BITCOIN WELL

10142 82 Ave, NW
Edmonton, AB T6E 1Z4

1739001 Alberta Ltd. (DBA "Bitcoin Well")

Consolidated Financial Statements

As at and for the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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March 22, 2021
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 1739001 Alberta Ltd. (operating as Bitcoin Well)

Opinion

We have audited the consolidated financial statements of 1739001 Alberta Ltd. (operating as Bitcoin Well) (the Company), which comprise the consolidated statements of financial position as at December 31, 2020, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the year 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, 2020, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

Other Matter

The consolidated financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 21, 2020.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon.

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 audit 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 audit or otherwise 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. We have nothing to report in this regard.

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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 IFRS, 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 Group 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.

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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 Justin Rousseau.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

1739001 Alberta Ltd. (DBA "Bitcoin Well")
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31	Note		2020		2019
Assets					
Current assets					
Cash		$	**4,054,551**	$	1,173,950
Accounts receivable			**89,651**		19,864
Due from related party	8		**607,217**		59,354
Prepaid expenses			**174,997**		40,506
Inventory	10		**4,926,528**		87,208
			9,852,944		1,380,882
Non-current assets					
Property and equipment	5		**1,121,806**		673,215
Right of use assets	14		**141,434**		213,363
Intangible assets	6		**807,966**		-
Note receivable	8		**200,000**		-
Total assets		$	**12,124,150**	$	2,267,460
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	7	$	**968,230**	$	200,929
Current income tax payable	19		**230,698**		
Lease liability	14		**94,828**		82,945
Convertible debenture	15		**190,000**		-
Line of credit	11		**5,000,000**		-
Loan payable - cryptocurrency	9		**5,456,667**		754,852
Related party loan	8		**750,000**		1,270,113
Obligation to issue shares	13 (b)		**98,718**		-
			12,789,141		2,308,839
Non-current liabilities					
Lease liability - long term	14		**72,374**		140,090
Deferred income tax payable	19		**94,832**		-
Loan payable	11		**40,000**		-
Total liabilities			**12,996,347**		2,448,929
Shareholders' deficit					
Share capital	4		**1,923,677**		10
Contributed surplus			**303,095**		202
Accumulated deficit			**(3,098,969)**		(181,681)
Total shareholders' deficit			**(872,197)**		(181,469)
Total liabilities and shareholders' deficit		$	**12,124,150**	$	2,267,460

These consolidated financial statements were authorized for issue by the Board of Directors on March 22, 2021.

/s/ Julian Klymochko
Julian Klymochko, Director

/s/ Eric Sauze
Eric Sauze, Director

1739001 Alberta Ltd. (DBA "Bitcoin Well")
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

Year ended December 31			2020		2019
Revenue					
Sales revenue	16	$	**51,970,582**	$	14,539,490
Cost of coins			**44,677,863**		12,886,257
Gross profit			**7,292,719**		1,653,233
Expenses					
General and administration	17		**2,016,074**		496,778
Salaries and wages			**1,541,634**		368,787
Professional fees			**794,505**		69,439
Depreciation and accretion	5,6,14		**538,199**		262,228
Marketing and advertising	8		**258,453**		83,117
Consulting fees			**237,998**		37,475
Software			**59,479**		20,246
Rent and lease payments	8		**55,051**		39,493
			(5,501,393)		(1,377,563)
Income before other items			**1,791,326**		275,670
Other items					
Fair value change - cryptocurrency	10		**29,178**		(7,269)
Fair value change - cryptocurrency loans	9		**(3,750,628)**		(126,039)
Foreign exchange			**-**		(4,279)
Share based compensation	4		**(303,095)**		-
Loss on debt settlement	9		**(184,270)**		(6,668)
Derecognition of goodwill			**-**		(14,000)
Income (loss) before income taxes			**(2,417,489)**		117,415
Income tax expense					
Current			**230,698**		-
Deferred			**94,832**		-
Comprehensive income (loss)		$	**(2,743,019)**	$	117,415
Net income (loss) per common share					
Basic	18	$	**(0.23)**	$	1,174
Diluted	18	$	**(0.23)**	$	1,174
Weighted average number of common shares outstanding:					
Basic shares	18		**11,677,570**		100
Diluted shares	18		**12,007,946**		100

