AUDIT 2020

bluesky

DIGITAL ASSETS

CONSOLIDATED FINANCIAL STATEMENTS FOR YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

MAY 31, 2021

www.blueskydigitalassets.com

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Bluesky Digital Assets Corp.

Opinion

We have audited the accompanying consolidated financial statements of Bluesky Digital Assets Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 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 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 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $1,631,538 during the year ended December 31, 2020 and, as of that date, the Company had an accumulated deficit of $18,506,701. As stated in Note 2, these events and conditions indicate that a material uncertainty exists 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 obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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.

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

Responsibilities of Management and Those Charged with Governance for the 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 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 Peter Maloff.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

May 31, 2021

Bluesky Digital Assets Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	**$ 1,075,495**	$ 852,926
Accounts and other receivables (note 5)	**14,777**	283,395
Prepaid expenses	**16,730**	51,284
Notes receivable (note 6)	**-**	74,994
Investments (note 10)	**506,720**	41,516
Net investment in sublease (note 8)	**32,751**	-
Total current assets	**1,646,473**	1,304,115
Equipment (note 7)	**371,817**	481,902
Buildings and improvements (note 9)	**-**	283,151
Long-term notes receivable (note 6)	**-**	232,774
Long term investments (note 10)	**-**	485,308
Total assets	**$ 2,018,290**	$ 2,787,250
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	**$ 353,712**	$ 311,059
Lease liability - current portion (note 8)	**102,142**	105,230
Mortgages payable - current portion (note 11)	**-**	7,968
Loans payable - current portion (note 12)	**6,515**	5,572
Total current liabilities	**462,369**	429,829
Non-current liabilities		
Long-term lease liability (note 8)	**37,535**	139,676
Long-term mortgages payable (note 11)	**-**	115,232
Long-term loans payable (note 12)	**145,207**	32,295
Total liabilities	**645,111**	717,032
Equity		
Preferred shares (note 13)	**2,889,855**	3,094,355
Common shares (note 13)	**13,316,732**	12,504,865
Preferred shares to be registered (note 13)	**(353,057)**	-
Contributed surplus (note 15)	**2,865,481**	2,006,486
Warrants	**1,160,869**	1,339,675
Deficit	**(18,506,701)**	(16,875,163)
Total equity	**1,373,179**	2,070,218
Total equity and liabilities	**$ 2,018,290**	$ 2,787,250

Description of business (note 1)
Subsequent event (note 24)

"Frank Kordy", Director "Ben Gelfand", Director

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

Bluesky Digital Assets Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenue		
Digital assets mined	**$ 665,533**	$ 94,456
Interest	**20,655**	100,693
Advisory services	**8,451**	133,485
Rental	**-**	8,720
Cost of revenue		
Site operating costs	**(590,769)**	(176,361)
Depreciation	**(364,723)**	(39,318)
	(260,853)	121,675
Operating expenses		
Management fees	**$ 380,834**	$ 1,210,400
Share-based payments (notes 13 and 15)	**194,845**	517,641
Loan interest and fees	**45,379**	546,936
Consulting and other professional fees	**147,601**	373,442
General, office and miscellaneous	**24,540**	178,496
Marketing and investor relations	**69,347**	131,384
Travel and accommodations	**8,517**	97,502
Legal and audit	**98,995**	120,153
Transfer agent and filling fees	**51,887**	77,467
Non-recoverable input tax credits	**173,589**	57,981
Amortization (note 7)	**117**	71,285
Property taxes and maintenance	**-**	5,142
Loss before other items	**(1,456,504)**	(3,266,154)
Unrealized (loss) on investments	**(37,217)**	(916,998)
Realized (loss) on investments	**(41,954)**	(85,822)
Impairment of financial instruments (note 6)	**(57,081)**	(531,294)
Foreign exchange (loss) gain	**72,339**	(33,868)
Accretion	**8,665**	-
Gain on recognition of sublease	**2,788**	-
Gain on settlement of payables (note 13)	**4,378**	-
Net loss for the year on continued operations	**$ (1,504,586)**	$ (4,834,136)
Discontinued operations		
Revenue (note 18)	**1,490**	357,693
Expenses (note 18)	**(10,610)**	(432,538)
Loss from sale of building (note 18)	**(117,832)**	236,237
Net (loss) income for the year on discontinued operations	**(126,952)**	161,392
Total loss and comprehensive loss for the year	**$ (1,631,538)**	$ (4,672,744)
Basic and diluted net loss per share (note 16)		
continued operations	**$ (0.08)**	$ (0.50)
discontinued operations	**$ (0.01)**	$ 0.02
Weighted average number of common shares outstanding	**18,861,730**	9,616,603

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

Bluesky Digital Assets Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating activities		
Net loss for the year	**$ (1,631,538)**	$ (4,672,744)
Adjustments for:		
Depreciation	**364,840**	193,694
Non cash consulting income	**-**	(113,403)
Non cash expenses	**-**	869,561
Share-based payments	**194,845**	517,641
Impairment on financial instrument	**49,400**	531,294
Unrealised investment (gain) / loss	**(1,997)**	916,998
Realised investment (gain) / loss	**11,176**	87,126
Disposal of real estate assets (gain) loss	**98,151**	(236,237)
Accretion	**18,400**	15,081
Unrealised foreign exchange (gain)	**78**	15,402
Gain on settlement of payables	**(4,378)**	-
Accrued interest on notes receivable / inv in sublease	**12,183**	-
Gain on recognition of sub-lease	**(2,788)**	-
Changes in non-cash working capital items:		
Accounts and other receivables	**216,061**	(49,974)
Prepaid expenses	**34,554**	18,667
Accounts payable and accrued liabilities	**52,653**	302,346
Net cash used in operating activities	**(588,360)**	(1,604,548)
Investing activities		
Repayments from US real estate participation loans	**-**	258,801
Loans provided	**(21,710)**	(125,807)
Purchase of investment	**-**	(322,500)
Proceeds from sale of investments	**10,925**	46,143
Purchase of buildings	**-**	(66,754)
Purchase of equipment	**(95,448)**	(227,207)
Proceeds on building disposal, net discharge of mortgage	**69,699**	1,410,429
Loans collected	**38,250**	-
Net cash provided by investing activity	**1,716**	973,105
Financing activities		
Proceeds from issuance of common shares	**805,750**	1,021,350
Share issue costs	**-**	(101,929)
Cash dividend paid to preferred shareholders	**-**	(101,314)
Repurchase of preferred shares	**(24,000)**	(199,496)
Lease payments paid, net receipts	**(75,883)**	(64,106)
Proceeds from loans payable	**118,945**	150,000
Repayment of loan payable	**(7,700)**	(146,476)
Repayment of mortgages payable	**(7,899)**	(55,014)
Net cash provided by financing activities	**809,213**	503,015
Net change in cash	**222,569**	(128,428)
Cash, beginning of year	**852,926**	981,354
Cash, end of year	**$ 1,075,495**	$ 852,926

