Certain long-term investments are classified in levels 1 and 2 of the fair value hierarchy and therefore a change in market prices would have an effect on fair value.

c) Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. At December 31, 2019, the Company held approximately $14,000 (USD$12,000) of US dollar assets. A 10% change in the foreign exchange rate would impact profit or loss by approximately $1,400. The Company's investment in World High Life Plc is denominated in Pounds Sterling. A 10% change in the Pound Sterling versus the Canadian dollar would result in a change of approximately $170,000.

12. CAPITAL MANAGEMENT

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

13. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions		December 31, 2019		December 31, 2018
Fair value of warrants exercised	$	-	$	10,296
Fair value of warrants granted as finders' fees	$	121,650	$	341,000
Shares issued for acquisition of SV CryptoLab Inc. (Note 5)	$	-	$	1,075,000
Shares issued for acquisition of Blockchain Media Tech (Note 6)	$	-	$	170,000
Shares issued for acquisition of Token Media Tech (Note 7)	$	-	$	268,843
Transfer of share subscriptions to share capital	$	-	$	102,500

(Expressed in Canadian Dollars)

14. INCOME TAX

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		December 31 2019		December 31 2018
Earnings (loss) for the year	$	(5,333,570)	$	(6,579,312)
Expected income tax (recovery)	$	(1,440,000)	$	(1,776,000)
Impact of future income tax rates applied versus current statutory rate and other		(28,000)		9,000
Permanent Difference / Non-deductible amounts		140,000		816,000
Share issue cost		(46,000)		(179,000)
Change in unrecognized deductible temporary differences		1,001,000		1,066,000
Total income tax expense (recovery)	**$**	**(373,000)**	**$**	**(64,000)**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31 2019	Expiry Date Range	December 31 2018	Expiry Date Range
Temporary Differences				
Share issue costs	521,000	2021-2023	531,331	2019-2022
Intangible assets	812,000	No expiry date	490,000	No expiry date
Marketable securities and other long term investments	381,000	No expiry date	(44,000)	No expiry date
Non-capital losses available for future period	10,250,000	2029-2039	4,283,000	2029-2038
Canada	7,898,000	2029-2039	4,283,000	2029-2038
USA	2,352,000	no expiry date	958,000	no expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2019 the Company completed the following transactions:

a) The Company issued 40,192,857 units at a price of $0.021 per unit, for gross proceeds of $844,050. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of two years from the date of closing. The Company paid finders fees to qualified finders of $36,204 and issued 1,804,000 broker warrants, which are on the same terms as the warrants forming part of the units.

b) The Company issued 12,294,757 units at a price of $0.021 per unit, for gross proceeds of $258,190. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of two years from the date of closing.

c) The Company extended the expiry date of an aggregate of 9,066,666 previously issued warrants for an additional 2 years. 30,000,000 Warrants were originally issued May 2, 2017, with an original expiry date of May 2, 2020. A total of 20,933,334 Warrants have been exercised. The remaining 9,066,666 Warrants entitle the holders to purchase a common share of the Company at an exercise price of $0.05. The exercise price of the Warrants remains unchanged.

d) Subscribed for 833,333 common shares of Red Light Holland Corp for $50,000.

e) The Company invested $105,000 in Trad3r parent company, Aerosax Research and Technology Ltd. The Company purchased 76 shares for £786 each for a total of £59,713.

15. SUBSEQUENT EVENTS (Continued)

f) The Company extended the expiry date of an aggregate of 40,999,500 previously issued warrants for an additional 2 years. The Warrants were originally issued February 26, 2018, with an original expiry date of February 28 2020. The 40,999,500 Warrants entitles the holder to purchase a common share of the Company at an exercise price of $0.15. The exercise price of the Warrants remains unchanged.

g) The Company issued a total of 17,350,000 options pursuant to its incentive stock option plan to management, employees and consultants. Each option entitles the holder to subscribe for one common share of the Company for $0.05 for a period of 5 years.

h) The Company entered into an arms-length agreement to acquire a 49% interest in a private company, Glanis Pharmaceuticals Inc, that has recently filed for a US provisional patent for the transdermal delivery of hydroxychloroquine. The Company will issue up to 35,000,000 common shares to the shareholders of this private company, as well as another 25,000,000 shares pursuant to a lab services agreement with a New York based laboratory, Reformulation Research Laboratories Inc., that developed the patent application and the underlying technology.

i) The Company announced it is undertaking a non-brokered private placement of up to $1,500,000. The Company will issue up to 75 million units at a price of $0.02 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of two years from the date of closing. The Company will pay qualified finders fees consisting of 5% in cash.

The Company also announced that it has completed a first closing of the non-brokered private placement. The Company issued 7,500,000 units at a price of $0.02 per unit, for gross proceeds of $150,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.05 for a period of two years from the date of closing. The Company paid finder's fees to a qualified finder of $5,000.

j) Advanced unsecured loans totalling $388,000 to World High Life Plc. bearing interest of 5% and repayable November 1, 2020.