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

1739001 Alberta Ltd. (DBA "Bitcoin Well")
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31		2020		2019
Cash provided by (used in):				
Operating activities				
Comprehensive income (loss)	$	**(2,743,019)**	$	117,415
Adjustments for:				
Depreciation		**515,010**		232,915
Accretion		**23,189**		29,314
Adjustment for prior year tax refund receivable		**35,504**		-
Impairment		**-**		14,000
Bad Debts		**-**		(6,466)
Income taxes		**325,530**		-
Share based compensation		**303,095**		-
		(1,540,691)		387,178
Changes in non-cash working capital items:				
Accounts receivable		**(69,787)**		19,344
Prepaid expenses		**(134,491)**		647
Inventory		**(4,839,320)**		(46,427)
Obligation to issue shares		**98,718**		-
Accounts payable and accrued liabilities		**767,301**		(499,726)
Cash used in operating activities		**(5,718,270)**		(138,984)
Investing activities				
Purchase of property and equipment		**(670,975)**		(367,629)
Purchase of intangible assets		**(1,021,967)**		-
Issuance of note receivable		**(200,000)**		-
Cash used in investing activities		**(1,892,942)**		(367,629)
Financing activities				
Dividends paid		**(210,853)**		(150,000)
Proceeds received/repayments of shareholder loans		**(520,113)**		849,516
Proceeds received/repayments of cryptocurrency loans		**4,701,815**		(133,308)
Repayment of lease liability		**(84,841)**		(81,775)
Cash paid to related party		**(547,863)**		(59,354)
Proceeds received from loan		**40,000**		-
Proceeds received from convertible note		**190,000**		-
Proceeds received from line of credit		**5,000,000**		-
Proceeds received from private placement		**1,923,667**		-
Cash used in/provided by financing activities		**10,491,812**		425,079
Change in cash		**2,880,601**		(81,534)
Cash, beginning of period		**1,173,950**		1,255,484
Cash, end of period	$	**4,054,551**	$	1,173,950

For supplemental disclosures regarding cash flows, see Note 20.
The accompanying notes are an integral part of these consolidated financial statements

1739001 Alberta Ltd. (DBA “Bitcoin Well”)
Consolidated Statements of Changes in Shareholders’ Equity
(Expressed in Canadian dollars)

		Share Capital							
		Number of Shares							
	Note	Class A	Class B	Class F	Class I	Amount	Contributed Surplus	Accumulated Deficit	Total
Balance December 31, 2018		74	26	-	-	$ 10	$ -	$ (149,096)	$ (149,086)
Dividends paid		-	-	-	-	-	-	(150,000)	(150,000)
Fair value change in shareholder loan		-	-	-	-	-	202	-	202
Net income for the period		-	-	-		-	-	117,415	117,415
Balance December 31, 2019		74	26	-	-	$ 10	$ 202	$ (181,681)	$ (181,469)
Income tax refund		-	-	-	-	-	-	36,584	36,584
Dividends paid		-	-	-	-	-	-	(210,853)	(210,853)
Share based compensation		-	-	-	-	-	303,095	-	303,095
Fair value change in shareholder loan		-	-	-	-	-	(202)	-	-
Class A common shares and Class F preferred shares issued in exchange for Class B common shares	4	2,600,000	(26)	285,997	-	-	-	-	-
Class B common shares and Class F preferred shares issued in exchange for Class A common shares	4	(74)	7,400,000	813,993	-	-	-	-	-
Class F preferred shares issued	4	-	-	1,100	-	-	-	-	-
Class I common shares issued	4	-	-	-	1,797,248	1,923,667	-	-	1,923,667
Net income for the period		-	-	-	-	-	-	(2,743,019)	(2,743,019)
Balance, December 31, 2020		2,600,000	7,400,000	1,101,090	1,797,248	$ 1,923,677	$ 303,095	$ (3,098,969)	$ (871,994)

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

1. NATURE OF OPERATIONS

1739001 Alberta Ltd. (the "Company") was incorporated under the laws of Alberta on March 28, 2013. The principal business of the Company is to acquire, own, and operate cryptocurrency ATM machines throughout Canada. The Company's registered office is 10142 82 Ave NW, Edmonton, Alberta, T6E 1Z4.

On September 11, 2020, Red River entered into a Definitive Agreement (the "Agreement") with 1739001 Alberta Ltd. DBA Bitcoin Well ("Bitcoin Well"), pursuant to which Red River will acquire each of the issued and outstanding securities of Bitcoin Well (the "Proposed Transaction"). Upon completion of the Proposed Transaction, Red River shall change its name to Bitcoin Well and the security holders of Bitcoin Well will become shareholders of the combined entity (the "Resulting Issuer"). The Proposed Transaction will result in the shareholders of Bitcoin Well acquiring control of Red River.

Upon completion of the Proposed Transaction the Resulting Issuer will continue to carry on the business of the Company as currently constituted, under the new name "Bitcoin Well". The Proposed Transaction is an arm's length transaction and will constitute a reverse takeover of Red River by the Company pursuant to policies of the TSX-V.

2. BASIS OF PRESENTATION

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

The policies applied in these consolidated financial statements are based on IFRS issued as of the date the Board of Directors approved the financial statements.

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

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of January 1, 2020.

a) Basis of measurement

These consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense.

b) Significant judgments, estimates, and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

As described in note 2 d), due to the outbreak of the novel coronavirus ("COVID-19") and the resulting impact on the economy, the estimates and judgements made by management in the preparation of these financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

Accounting policy choices that have the most significant effect on the amounts recognized in these audited consolidated financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

Going concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern assumption is assessed in more detail in Note 13.