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

Bluesky Digital Assets Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Preferred shares	Preferred shares to be registered	Common shares	Units to be issued	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2018	**$ 4,429,645**	**$ -**	**$ 8,580,822**	**$ 124,856**	**$ 1,570,047**	**$ 893,653**	**(12,101,105)**	**$ 3,497,918**
Issuance of common shares (net of share issue costs)	-	-	2,574,377	(124,856)	-	685,461	-	3,134,982
Shares issued for debt	-	-	1,029,025	-	-	-	-	1,029,025
Issuance of preferred shares	200,000	-	-	-	-	-	-	200,000
Repurchase of preferred shares	(1,535,290)	-	-	-	-	-	-	(1,535,290)
Expiry of warrants	-	-	-	-	239,439	(239,439)	-	-
Share-based compensation	-	-	320,641	-	197,000	-	-	517,641
Dividends	-	-	-	-	-	-	(101,314)	(101,314)
Net loss for the year	-	-	-	-	-	-	(4,672,744)	(4,672,744)
Balance, December 31, 2019	**$ 3,094,355**	**$ -**	**$ 12,504,865**	**$ -**	**$ 2,006,486**	**$ 1,339,675**	**(16,875,163)**	**$ 2,070,218**
Issuance of Units (net of share issue costs)	-	-	401,550	-	-	389,199	-	790,749
Shares issued for debt	-	-	71,962	-	-	-	-	71,962
Units issued for preferred shares	(204,500)	-	103,980	-	-	100,520	-	-
Shares issued for equipment	-	-	230,000	-	-	-	-	230,000
Preferred shares to be received	-	(353,057)	-	-	-	-	-	(353,057)
Warrants expired	-	-	-	-	668,525	(668,525)	-	-
Share-based compensation	-	-	4,375	-	190,470	-	-	194,845
Net loss for the year	-	-	-	-	-	-	(1,631,538)	(1,631,538)
Balance, December 31, 2020	**2,889,855**	**$ (353,057)**	**$ 13,316,732**	**$ -**	**$ 2,865,481**	**$ 1,160,869**	**$(18,506,701)**	**$ 1,373,179**

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

1. Description of business

Bluesky Digital Assets Corp. (or the "Company") is a reporting issuer in Ontario, Alberta and British Columbia. In Canada, the Company's common shares trade under the symbol “BTC” on the Canadian Securities Exchange and under the trading symbol "BTCWF" in the United States on the OTC Markets QB. The Company's “Class – A” preferred shares trades under the symbol “BTC.PR.A” on the Canadian Securities Exchange.

Prior to September of 2019 and while operating under its old business name Gunpowder Capital Corp., (“GPC”) and under its old business model of merchant banking and as an advisory services firm, GPC provided financial capital and capital markets advisory services. The Company offered a variety of financing options including mezzanine debt, bridge loans, convertible debentures and straight loans as well as equity financing. GPC’s main focus with advisory services was to assist companies that are interested in going public, however, GPC was also involved with capital markets advisory services and advising on mergers and acquisitions.

Since September 2019 the company has been focused on pivoting from being a merchant bank to becoming a digital assets and AI software focused virtual mining company. The Company is in the business of utilizing specialized equipment to solve complex computational problems to validate transactions on the bitcoin blockchain. The Company receives bitcoin in return for successful service.

The Company’s corporate office and principal place of business is 100 King West, Suite 5700, Toronto, Ontario, Canada, M5X 1C9.

The consolidated financial statements of the Company for the years ended December 31, 2020 and 2019 were authorized for issuance in accordance with a resolution of the board of directors on May 31, 2021.

On May 12, 2020, the Company completed a 12:1 shares consolidation. All share quantities and share prices in these financial statements are stated based on their post-consolidation values, unless otherwise specified.

2. Basis of presentation

Statement of compliance to international financial reporting standards

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Boards (“IASB”). IFRS represents standards and interpretations approved by the IASB, and are comprised of IFRSs, International Accounting Standards (“IASs”), and interpretations issued by the IFRS Interpretations Committee (“IFRICs”) and the former Standing Interpretation Committee (“SICs”).

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating internality balances and transactions.

(Expressed in Canadian Dollars)

2. Basis of presentation (continued)

Basis of consolidation (continued)

The following companies have been consolidated within the consolidated financial statements:

Company	Registered	Principle activity
Bluesky Digital Assets Corp..	Canada	Parent Company
Bluesky Digital Assets Inc. (1)	Canada	Holding Company
MethodeVerte Inc.(1)	Canada	Holding Company
GP Self Storage Inc.(1)	Canada	Commercial Rental Company
GP Realty Inc.(1)	Canada	Holding Company
57 Wellington St. Inc.(2)	Canada	Inactive
63 Wellington Street Inc.(2)	Canada	Inactive
1209 Hickory Road Inc.(2)	Canada	Dormant
559 Assumption Road Inc.(2)	Canada	Dormant
934 Maisonville Road Inc.(2)	Canada	Dormant
1571 Hickory Road Inc.(2)	Canada	Dormant
663 Marentette Ave. Inc.(2)	Canada	Inactive
491 Louis Ave. Inc.(2)	Canada	Inactive
1 Balfour Place Inc. (2)	Canada	Inactive
1021 Henry Ford Centre Inc.(2)	Canada	Dormant

(1) 100% owned by the Parent Company
(2) 100% owned by GP Realty Inc

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as explained in these consolidated financial statements. These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Going concern

The Company incurred a net loss during the year ended December 31, 2020 of $1,631,538 (2019 - $4,672,744) and had an accumulated deficit of $18,506,701 (December 31, 2019 - $16,875,163). These conditions indicate material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. As at December 31, 2020, the Company had a working capital balance of $1,184,104 (December 31, 2019 - $874,286).

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon maintaining sustained profitability. There are various risks and uncertainties affecting the Company's operations including, but not limited to, the viability of the economics of bitcoin mining, the liquidity of bitcoin, the Company's ability to maintain its security of its digital assets and execute its business plan. Given the volatility in the financial markets, it may be difficult to raise financing when needed. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

2. Basis of presentation (continued)

Going concern (continued)

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. The Company may periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. However, currently COVID-19 did not have a significant impact on the Company's operations and access to financial markets.

3. Significant accounting policies

Revenue recognition

Digital assets mining income

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt. A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured. The coins are recorded on the statement of financial position as digital currencies at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit or loss. For all of fiscal 2020, all coins mined were promptly converted to fiat currency / Canadian Dollars and these statements reflect the value received upon the conversion to fiat.

Interest income

Interest income is recorded when earned.