Impairment of non-financial assets

The Company performs impairment testing annually for non-financial assets, as well as when circumstances indicate that there may be impairment for these assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, as well as identifying cash generating unit ("CGU") for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and
assumptions could affect the Company's future results if the current estimates of future performance and fair values change.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Useful life of property and equipment, and intangible assets

Property and equipment, and intangible assets are depreciated over their estimated useful lives. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations. Accordingly, these estimates are subject to measurement uncertainty.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income, prior to the expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize a higher or lower level of deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Earnings per share

The calculation of earnings per common share is based on the reported net income divided by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Shared-based payments (convertible debentures)

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The company utilizes the Black-Scholes options pricing model. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. As such, management's assessment of the above inputs could be affected, if material changes in assumptions occurred. Accordingly, these estimates are subject to measurement uncertainty.

Valuation of inventory

The Company estimates the amount of cryptocurrency inventory on hand that may not be recoverable and will allow for a write down of such amounts, as applicable.

Leases

The Company applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16. Leases that are recognized are subject to further judgment and estimation in various areas specific to the arrangement.

When a lease contract contains an option to extend or terminate a lease, the Company must use their best estimate to determine the appropriate lease term. Management must consider all facts and circumstances to determine if there is an economic benefit to exercise an extension option or to not exercise a termination option. The lease term must be reassessed if a significant event or change in circumstance occurs.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net earnings that reflects the proportionate decrease in scope.

Lease liabilities recognized have been estimated using a discount rate equal to the Corporation's estimated incremental borrowing rate. This rate represents the rate that the Corporation would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment.

Convertible debenture receivable

Management is required to make estimates when determining the valuation of its convertible debenture receivable. The convertible debenture receivable, and the associated conversion feature, required option pricing models (primarily Black Sholes) that involved various estimates and assumptions. Accordingly, these estimates are subject to estimation uncertainty. More information in regard to the Company's convertible debenture receivable is disclosed in Note 15.

c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiary, 1196302 B.C. Ltd., a company incorporated in British Columbia, Canada. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiary. All significant intercompany transactions and balances have been eliminated.

Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

d) Impact of COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash is comprised of cash held at major financial institutions, exchanges, and cash in transit.

b) Inventory

Inventory consists of bitcoin and other cryptocurrencies, as described in note 10. Cryptocurrency inventory assets meet the definition of inventory in IAS 2 Inventories, as they are assets held for sale in the ordinary course of business. They are initially recorded at cost and are subsequently measured at the lower of cost and net realizable value under the general inventory model required by IAS 2. As a result, decreases in net realizable value from a decreasing market price of cryptocurrency, would be recorded in the statement of profit or loss, while increases in net realizable value in excess of previously recorded decreases would not be recorded. As required, the Company may reverse previous write downs in cryptocurrency inventory, if the net realizable value of the cryptocurrency increased. These reversals are recognized as a reduction of expense in the statement of profit or loss. Write down reversals are limited by the ceiling of the cryptocurrency inventory cost, as in accordance with IAS 2 that inventory is recorded at the lower of cost and net realizable value.

c) Property and Equipment

The Company's property and equipment consists of computer equipment, ATM machines, furniture and equipment, and leasehold improvements. Items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the following annual rates:

Computer equipment	Declining-Balance	55%
ATM Machines	Straight-Line	20%
Furniture and equipment	Straight-Line	over lease term
Leasehold improvements	Straight-Line	over lease term

Property and equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expense.

d) Intangible Assets

Intangible assets consist of the host agreements (exclusive right to operate cryptocurrency ATMs at specific host locations) and technology platforms, purchased as part of the Asset Purchase Agreement described in Note 15 – Asset Acquisitions. The host agreements and technology platforms meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the cost model is used to measure the digital assets subsequently. After their initial recognition, the host agreement asset is carried at its cost less any accumulated amortization and any accumulated impairment losses (no impairment losses recorded to date), while technology platforms are amortized on a straight-line basis over 10 years. Amortization rates are reviewed annually to ensure they are aligned with estimates of the remaining economic useful lives of the associated intangible assets.