3. Significant accounting policies (continued)

Revenue recognition (continued)

Advisory fees

Capital market consulting revenue consists of management and advisory services. Revenue from mergers and acquisitions and other corporate finance activities are recorded when the underlying transaction is substantially completed and collection of funds is reasonable assured under the engagement terms and the related revenue is reasonably determinable. Management and advisory fees are recognized on an accrual basis when the services are performed.

Rental income

Rental income from real estate properties and storage facility properties is recorded when earned and the reasonableness of collection is assured.

Foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries. Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash

Cash includes cash on hand, deposits held at call with financial institutions. For cash flow statement presentation purposes, cash includes bank overdrafts.

Equipment, buildings and improvements

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. Depreciation is recognized based on the cost of an item, less its estimated residual value, over its estimated useful life at the following rates:

	Percentage/Period	Method
Buildings and improvements	2.5%	Straight-line
Equipment	20%	Declining balance
Computers	55%	Declining balance
Digital mining assets	33% to 50%	Straight-line

3. Significant accounting policies (continued)

Equipment, buildings and improvements (continued)

When parts of an item of equipment, buildings and improvements have different useful lives, they are accounted for as separate items (major components) of equipment, buildings and improvements.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposal of an item of equipment, buildings and improvements are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other items in profit or loss.

Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company does not have a cash generating unit for which impairment testing is performed. An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive (loss).

Financial instruments

Financial assets and liabilities are classified into one of the following categories based on the purpose for which the asset was acquired or for which the liability was incurred:

Financial assets:	**Classification:**
Cash	Amortized cost
Accounts and other receivables	Amortized cost
Notes receivable	Amortized cost
Investments	FVTPL

Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Mortgages payable	Amortized cost

Fair value through profit or loss ("FVTPL") makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit (loss) in the period of change.

3. Significant accounting policies (continued)

Financial instruments (continued)

Investments

Purchases and sales of investments are recognized on a trade date basis. Public and private investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss).

At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the consolidated financial statements.

Transaction costs are expensed as incurred in profit (loss). The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in profit (loss). The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see Note 19 – "Financial instruments and risk management"). The three levels are defined as follows:

- Level 1 – investment with quoted market price;
- Level 2 – investment which valuation technique is based on observable market inputs; and
- Level 3 – investment which valuation technique is based on non-observable market inputs.

Publicly-traded investments:

Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the reporting date or the closing price on the last day the security traded if there were no trades at the reporting date. These are included in Level 1 as disclosed in Note 20.

Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2 as disclosed in Note 20.

Privately-held investments:

Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements. These are included in Level 3 as disclosed in Note 20. Options and warrants of private companies are valued using Black-Scholes where possible. Where inputs are not available for the Black-Scholes valuation technique, options and warrants of private companies are valued at their intrinsic value.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. The Company will take into account general market conditions when valuing the privately held investments in its portfolio. The absence of any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

3. Significant accounting policies (continued)

Financial instruments (continued)

Investments (continued)

Privately-held investments (continued):

An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value.

Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately-held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

Financial assets

Under IFRS 9, financial assets are classified into one of the following categories:
- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through the consolidated statement of loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company measures financial assets (except for those classified as fair value through profit or loss) at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in the consolidated statement of loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement of financial assets depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest method. Foreign exchange gains and losses as well as any gain or loss arising on derecognition are recognized in the consolidated statement of loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated statement of loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the consolidated statement of loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the consolidated statement of loss.

Impairment

Under IFRS 9, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

Under IFRS 9, the Company's financial liabilities are classified into one of the two categories: at FVTPL or at amortized cost.

- FVTPL: Financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are recognized in the consolidated statement of loss in the period in which they arise, except for changes in fair value resulting from an entity's own credit risk which are recognized in other comprehensive loss.
- Financial liabilities at amortized cost: Financial's liabilities carried at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Leases

Leases are classified as either finance or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Company are accounted for as finance leases. At the time a finance lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Equipment recorded under finance leases are amortized on the same basis as described above. Operating lease payments are recognized as an operating expense in the profit and loss on a straight-line basis over the lease term.

3. Significant accounting policies (continued)

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognised deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Preferred shares are classified as equity if it is non-renewable or redeemable only at the Company's option and dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval of the Company's shareholders. The Company's common shares, preferred shares, warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The calculation of diluted earnings per share assumes that outstanding stock options and warrants with an average exercise price below market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price for the period.

3. Significant accounting policies (continued)

Share-based transactions

The fair values of share options granted to employees are recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Discontinued operations

A discontinued operation is a component of the Company’s business, the operations and cash flows of which can be clearly distinguished and which:

- represents a separate major line of business or geographical area of operations;
- is part of single co-ordinated plan to dispose of a separate major line of business;
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as discontinued operation, the comparative statement of loss and comprehensive loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3. Significant accounting policies (continued)

Changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The adoption of IAS 1 on January 1, 2020 did not have a material impact on the Company's consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

There are no relevant IFRS's or IFRS interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements.

4. Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

4. Critical accounting estimates and judgments (continued)

Fair value/impairment of loans receivable, accounts and other receivables

The recoverability of loans receivable, accounts and other receivables is assessed when events occur indicating impairment. Recoverability is based on factors that may include failure to pay interest on time, failure to pay the principal, termination of advisory agreements and other factors. The Company assesses expected credit losses at each reporting date. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. Refer to Note 6 for further details.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Refer to Note 20 for further details.

Income from digital assets mining

The Company recognizes income from digital currency mining from the provision of transaction verification services within digital currency networks, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Income from digital currency mining is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt. The coins are recorded on the statement of financial position, as digital currencies, at their fair value less costs to sell and remeasured at each reporting date. In fiscal 2020, all coins received were promptly sold for Canadian Dollars and as at December 31, 2020 the Company held no coins as all coins were converted into cash. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit or loss. There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from digital currency mining for mining of digital currencies. Management has examined various factors surrounding the substance of the Company’s operations, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received.

Estimated useful life of equipment, buildings and improvements

Management estimates the useful lives of equipment, buildings and improvements based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of equipment, buildings and improvements for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company’s equipment, buildings and improvements in the future.

(Expressed in Canadian Dollars)

4. Critical accounting estimates and judgments (continued)

Contingencies

Please refer to Note 23.

5. Accounts receivable and other assets

	December 31, 2020	December 31, 2019
Trade receivables (note 6)	$ -	$ 36,647
HST receivables	6,130	54,978
Other receivables [(i)]	8,647	312,220
Allowance for doubtful accounts	-	(3,191)
	$ 14,777	$ 400,654
Less: provision for other receivables	-	(117,259)
Total accounts and other receivable	$ 14,777	$ 283,395

[(i)] Other receivables for December 31, 2019 includes an amount of $52,567 related to an agreement the Company have with a holder of a financial instrument, where the Company would receive ownership of the financial instrument and $132,741 related to Franchise Holdings International Inc. ("FHI") subscription receivable of $250,000. The subscription receipts had not converted to common shares of FHI and the Company initiated the process to have its investment returned. An amount of $132,741 was recovered during the year ended December 31, 2020, and the amounts was recorded as a receivable for the year ended December 31, 2019.