The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights obtained. The Company has determined that the useful life of the host agreement assets are the periods contained in the contracts that allows the Company to operate exclusively in a host locations. This ranges from

12-24 months, depending on the specific host. The depreciable amount of the host agreement is allocated on a systematic basis over its specific useful life (12-24 months).

e) Non-Monetary Transactions

Where the Company is settling a liability for the purchase of goods and services where the price was established in a fiat currency, the difference between the liability settled and the fair value of the digital assets transferred is recognized as a gain or loss on settlement. Otherwise, the transaction is measured based on the fair value of the digital assets exchanged. Any difference between the fair value of the digital assets exchanged and the carrying amount of the digital assets is recognized in profit and loss.

f) Financial Instruments

Financial assets
On initial recognition, financial assets are recognized at fair value and are classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows to another party.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash, accounts receivable, convertible and non-convertible notes receivable, and amounts due from related parties are measured at amortized cost. The Company has not designated any financial assets as fair value though profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A substantial modification to the terms of an existing financial asset results in the derecognition of the financial asset and the recognition of a new financial asset at fair value. In the event that the modification to the terms of an existing financial asset do not result in a substantial difference in the contractual cash flows the gross carrying amount of the financial asset is recalculated and the difference resulting from the adjustment in the gross carrying amount is recognized in earnings or loss.

Impairment
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on the lifetime expected credit losses on the asset. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the year. IFRS 9 permits that expected credit losses be calculated using a simplified approach, granted the assets are trade receivables or assets which do not contain a significant financing component. The Company has selected the simplified approach to calculate expected credit losses, as its applicable assets are trade receivables and other assets that do not contain a significant financing component.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are initially measured at their fair value less any directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, accrued liabilities, related party loan payable, crypto currency loan payable, line of credit loan payable, convertible debentures, obligation to issue shares, and lease obligations are classified as and measured at amortized cost and carried on the statement of financial position at amortized cost. The Company has not designated any financial liabilities under FVTPL.

Financial liabilities are derecognized when the liability is extinguished. A substantial modification of the terms of an existing financial liability is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in earnings or loss. Where a financial liability is modified in a way that does not constitute an extinguishment (generally when there is a change of less than 10% in the present value of cash flows discounted at the original effective interest rate), the modified cash flows are discounted at the liability's original effective interest rate. Transaction costs paid to third parties in a modification are amortized over the remaining term of the modified debt.

g) Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance expense.

h) Revenue Recognition

The Company recognizes revenue when it has persuasive evidence of a contract, performance obligations have been identified and satisfied, payment items have been identified, and it is probable that the Company will collect.

The Company recognizes revenue from the facilitation of ATM transactions, over the counter (OTC) transactions, and sales to cryptocurrency exchanges. The Company charges the following fees for ATM and OTC transactions:

a) A flat fee per transaction;
b) A percent spread based on transaction size for buying and selling cryptocurrency.

Revenue is recognized when funds for the transactions are received and the cryptocurrency is sent.

i) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as reserves.

j) Share Based Transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in reserves are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reserved. The fair value of any vested share options that expire remain in reserves.

k) Income Taxes

Income tax on profit and loss for the year is comprised of current and deferred taxes. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment of tax paid or payable in respect to previous years. Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Foreign Currency Translation

The functional currency of the Company, and its subsidiaries is the Canadian Dollar. The presentation currency of the consolidated financial statements is the Canadian Dollar.

Foreign currency transactions are translated into 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 at the date of the transaction. Non-monetary items measured at fair value are ported 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 to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income.

n) Reclassification

Certain amounts in prior periods have been reclassified to conform to current year's presentation.

o) Leases

The Company assesses whether a contract is or contains a lease, which is the right to control the leased asset's use, at the inception of a contract. The Company recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are presented separately from property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of loss and comprehensive loss.

The length of the leases at inception were as follows:

Office building:	5 years
Vehicle:	2.5 years
Pylon sign:	4 years

p) Cash flow statement

The Company displays its cash flow statement using the indirect method, which is permittable as per IAS 7.

q) Segmented financial information

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief financial officer ("CFO") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity.

Key measures used by the CFO to assess performance and make resource allocation decisions include revenues, gross profit, and net (loss) income before taxes. The Company's operating results are divided into two reportable segments.

r) Standards Issued but not yet in Effect

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. EQUITY

4.1 Authorized Share Capital

The Company is authorized to issue the following:

Class A, B, C, D, I, J, and K Common Shares (the "common shares") – unlimited number of common shares with no par value. Holders of Class A, B, I, J and K common shares are entitled to a number of votes equivalent to the number of common shares held.

Class E, F, G, and H Preferred Shares (the "preferred shares") – unlimited number of non-cumulative redeemable preferred shares with no par value. Holders of Class E preferred shares are entitled to a number of votes equivalent to the number of preferred shares held. All shares described below were issued and fully paid:

Class A common shares

As of December 31, 2020, the Company had issued and fully paid a total of 2,600,000 Class A common shares outstanding, with a nominal value.

Class B common shares

As of December 31, 2020, the Company had issued and fully paid a total of 7,400,000 Class B common shares outstanding, with a nominal value.

Class F preferred shares

As of December 31, 2020, the Company had issued and fully paid a total of 1,101,090 Class F preferred shares outstanding, with a nominal value.

Class I common shares

As of December 31, 2020, the Company had issued and fully paid a total of 1,797,248 Class I common shares outstanding.