Aging analysis of trade receivables

	December 31, 2020	December 31, 2019
1-30 days	$ -	$ 2,825
31 - 60 days	-	2,825
Greater than 90 days	-	30,997
Total accounts receivable and other assets	$ -	$ 36,647

6. Notes receivable

	December 31, 2020	December 31, 2019
Balance, beginning of year	$ 536,294	$ 578,647
Amounts loaned	21,710	247,678
Interest	16,590	37,784
Repayments and settlements	(263,411)	(139,974)
Impairment	(49,400)	(189,601)
Foreign exchange difference	(33,257)	1,760
	$ 228,526	$ 536,294
Less: provision for other receivables	(228,526)	(228,526)
Balance, end of year	$ -	**$ 307,768**

	December 31, 2020	December 31, 2019
Short-term notes receivable	$ -	$ 74,994
Long-term notes receivable	-	232,774
Total notes receivable	$ -	$ 307,768

6. Notes receivable (continued)

(i) On July 23, 2016, the Company was engaged by Worksport Ltd (formerly Franchise Holdings International Inc. ("FHI")) to assist with the listing of its shares on the Canadian Securities Exchange. The Company has agreed to loan up to $300,000 to FHI at an interest rate of 18% per annum. On July 26, 2016, the Company issued a secured promissory note to Truxmart Inc., a subsidiary of FHI for an amount up to $59,000 with a maturity date of July 13, 2018. On October 1, 2016, the Company issued a secured promissory note to FHI for USD $22,500 ($33,383) with a maturity date of October 1, 2018. Both of these notes bear interest at a rate of 18% per annum. These loans are secured by a general security agreement over FHI as well as a charge on the assets of the business. For the year ended December 31, 2018, an impairment loss of $228,525 was recorded on this loan on the consolidated statement of loss and as at December 31, 2020 and December 31, 2019, this loan is carried at $Nil net of the provision.

During the year ended December 31, 2019, the Company had issued a notice of default to FHI and its subsidiaries to commence the process of collections on the loans.

(ii) On September 30, 2020, the Company entered into a transfer agreement with the holder of Class – A preferred shares. Via the transfer agreement, the Company agreed to transfer ownership of a Loan Receivable held by the Company to the holder, and as consideration to the Company, the Company would receive ownership of the Class – A preferred shares, valued at $276,501. At the time of the entering the transfer agreement the Company's loan portfolio had a value of $225,161 (US$167,934). In order to complete the transfer, the Company issued 513,400 Common Shares of the Company at a price of $0.10 per Common Share to settle the outstanding balance of $51,340 between the value of the loan portfolio and the value of the Class – A preferred shares. (see note13).

(iii) Other notes receivable

Meryllion Resources Corporation

On August 29, 2018, the Company loaned $7,700 to Meryllion Resources Corporation ("Meryllion"), a company with two common officers and directors of the Company. During the year ended December 31, 2019, the Company received 385,000 shares of Meryllion in settlement of this loan and other amounts owing from Meryllion.

During the year ended December 31, 2019, the Company advanced a further $11,190 to Meryllion. During the year ended December 31, 2020, the Company advanced a further $21,710 to Meryllion. On June 10, 2020 the Company received a cash payment of $32,900 from Meryllion Resources to settle the advance of $31,609 and to settle other administrative costs which totaled $1,291. As at December 31, 2020, the outstanding balance of this receivable was $nil (December 31, 2019 - $11,190).

2598687 Ontario Inc.

On September 16, 2019, the Company disposed of its subsidiary 935 Albert Street Inc. to a corporation with a common officer as the Company for $55,000. A realized loss of $5,603 was recorded in relation to the disposal of this subsidiary in the consolidated statements of loss. The loan would have been repaid with an initial payment of $5,500 and eighteen monthly payments of $2,750 until it is fully paid off on April 30, 2021. However, during the year ended December 31, 2020, $30,250 was repaid and an impairment loss of $16,500 was recorded in the consolidated statement of loss. As at December 31, 2020, the outstanding balance of this loan was $nil (December 31, 2019 - $46,750).

(Expressed in Canadian Dollars)

6. Notes receivable (continued)

(iii) Other notes receivable

YK Group Inc.

On September 16, 2019, the Company disposed of the assets and liabilities of GP Financial Services Corp. ("GPFS") to a consultant of the Company for $48,000 (contingent on the continuation of certain revenue streams in GPFS). During March 2020, those revenue streams were discontinued, and the sale price was revised to $16,000. The Company recorded a net gain of $54,407 on disposition, after writing-off the contingent consideration receivable during the year ended December 31, 2019. As at December 31, 2020, the outstanding balance of this receivable was $nil (December 31, 2019 - $8,000)

7. Equipment

Cost	Digital asset mining rigs	Equipment	Office computers	Right-of-use assets	Total
Balance, December 31, 2018,	**$ -**	**$ 57,785**	**$ 10,908**	**$ -**	**$ 68,693**
Adoption of IFRS 16 in January 1, 2019	-	-	-	297,852	297,852
Additions	263,646	1,936	-	-	265,582
Disposals	-	(5,157)	-	-	(5,157)
Balance, December 31, 2019	**263,646**	**54,564**	**10,908**	**297,852**	**626,970**
Additions	325,449	-	-	-	325,449
Disposals	-	-	-	(111,088)	(111,088)
Balance, December 31, 2020	**$ 589,095**	**$ 54,564**	**$ 10,908**	**$ 186,764**	**$ 841,331**

Accumulated depreciation	Digital asset mining rigs	Equipment	Office computers	Right-of-use assets	Total
Balance, December 31, 2018	**$ -**	**$ (31,342)**	**$ (9,904)**	**$ -**	**$ (41,246)**
Depreciation for the year	(22,340)	(23,222)	(886)	(57,374)	(103,822)
Balance, December 31, 2019	(22,340)	(54,564)	(10,790)	(57,374)	(145,068)
Depreciation for the year	(296,809)	-	(118)	(67,914)	(364,841)
Disposals	-	-	-	40,395	40,395
Balance, December 31, 2020	**$ (319,149)**	**$ (54,564)**	**$ (10,908)**	**$ (84,893)**	**$ (469,514)**

Carrying amount	Digital asset mining rigs	Equipment	Office computers	Right-of-use assets	Total
Balance, December 31, 2019	**$ 241,306**	**$ -**	**$ 118**	**$ 240,478**	**$ 481,902**
Balance, December 31, 2020	**$ 269,946**	**$ -**	**$ -**	**$ 101,871**	**$ 371,817**

Right-of-use assets

The Company's right-of-use asset includes a digital mining facility in Quebec, Canada.