(Expressed in Canadian dollars)

4.2 Shares issued

During the year ended December 31, 2020:

a) the Company issued 2,600,000 Class A common shares and 285,997 Class F preferred shares in exchange for redemption of 26 Class B common shares;
b) the Company issued 7,400,000 Class B common shares and 813,993 Class F preferred shares in exchange for redemption of 74 Class A common shares;
c) the Company issued 1,100 Class F preferred shares; and
d) the Company issued 1,792,558 Class I common shares at a price of $1.07 per share, and 4,690 Class I common shares at a price of $1.20 per share.

4.3 Incentive Plan

In July 2020, the Company rolled out an additional component of its long-term incentive plan ("LTIP") which included the authorization and subsequent issuance of stock options to officers,

directors, and employees. These stock options will allow for the acquisition of common shares of the Company. The Company issued stock options in July 2020 and August 2020, summarized below:

	Number of options		Weighted average exercise price
Balance, January 1, 2020	-	$	
Granted	330,376		1.09
Options outstanding and exercisable, December 31, 2020	330,376	$	1.09

The Company had the following stock options outstanding:

	Exercise Price	Number of options outstanding and exercisable		Weighted average exercise price	Weighted average remaining life (months)
$	1.07	74,766	$	1.07	55
	1.07	205,609		1.07	56
	1.20	50,001		1.20	56
$		330,376		1.09	56

During the year ended December 31, 2020, the Company recorded a total of $303,095 (2019 – $Nil), as share based payments related to stock options. The compensation expense was based on the fair value of each stock option on the date of the grant using the Black- Scholes option pricing model with the following weighted average assumptions:

Year ended December 31	2020
Expected life (years)	5
Expected volatility	126%
Dividend rate	-
Risk-free interest rate	0.31%
Weighted average fair value per option granted	$ 0.79

(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

	ATM	Computer equipment	Furniture	Leasehold improvements	Total
Costs					
Balance at December 31, 2019	551,124	59,612	27,782	333,507	972,025
Additions	669,647	-	8,400	6,336	684,383
Disposals	(8,247)	-	-	-	(8,247)
Balance at December 31, 2020	**1,212,524**	**59,612**	**36,182**	**339,843**	**1,648,161**
Accumulated Amortization					
Balance at December 31, 2019	136,422	48,129	9,260	104,999	298,810
Amortization	146,151	6,316	6,502	73,048	232,017
Disposals	(4,472)	-	-	-	(4,472)
Balance at December 31, 2020	**278,101**	**54,445**	**15,762**	**178,047**	**526,355**
Net Book Value					
Balance at December 31, 2019	414,702	11,483	18,522	228,508	673,215
Balance at December 31, 2020	**$ 934,423**	**$ 5,167**	**$ 20,420**	**$ 161,796**	**1,121,806**

(Expressed in Canadian dollars)

6. INTANGIBLE ASSETS

	Host agreements	Software applications	Total
Costs			
Balance at December 31, 2019	-	-	-
Additions	768,032	253,935	1,021,967
Disposals	-	-	-
Balance at December 31, 2020	**768,032**	**253,935**	**1,021,967**
Accumulated Amortization			
Balance at December 31, 2019	-	-	-
Amortization	214,001	-	214,001
Disposals	-	-	-
Balance at December 31, 2020	**214,001**	-	214,001
Net Book Value			
Balance at December 31, 2019	-	-	-
Balance at December 31, 2020	**$ 554,031**	**$ 253,935**	**807,966**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	2020	2019
Accounts payable	$ 408,447	$ 43,133
Accrued liabilities	559,783	157,796
Total	**$ 968,230**	**$ 200,929**

Accrued liabilities include current amounts payable to employees and key management, as well as other source deductions. $223,165 of the accrued liabilities was due to key management.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management includes members of the Board of Directors and its corporate officers. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows:

(Expressed in Canadian dollars)

During the years ended December 31, 2020 and 2019, the Company had the following related party transactions with key management:

Year ended December 31		2020		2019
Salary, fees, and other short term benefits	$	702,540	$	160,688
Share based payments		51,244		-
Total	**$**	**753,784**	**$**	**160,688**

(i) The Company has entered into a Software License Agreement with Ghostlab Inc. ("Ghostlab"), which is a company controlled by Adam O'Brien, the Chief Executive Officer of the Company, in January 2020 for the purpose of licensing the software used on the Company's machines. The amounts related to the licensing agreement owed from the Company to Ghostlab are accrued and offset against some of the expenses which the Company pays on behalf of Ghostlab. The total amount paid by the Company on behalf of Ghostlab for the twelve months ending December 31, 2020 was $1,208,695. The total service fees and software development charges from Ghostlab to the Company was $459,506 ($208,448 of expenses were directly related to support fees paid to Ghostlab for products being developed for the Company. Support fees for products being developed were capitalized from November 2020 onward). This leaves a total amount due to the Company of $749,189.