(Expressed in Canadian Dollars)

8. Lease liabilities

A reconciliation of the carrying amount of the lease liabilities is as follows:

	Buildings
Balance, December 31, 2018	**$ -**
Additions	297,852
Interest expense	11,161
Lease payments	(64,107)
Balance, December 31, 2019	**244,906**
Interest expense	15,791
Lease payments	(121,020)
Balance, December 31, 2020	**$ 139,677**

	As at December 31, 2020	As at December 31, 2019
Short-term lease expense	**$ 102,142**	$ 105,230
Long-term leases liabilities	**37,535**	139,676
	$ 139,677	$ 244,906

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Buildings	$ 102,142	$ 37,535	$ -	$ -	$ 139,677
Total	**$ 102,142**	**$ 37,535**	**$ -**	**$ -**	**$ 139,677**

As at December 31, 2020, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liabilities over the remaining lease terms is $147,677.

Short-term leases are leases with a lease term of twelve months or less. As at December 31, 2020, the Company did not have any short-term leases. As at December 31, 2019, the Company had one short-term lease which has been accounted for as an operating lease. As at December 31, 2020, there were no extension options that were reasonably certain to be exercised included in the measurement of the lease liabilities, and there were no leases with residual value guarantees.

(Expressed in Canadian Dollars)

8. Lease liabilities (continued)

Net investment in sublease

On November 28, 2019, the Company entered into a sublease whereby its lease at 8 King Street East is assigned to an external unrelated party. The term of the sublease is for one year and nine months, commencing on January 1, 2020 and expiring on September 29, 2021.

The Company has classified this sublease as a finance lease, because the sublease covers the remaining term of the head lease.

The continuity of the net investment in sublease is presented in the table below:

	As at December 31, 2020
Balance, beginning of year	**$ -**
Additions	**73,480**
Interest income on investment in sublease	**4,407**
Lease payments	**(45,136)**
	32,751

9. Buildings and improvements

Cost	As at December 31, 2018	Additions / (disposals)	As at December 31, 2019	Additions / (disposals)	As at December 31, 2020
57 Wellington	**$ 482,024**	$ (482,024)	$ -	$ -	$ -
83 Wellington	**826,478**	(826,478)	-	-	-
1209 Hickory	**144,958**	(144,958)	-	-	-
559 Assumption	**157,660**	(157,660)	-	-	-
1571 Hickory	**218,452**	(218,452)	-	-	-
935 Albert	**160,565**	(160,565)	-	-	-
663 Marenette	**312,126**	(312,126)	-	-	-
491 Louis	**404,710**	(404,710)	-	-	-
1 Balfour	**664,350**	(664,350)	-	-	-
53 McClary	**758,994**	(758,994)	-	-	-
1021 Henry Ford	**293,154**	(293,154)	-	-	-
Madoc Self Storage	**308,071**	-	308,071	(308,071)	-
Total	**$ 4,731,542**	**$(4,423,471)**	**$ 308,071**	**$ (308,071)**	$ -

(Expressed in Canadian Dollars)

9. Buildings and improvements (continued)

Accumulated depreciation	As at December 31, 2018	Additions / (disposals)	As at December 31, 2019	Additions / (disposals)	As at December 31, 2020
57 Wellington	**$ (29,709)**	$ 29,709	$ -	$ -	$ -
83 Wellington	**(38,232)**	38,232	-	-	-
1209 Hickory	**(5,809)**	5,809	-	-	-
559 Assumption	**(5,919)**	5,919	-	-	-
1571 Hickory	**(7,656)**	7,656	-	-	-
935 Albert	**(5,406)**	5,406	-	-	-
663 Marenette	**(9,654)**	9,654	-	-	-
491 Louis	**(10,644)**	10,644	-	-	-
1 Balfour	**(15,843)**	15,843	-	-	-
53 McClary	**(17,723)**	17,723	-	-	-
1021 Henry Ford	**(5,482)**	5,482	-	-	-
Madoc Self Storage	**(17,219)**	(7,701)	(24,920)	24,920	-
Total	**$ (169,296)**	**$ 144,376**	**$ (24,920)**	**$ 24,920**	$ -

Net book value	As at December 31, 2018	As at December 31, 2019	As at December 31, 2020
57 Wellington	**$ 452,315**	$ -	$ -
83 Wellington	**788,246**	-	-
1209 Hickory	**139,149**	-	-
559 Assumption	**151,741**	-	-
1571 Hickory	**210,796**	-	-
935 Albert	**155,159**	-	-
663 Marenette	**302,472**	-	-
491 Louis	**394,066**	-	-
1 Balfour	**648,507**	-	-
53 McClary	**741,271**	-	-
1021 Henry Ford	**287,672**	-	-
Madoc Self Storage	**290,852**	283,151	-
Total	**$ 4,562,246**	**$ 283,151**	$ -

During the year ended December 31, 2020, the Company disposed of Madoc Self Storage for a loss of $117,832 recorded in the discontinued operations of the consolidated statement of loss and comprehensive loss.

During the year ended December 31, 2019, the Company disposed of eleven residential rental properties in Windsor, Ontario and London, Ontario for a gain of $236,237 recorded in the discontinued operations of the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

10. Investments

	December 31, 2020		December 31, 2019	
	Number of shares	Estimated fair market value	Number of shares	Estimated fair market value
Worksport Ltd. (i)	271,215	51,106	271,215	19,416
Payfare Inc. (ii)	333,334	183,334	333,334	183,334
Advantagewon Oil Corp. (iii)	-	1,293	2,210,000	26,792
Cheetah Canyon Resources Corp. (iv)	1,698,850	-	1,698,850	-
Chess Supersite Corp (v)	300,000	5,347	300,000	-
Eastwest Bioscience Inc. (vi)	658,182	13,164	658,182	23,036
Astro Airspace Ltd (vi)	500,000	124,137	500,000	46,206
Eighteen Fifty Inc. (viii)	-	-	1,530,000	-
Hemp Inc. (ix)	24,000,000	128,339	24,000,000	228,040
Total investments		**$ 506,720**		**$ 526,824**
Classification				
Short-term investments		506,720		41,516
Long-term investments		-		485,308
Total investments		**$ 506,720**		**$ 526,824**

(i) During the year ended December 31, 2019, Worksport Ltd. completed a reverse 6:1 stock split. As such, the Company owned 271,215 shares of Worksport Ltd.

As at December 31, 2020, Worksport Ltd's quoted share price was USD$0.148 ($0.188). As a result, an unrealized gain $31,690 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 – unrealized loss of $36,034).