As part of the agreement signed with Ghostlab, the Company was issued a non-interest-bearing convertible note receivable from Ghostlab for $200,000. There are no terms of repayment, and it may be converted into equity of Ghostlab at the discretion of the Company. Net of the $200,000 convertible note, Ghostlab owed the Company $549,189 at December 31, 2020.

The Company incurred costs of $58,027 from 2204759 Alberta Ltd., a related party owned by the Chief Executive Officer of the Company, for website and advertising costs in 2020. This is expected to be received within twelve months. The Company does not expect to continue the use of the services provided by this company in the future.

(ii) During fiscal 2020, the Company entered into an agreement with The Going Group, a related party, for consulting, rental of space, and office management. The Going Group is owned by the Chief Executive Officer of the Company. The total charged from The Going Group was $12,400 for the nine months ending September 30, 2020. The Company does not expect to continue the use of the services provided by The Going Group, and this agreement was not extended past September 30, 2020.

(iii) The Company has a $750,000 shareholder loan outstanding as at December 31, 2020 due to the Chief Executive Officer of the Company. These were funds that were loaned to the Company for payment of general operating expenses or the purchase of inventory. The loan bears no interest and has no stated terms of repayment. This loan is expected to be repaid within 12-months.

(iv) The Company will occasionally facilitate the purchases and sales of cryptocurrencies with key management. For the year ended December 31, 2020, the Company's purchased $58,000 (2019 $Nil) and sold $435,550 (2019 $Nil) of cryptocurrencies with its key management.

(Expressed in Canadian dollars)

9. LOAN PAYABLE – CRYPTOCURRENCY

During the year ended December 31, 2020, the Company entered into agreements ("Use of Coin Agreements") whereby the Chief Executive Officer and a number of arms length parties loaned the Company a fixed amount of cryptocurrency. These Use of Coin Agreements were entered into in order to meet customer demand for bitcoin. As per the terms of the agreement, the loan is repayable in units of, regardless of any change in the price of bitcoin. These agreements pay a fixed monthly fee for the use of the bitcoin until the time that the coins are retuned. At the time of the loan, the fee was approximately 8% of the principal value of the coins loaned. The effective rate of the coin loans varies depending on the market value of the bitcoin borrowed. The total amount paid for use of coins for the year ended December 31, 2020, was $70,212 and included in that value is $45,813 paid to the Chief Executive Officer. As at December 31, 2020, the total fair value of the bitcoin loaned to the company was $5,456,667, of which $3,717,081 represents the amount owed to the Chief Executive Officer of the Company.

The Company recognizes realized gains and losses arising from the settlement of loan advances from the Use of Coin Agreements. Accordingly, for the year ended December 31, 2020, a loss of $184,270 (2019 – $6,668) has been recognized due to settlement of loan advances.

At period end, the Company revalues the loan based on current market prices. For the year ended December 31, 2020, the Company recognized a fair value loss of $3,750,628 respectively (2019 - $126,039) as a result of the significant increase in the price of bitcoin in the year.

10. INVENTORY

As at December 31		**2020**		**2019**
Bitcoin	$	4,845,197	$	74,813
Ethereum		40,552		7,921
Litecoin		7,031		1,525
Bitcoin Cash		30,683		2,949
In office sales inventory		3,065		-
Total	**$**	**4,926,528**	**$**	**87,208**

At period end, the Company revalues its cryptocurrency inventory balances at the lower of cost or net realizable value. Any reversal of amounts previously written down are recognised in the income statement in the period in which the reversal occurs. For the year ended December 31, 2020, the Company recognized a fair value gain of $29,177 respectively (2019 – loss of $7,269).

11. LINE OF CREDIT AND LOAN

During the year ended December 31, 2020, the Company secured a $5,000,000 line of credit with a trading and technology firm. The line of credit effectively allows the Company to purchase and fulfil orders prior to funding its exchange account. The line of credit is non-interest bearing. The agreement requires the Company to hold the balance of debt extended as cryptocurrency assets on the lender’s exchange platform. If the value of the cryptocurrency assets is greater than the debt owed, the Company will have an exchange asset of the lender equal to or greater than the amount of debt owed. If the value of the cryptocurrency assets held with the lender is less than the debt owed, the Company will be required to fund the exchange with additional cryptocurrency assets to bring the exchange asset balance back in line with the line of credit balance.

The Company also secured an interest free loan in the amount of $40,000, as part of the Canada Emergency Business Account program. The loan is interest free until December 31, 2022. If the loan is paid back before December 31, 2022, up to $10,000 of the loan can be forgiven. If the full amount is not repaid by December 31, 2022, the remaining balance is then converted to a 3-year term loan at an interest rate of 5% per annum.

12. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its shareholders’ equity. This includes share capital, which was $1,923,677 as at December 31, 2020 (2019 - $10).

The Company’s objective when managing capital is to maintain corporate and administrative functions necessary to support the Company’s operations and corporate functions, and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company is not subject to any externally imposed capital requirements.

13. RISK MANAGEMENT

13.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company’s risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2020 the Company has a working capital deficit of $2,936,197 (2019 – deficit of $927,957). This includes $98,718 of obligation to issue shares in 2020 ($Nil in 2019). The $98,718 includes $76,394 of shares to be issued related to an asset acquisition (note 15a), as well as $22,324 of shares to be issued for payment to a supplier. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had cash of $4,054,551 (2019 – $1,173,950) and accounts payable and accrued liabilities of $968,230 (2019 - $200,929), indicating sufficient short-term working capital to satisfy short-term obligations.

c) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to market risk on cryptocurrency held as inventory, loan – cryptocurrency, and its line of credit. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. A decline in the market prices for cryptocurrencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of its inventory. Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies is not indicative of their future price performance. The Company's inventory consists primarily of bitcoin.

13.2 Fair Values

The carrying values of cash, accounts receivable, related party loans, accounts payable, accrued liabilities, convertible debentures, line of credit loans, and obligation to issue shares approximate their fair values due to their short-term nature.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The fair value of warrant liability is based on level 3 inputs of the fair value hierarchy.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has entered into the following agreements for its office, corporate car, and signage. The minimum rent payable under the leases are as follows:

Due within one year:	$	94,828
Due within 2-5 years:		72,375
Total	**$**	**167,202**

As a result of entering into these leases, the Company has recorded a right-of-use asset and lease liability in accordance with IFRS 16, summarized below:

(Expressed in Canadian dollars)

Right-of-Use Assets

Right-of-use assets consist of lease of the central office, a company vehicle used for machine installations, and a pylon sign at the central office location. Depreciation of right-of-use assets is calculated using the straight-line method of the remaining lease term.

		Property Leases
Cost:		
At December 31, 2019	$	276,021
Additions		-
At December 31, 2020		276,021
Depreciation:		
At December 31, 2019		65,595
Charge for the period		68,992
At December 31, 2020		134,587
Net Book Value:		
At December 31, 2019		213,363
At December 31, 2020		**141,434**

		Lease Liabilities
At December 31, 2019	$	228,854
Lease payments made		(84,841)
Interest expense on lease liabilities		23,189
		167,202
Less: current portion		94,828
At December 31, 2020		**72,374**

15. ASSET ACQUISITIONS

a) On April 14, 2020, the Company entered into an asset purchase agreement with GT Crypto Ltd. whereby the Company acquired seven (7) cryptocurrency ATMs, and the related host agreement, for $376,000 payable as follows:

(i) $190,000 to be allocated to the debt assumed as part of the acquisition (outstanding as convertible debenture); and
(ii) $186,000 to be paid through the issuance of 186,000 special warrants (outstanding). The obligation to issue the warrants was valued at $76,394 using the Black-Scholes option pricing model with the following weighted average assumptions: exercise price of $1.07, expiry date of April 14, 2021, risk-free interest rate of 0.30%, and volatility of 100%.

(Expressed in Canadian dollars)

The Convertible Debenture is repayable in monthly installments beginning on April 14, 2021 in the amount of $20,000 per month for the initial nine months, and $10,000 per month for the remaining ten months. The Convertible Debenture shall automatically convert into Class I Common Shares of the Company (the "Class I Shares") immediately prior to the completion of a transaction pursuant to which the shareholders of the Company shall hold securities of a company traded on a recognized exchange, at a price equal to the deemed price per Class I Share offered in connection with the going-public transaction. The Special Warrants expire on April 14, 2021 and shall automatically convert into 186,000 Class I Shares, at no additional payment on the part of the holder, immediately prior to the completion of a transaction pursuant to which the shareholders of the Company shall hold securities of a company traded on a recognized exchange.

b) On April 23, 2020, the Company entered into an asset purchase agreement with 2187527 Alberta Ltd. whereby the Company acquired four (4) cryptocurrency ATMs, and the related host agreement, for $710,960 payable through the issuance of 664,449 Class I Shares.

c) On December 15, 2020, the Company exercised an asset purchase agreement with Rise Wallet Technologies Inc. whereby the Company acquired all technology platforms, and related code, for $150,000 payable through the issuance of 140,187 Class I Shares. Management has assessed and does not consider this to be a business acquisition.

16. REVENUE

The Company generates revenue through the sale of its inventory (cryptocurrency). These sales are transacted to customers, as well as sales to arms-length cryptocurrency exchanges. The below table summarizes both sources of revenue reported in the period.