(ii) On August 30, 2016, the Company acquired 333,334 common shares of Payfare Inc. for $50,000, a private company in the business of payment processing. As at December 31, 2020, the shares were valued at $0.55 per share based on the subscription price of a recent private placement completed by Payfare Inc. As such, an unrealized gain of $nil was recorded for the year ended December 31, 2020 (year ended December 31, 2019 - $133,334). On March 18, 2021 Payfare undertook a share consolidation of approx 6.25 to 1 which reduced the shareholdings from 53,103. On March 19, 2021 Payfare listed its Common Shares onto the TSX under the trading symbol "PAY" and the Company sold its holding for $6.01 per Common Share.

10. Investments (continued)

(iii) Advantagewon Oil Corporation ("AOC") has one director in common with the Company. The Company received a total of 65,000 share purchase warrants of AOC. These warrants were valued with the Black-Scholes method and had a fair value of $59,939 on the date of receipt. As at December 31, 2020, 65,000 of these warrants expired unexercised. As a result, an realized loss of $59,939 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 – unrealized loss of $10,437).

During the year ended December 31, 2019, the Company subscribed for 103,571 units of AOC for $72,500. Each unit consists of one common share and one share purchase warrant which entitles the holder to purchase one common share of AOC for $1.20 for two years after closing. These warrants were valued with the Black-Scholes method and had a fair value of $20,997 on the date of receipt. As at December 31, 2020, these warrants had a fair value of $1,293 (December 31, 2019 - $2,290). As a result, an unrealized loss of $997 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 - unrealized loss of $18,707)

During the year ended December 31, 2019, the Company was issued 6,928 common shares of AOC as repayment for a receivable. These shares had an estimated fair value of $1,386 on the date of issuance based on the quoted market price of AOC on the date of issuance. During the year ended December 31, 2020, the shares were sold for $10,925 and a realized gain of $9,539 was recorded in the consolidated statements of loss.

(iv) During fiscal 2017, Cheetah Canyon Resources Corp. ("Cheetah") (TSXV:CHTA) issued 1,698,850 common shares with a value of $149,885 to the Company in order to fully settle a loan. As at December 31, 2020, Cheetah's trading has been halted since March 2018 and its last quoted share price was $0.004. As a result, during the year ended December 31, 2019 an unrealized loss of $101,931was recorded.

(v) On February 6, 2018, the Company received 300,000 common shares of Target Group Inc ("Target"). (formerly Chess Supersite Corp. ("Chess")) as payment for outstanding accounts receivable of $33,900. The fair market value of these shares was estimated at USD $3,690 ($4,648) on the date of acquisition based on the quoted market share price of Chess on the date of acquisition and $29,252 was recorded as a bad debt expense in the year ended December 31, 2018. As at December 31, 2020, the quoted market price of Target was USD$0.014 ($0.018) (December 31, 2019 - USD$nil ($nil)). As a result, an unrealized gain of $5,347 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 – unrealized loss of $nil).

(vi) In relation to a loan agreement with an unrelated party, the Company received 116,667 common shares of Eastwest Bioscience Inc. ("Eastwest"). The fair market value of these shares on the date of receipt was estimated at $nil. During the year ended December 31, 2019, 116,667 of the Company's common shares of Eastwest were sold for $8,017 and an unrealized gain of $9,917 previously recognized was reversed and a realized gain of $8,017 was recorded in the consolidated statements of loss.

On October 5, 2018, the Company subscribed for 658,182 units of Eastwest for $181,000. As at December 31, 2020, the quoted market price of Eastwest was $0.02 (December 31, 2019 - $0.035) and as a result, an unrealized loss of $9,872 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 – unrealized loss of $72,400).

(Expressed in Canadian Dollars)

10. Investments (continued)

(vii) As consideration for the convertible debenture, the Company received 500,000 shares of Astro Airspace Ltd. ("Astro") on August 6, 2018. The fair market value of these shares on the date of receipt was estimated at USD$950,000 ($1,235,637) based on the quoted market share price of Astro on the date of receipt. As at December 31, 2020, the quoted market price of Astro was USD$0.195 ($0.248) (December 31, 2019 - USD$0.071 ($0.09)) and as a result, an unrealized gain of $77,931 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 – unrealized loss of $253,674)

(viii) On February 7, 2019, the Company acquired 1,530,000 shares of an unrelated company with the issuance of 20,000 "Class – A" preferred shares with a fair market value of $200,000 in relation to a service agreement between the two parties. During the year ended December 31, 2019, the agreement was terminated and the parties agreed to return the other party's shares. This was completed during the year ended December 31, 2020.

As at December 31, 2019, the investment was fully impaired based on the estimated fair value of the 20,000 "Class – A" preferred shares of the Company that were expected to be returned during the year ended December 31, 2020. The estimated fair value was based on the quoted market price of the Company's "Class – A" preferred shares.

(ix) On February 28, 2019, the Company acquired 24,000,000 common shares of Hemp Inc. ("Hemp") with the issuance of 1,250,000 common shares of the Company with a fair market value of $750,000. As at December 31, 2020, the quoted market price of Hemp was USD$0.004 ($0.005) (December 31, 2019 - USD$0.007 ($0.009)) and as a result, an unrealized loss of $99,701 was recorded for the year ended December 31, 2020 (year ended December 31, 2019 – unrealized loss of $521,960)

11. Mortgages payable

	Principle amount	Annual interest	Term of mortgage	Amortization life	Fair value at December 31, 2020	Fair value at December 31, 2019
Madoc storage facility	$ 146,250	4.63%	60 months	180 months	$ -	123,200

	December 31, 2020	December 31, 2019
Balance, beginning of year	**$ 123,200**	$ 2,925,500
Repayments	**(7,899)**	(55,014)
Discharge	**(118,573)**	(2,762,366)
Transaction costs	**3,272**	15,080
	$ -	$ 123,200
Balance, end of year	**$ -**	**$ 123,200**
Classification:		
Short-term mortgages payable	**$ -**	$ 7,968
Long-term mortgages payable	**-**	115,232
Total mortgages	**$ -**	$ 123,200

On July 31, 2020, the Company sold the Madoc Self Storage for $185,000 as disclosed in Note 9.

(Expressed in Canadian Dollars)

12. Loans payable

	December 31, 2020	December 31, 2019
Balance, beginning of year	**$ 37,867**	$ 176,148
Proceeds from loans payable	**-**	150,000
Interest	**2,610**	6,907
Repayments	**(7,700)**	(294,008)
Proceeds for CEBA loans	**118,945**	-
Foreign exchange difference	**-**	(1,180)
	$ 151,722	$ 37,867
Balance, end of year	**$ 151,722**	**$ 37,867**
Classification:		
Short-term mortgages payable	**$ 6,515**	$ 5,572
Long-term mortgages payable	**145,207**	32,295
Total notes receivable	**$ 151,722**	$ 37,867

Canada Emergency Business Account (CEBA) loan

During the year ended December 31, 2020, the Company received $118,945 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loans is: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after July 1, 2020; $30,000 (25%) of the $118,945 loan is eligible for complete forgiveness if $90,000 (75%) is fully repaid on or before December 31, 2022.

Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3 year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, the Company may repay some or all of the loan at any time

Other loan

On June 1, 2017, the Company borrowed $50,000 from an unrelated party. The secured promissory note bears interest of 8% per annum and has a maturity of May 31, 2022. The note was secured by a mortgage charge on the 1209 Hickory Road property and upon the sale of the property the note was secured on the assets of the Company totaling the outstanding amount of the note. As at December 31, 2020, the carrying value of loan is $32,777 (December 31, 2019 - $37,867).

(Expressed in Canadian Dollars)

13. Share capital

As at December 31, 2020, the Company's authorized share capital consists of unlimited number of voting common shares, 6,591,157 non-voting, cumulative, "Class – A" preferred shares and "Class – B" preferred shares that are redeemable at the option of the Company at fair value.

a) Preferred shares

Class A	Number of preferred shares		Amount
Balance, December 31, 2018	**473,020**	**$**	**4,150,785**
"Class - A" shares issued (Note 10)	20,000		200,000
Repurchase of shares (i)	-		(146,930)
Reversal of repurchase of shares (i)	-		77,200
Conversion to common shares units (i)	-		(1,199,200)
Balance, December 31, 2019	**493,020**	**$**	**3,081,855**
Conversion to common shares units (ii)	-		(204,500)
Balance, December 31, 2020	**493,020**	**$**	**2,877,355**

(i) During the year ended December 31, 2019, the Company signed an agreement to repurchase a number of its Class – A preferred shares for $10 per share. As at December 31, 2019 a total of $199,497 had been paid in relation to this agreement. In total 14,693 Class – A preferred shares had been returned to treasury (with a value of $146,930), with the remaining $52,567 within other receivables (Note 5) as at December 31, 2019.

During the year ended December 31, 2018, a loan with an outstanding balance of $436,426 plus accrued interest of $6,367 was fully repaid by AOC with 65,560 Class – A preferred shares of the Company owned by AOC. During the year ended December 31, 2019, the Company was not able collect 7,720 of these Class – A preferred shares and realized a loss of $77,200 in relation to the uncollected shares during the year ended December 31, 2019.

During the year ended December 31, 2019, a total of 1,998,667 common shares were issued to reacquire 119,920 Class – A preferred shares with a value of $1,199,200 into treasury.

(ii) During the year ended December 31, 2020, a total of 340,833 Units were issued to reacquire 20,450 Class – A preferred shares with a value of $204,500 into treasury.

As at December 31, 2020 the Company held 172,560 Class – A preferred shares treasury shares (December 31, 2019 - 152,110).

Preferred shares to be registered

During the year ended December 31, 2020, the Company repurchased its own Class – A preferred shares from a related party through a series of multiple transactions. As at December 31, 2019, the Company had paid $52,567 to be applied to preferred shares, which was included in other receivables (Note 5). During fiscal 2020, an additional $24,000 in cash was paid, along with issuance of 513,400 common shares with a value of $51,330, and forgave the balance of a note receivable from an entity controlled by the related party in the amount of $225,160 (Note 12). In exchange for all of these amount, the Company received 26,500 preferred shares, with a value of $353,057. The preferred shares certificates have been physically received but had not yet been registered back into the Company's name and are therefore held in a separate account within equity at December 31, 2020.

(Expressed in Canadian Dollars)

13. Share capital (continued)

a) Preferred shares (continued)

Class B	**Number of common shares**		**Amount**
Balance, December 31, 2018	**33,550**	**$**	**278,860**
Conversion to common shares units (i)	-		(266,360)
Cancellation of Class - B preferred shares	(32,300)		-
Balance, December 31, 2019 and December 31, 2020	**1,250**	**$**	**12,500**

(i) During the year ended December 31, 2019, a total of 6,460,000 common shares were issued to reacquire 32,300 Class – B preferred shares with a value of $323,000 into treasury. In relation to these shares $56,640 of related share issue costs were re-classified from preferred shares into share capital. These shares were then cancelled prior to December 31, 2019.

b) Common shares

On May 12, 2020, the Company consolidated its common shares on the basis of 1 new common share for every 12 common shares outstanding. All references to common shares, per share amounts, warrants and options for all periods presented have been retroactively restated to reflect this consolidation.

	Number of common shares		**Amount**
Balance, December 31, 2018	**5,492,621**	**$**	**8,580,822**
Common shares issued (iv)	5,697,583		3,361,766
Value of warrants granted (iv)	-		(709,685)
Cost of issue (iv)	-		(77,704)
Common shares issued for debt (v)	4,701,875		1,029,025
Share-based compensation (v)	661,752		320,641
Balance, December 31, 2019	**16,553,831**	**$**	**12,504,865**
Common shares issued (i)	9,293,611		1,010,250
Value of warrants granted (i)	-		(489,720)
Cost of issue (i)	-		(15,000)
Common shares issued for debt (ii)	1,955,622		301,962
Share-based compensation (iii)	41,667		4,375
Balance, December 31, 2020	**27,844,731**	**$**	**13,316,732**

13. Share capital (continued)

b) Common shares (continued)

(i) Common shares issued - 2020

On December 4, 2020, the Company closed a non-brokered private placement raising gross proceeds of $805,750 through the issuance of 8,952,778 units at $0.09 per unit. Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.15 for a period of 36 months from the closing date. The fair value of the 8,952,778 warrants was estimated as $389,199 using the Black-Scholes option pricing model with the following assumptions: 240% expected volatility; a risk-free interest rate of 0.32%; an expected dividend yield of Nil%; and 36 months expected term.

A total of $15,000 of share issue costs were incurred in relation to the common shares issued above.

During the year ended December 31, 2020, the Company issued 340,833 Units to acquire 20,450 Class – A Preferred Shares valued at $204,500. Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 340,833 warrants was estimated as $100,520 using the Black-Scholes option pricing model with the following assumptions: 255% expected volatility; a risk-free interest rate of 0.33%; an expected dividend yield of Nil%; and 24 months expected term.

(ii) Common shares issued for debt - 2020

The Company issued 1,303,334 common shares to acquire ASIC equipment from Bitbox.

The Company issued an aggregate of 138,888 common shares, as per agreement for the total debt to be repaid was $25,000. The shares closing price on the date of issuance was $0.13 per share. Therefore, the fair value of the transaction recorded in equity is $18,055 and a gain on shares of $6,945 was recorded in the consolidated statements of loss.