Year ended December 31		2020		2019
Customers	$	36,490,738	$	13,778,558
Cryptocurrency exchanges		15,479,844		760,932
Total sales	**$**	**51,970,582**	**$**	**14,539,490**

17. OFFICE AND ADMINISTRATION

Year ended December 31		2020		2019
Finance fees	$	448,811	$	30,003
Service costs		958,483		182,534
Support fees (note 8)		208,448		2,872
Office expenses		287,653		189,702
Travel and meals		38,985		37,484
Automobile		31,025		33,561
Other		42,669		20,622
Total	**$**	**2,016,074**	**$**	**496,778**

(Expressed in Canadian dollars)

18. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted loss per share for the years ended December 31, 2020 and 2019:

Year ended December 31		2020		2019
Numerator				
Comprehensive income (loss) for the period	$	(2,743,019)	$	117,415
Denominator				
Basic - weighted average number of shares outstanding		11,677,570		100
Effective dilution - options outstanding (note 4)		330,376		-
Diluted - weighted average number of shares outstanding		12,007,946		100
Earnings (loss) per share - basic	$	(0.23)	$	1,174.15
Earnings (loss) per share - diluted	$	(0.23)	$	1,174.15

19. INCOME TAX

The Company's provision for income taxes is as follows:

Year ended December 31		2020		2019
Income tax expense (recovery) comprised of:				
Current income tax	$	230,698	$	-
Deferred income tax		94,832		-
	$	325,530	$	-

A reconciliation of income tax rates is as follows:

Year ended December 31	2020	2019
Combined federal and provincial income tax rate	24.04%	27.00%
Impact of change of tax rates during year	1.50%	1.00%
Impact of small business rate	-1.54%	-1.50%
Effective tax rate	24.00%	26.50%

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates. The year-over-year decline in the statutory rate reflects the decline in the Alberta corporate income tax rate in 2020.

(Expressed in Canadian dollars)

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

Year ended December 31		2020		2019
Comprehensive income (loss) as per the financial statements	$	(2,417,489)	$	117,415
Effective tax rate		24.00%		26.50%
Expected income tax (recovery)	$	(580,197)	$	31,115
Change in statutory, foreign tax, foreign exchange rates and other				
Small business deduction tax savings		(63,922)		
Other				59,003
Permanent differences		973,260		10,457
Non-Capital losses applied		-		(48,214)
Change in unrecognized deductible temporary differences		(98,442)		(52,361)
Total income tax expense	$	230,698	$	-

The significant components of the Company's deferred tax liabilities and assets are as follows:

Year ended December 31		2020		2019
Deferred income tax assets (liabilities):				
Property and equipment	$	(15,007)	$	8,662
Intangible assets		(79,825)		-
Scientific Research and Experimental Development		-		4,207
Right of Use Asset		-		(56,541)
Lease liability		-		59,104
		(94,832)		15,432
Unrecognized deferred tax asset		-		(15,432)
Total deferred tax liabilities	$	(94,832)	$	-

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

20. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOW

During the year ended December 31, 2020:

- The Company issued employee stock options, valued at $303,095. No cash was transferred as a result of this transaction.
- The Company repaid $520,113 against its loans from its shareholders.

- The Company issued 647,264 shares, valued at $693,185 through a private placement. All cash proceeds of share issuance were received by December 31, 2020.
- The Company has an obligation to issue shares, with the services received valued at $98,718. No cash was transferred as a result of this transaction.

21. SUBSEQUENT EVENTS

On January 21, 2021, the Company entered into an eight-year lease, commencing on May 1, 2022 and expiring on April 30, 2030, with Midnapore Investments LP to lease a new office facility at 10404 Jasper Avenue, Edmonton, Alberta. The Company made a deposit of $100,342 to execute the lease contract.

On February 11, 2021, the Company entered into an agreement with Canaccord Genuity Corp. to sell up to $7,000,000 in subscription receipts of the Company (the "Subscription Receipts") on a commercially reasonable effort basis (the "Offering"). The Subscription Receipts will be offered in certain provinces of Canada on a private placement basis pursuant to exemptions from the registration requirements of those provinces. The Offering may not close until a minimum total of $6,234,000 is raised. Each Subscription Receipt will be issued at a price of $2.50, and shall automatically convert into units of the Company ("Units") upon the satisfaction or waiver of certain conditions immediately prior to the completion of the Proposed Transaction.

Each Unit shall be comprised of one Class I Share and one-half (1/2) of one Class I common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each whole Warrant shall entitle the holder thereof to purchase one Class I Share at price of $3.75 per share for a period of two years from the date of issuance. The Class I Shares and Warrants issued under the Offering will be exchanged for 10 shares of the Resulting Issuer and 10 warrants of the Resulting Issuer, respectively, upon the completion of the Proposed Transaction.

On February 18, 2021, the Company entered into a purchase agreement for new ATM machines for a total cost of $368,921. The purchase required a deposit of $184,460, with the balance due upon receipt of the machines expected in March 2021. The full cost of the machines will be made with cash on hand.

On March 1, 2021, the Company enhanced its line of credit with the trading and technology firm described in Note 11, to $8,000,000. The line of credit was increased to allow the Company to facilitate further business expansion.