See Note 6 with regards to an additional 513,400 common shares issued in the year ended December 31, 2020 in connection to the transfer ownership of its loan portfolio to the holder of the financial instrument.

(iii) During the year ended December 31, 2020, the Company issued 41,667 common shares with an estimated fair value of $4375 as a payment due to a former shareholder of BitBlox. The payment completed an outstanding portion due to the shareholder in regard to the transaction to purchase assets owned by Bitblox for the Company's cryptocurrency mining services. The shares closing price on the date of issuance was $0.105 per share. Therefore, the fair value of the transaction recorded as share based compensation is $4,375.

13. Share capital (continued)

b) Common shares (continued)

Common shares issued - 2019

(iv) During the year ended December 31, 2018, the Company entered into an agreement where 208,333 units (2,500,000 units on a pre-consolidation basis) of the Company would be issued to a third party as part of its business development process. These units were issued in the three months ended March 31, 2019. Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Company for $1.44 for a period of 12 months from the closing date. The fair value of the 208,333 warrants was estimated as $14,310 using the Black- Scholes option pricing model with the following assumptions: 100% expected volatility; a risk-free interest rate of 1.86%; an expected dividend yield of Nil%; and 12 months expected term.

On March 4, 2019, the Company closed a non-brokered private placement raising gross proceeds of $445,000 through the issuance of 741,667 units at $0.60 per unit (8,900,000 units at $0.05 per unit on a pre-consolidation basis). Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 741,667 warrants was estimated as $98,093 using the Black-Scholes option pricing model with the following assumptions: 92% expected volatility; a risk-free interest rate of 1.74%; an expected dividend yield of Nil%; and 24 months expected term.

The Company incurred total of $30,348 of share issue costs in relation to the common shares issued above.

On April 29, 2019, the Company closed a non-brokered private placement raising gross proceeds of $257,000 through the issuance of 741,667 units at $0.60 per unit (5,140,000 units at $0.05 per unit on a pre-consolidated basis). Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 741,667 warrants was estimated as $48,083 using the Black-Scholes option pricing model with the following assumptions: 95% expected volatility; a risk-free interest rate of 1.57%; an expected dividend yield of Nil%; and 24 months expected term.

On August 14, 2019, the Company closed a non-brokered private placement raising gross proceeds of $230,000 through the issuance of 383,332 units at $0.60 per unit (4,600,000 units at $0.05 per unit on a pre-consolidation basis). Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 383,332 warrants was estimated as $48,083 using the Black-Scholes option pricing model with the following assumptions: 95% expected volatility; a risk-free interest rate of 1.57%; an expected dividend yield of Nil%; and 24 months expected term.

On September 18, 2019, the Company closed a non-brokered private placement raising gross proceeds of $89,350 through the issuance of 148,916 units at $0.60 per unit (1,787,00 units at $0.05 per unit on a pre-consolidation basis). Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 148,916 warrants was estimated as $20,077 using the Black-Scholes option pricing model with the following assumptions: 95% expected volatility; a risk-free interest rate of 1.57%; an expected dividend yield of Nil%; and 24 months expected term.

A total of $35,309 of share issue costs were incurred in relation to the common shares issued above.

13. Share capital (continued)

b) Common shares (continued)

(iv) Common shares issued - 2019 (continued)

During the year ended December 31, 2019, 119,920 Class – A preferred shares of the Company were converted into 1,998,667 common share units at $0.60 per unit (23,984,000 common share units of the Company at $0.05 per unit on a pre-consolidation basis) by the holders of Class – A preferred shares. Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 1,998,667 warrants was estimated as $354,478 using the Black-Scholes option pricing model with the following assumptions: 113% expected volatility; a risk-free interest rate of 1.65%; an expected dividend yield of Nil%; and 24 months expected term.

During the year ended December 31, 2019, 32,300 Class – B preferred shares of the Company were converted into 538,333 common share units at $0.60 per unit (6,460,000 common share units of the Company at $0.05 per unit on a pre-consolidation basis) by the holders of Class – B preferred shares. Each unit is comprised of one common share of the Company plus one common share warrant. Each warrant entitles the holder to acquire one common share of the Corporation for $0.90 for a period of 24 months from the closing date. The fair value of the 6,460,000 warrants was estimated as $93,819 using the Black-Scholes option pricing model with the following assumptions: 111% expected volatility; a risk-free interest rate of 1.59%; an expected dividend yield of Nil%; and 24 months expected term.

The Company incurred total of $12,048 of share issue costs in relation to the common shares issued above.

See Note 10 with regards to the issuances of 1,250,000 common shares of the Company to acquired 24,000,000 common shares of Hemp.

(v) Common shares issued for debt - 2019

The Company issued an aggregate of 2,363,334 common shares with an estimated fair value of $398,400 to compensate for services provided by a consultant, a former consultant, a former officer, a former director and officers of the Company.

August 25, 2019, the Company borrowed $150,000 from two corporations, one with a former common officer of the Company. In connection with these loans, the Company issued 1,166,666 common shares of the Company to these lenders as a financing fee. These common shares were valued at $490,000 estimated by the fair market value of the common shares on the date of agreement. During the year ended December 31, 2019, $9,375 was repaid on these loans. On December 1, 2019, the Company issued 1,171,875 common shares with a fair value of $140,625 to settle the outstanding amount of the loans.

(vi) Share-based compensation - 2019

During the year ended December 31, 2019, the Company issued 661,751 common shares (7,941,020 on a pre-consolidation basis) to shareholders of Bitblox. These shares had an estimated fair value of $320,641 on the date of issuance and are recorded as share based compensation for the year ended December 31, 2019.

c) Dividends

On January 31, 2019, the Company declared and subsequently paid a dividend of $0.20 per “Class – A” preferred share and “Class – B” preferred share for a total of $101,312.

(Expressed in Canadian Dollars)

14. Warrant reserve

	Number of warrants	Fair value of warrants	Weighted average exercise price
Balance, December 31, 2018	**2,920,497**	**$ 893,653**	**$ 1.20**
Issued (note 13)	4,447,583	685,461	0.96
Expired	(296,678)	(239,439)	(1.56)
Balance, December 31, 2019	**7,071,402**	**$ 1,339,675**	**$ 0.62**
Issued (note 13)	9,293,611	489,719	0.18
Expired	(2,832,153)	(668,525)	1.21
Balance, December 31, 2020	**13,532,860**	**$ 1,160,869**	**$ 0.40**

The following table reflects the warrants issued and outstanding as of December 31, 2020:

Expiry date	Number of warrants	Grant date fair value	Exercise price
March 4, 2021	741,666	$ 98,093	$ 0.90
April 29, 2021	428,333	58,971	0.90
August 12, 2021	383,333	48,083	0.90
September 18, 2021	148,917	20,077	0.90
October 21, 2021	1,957,000	347,216	0.90
November 25, 2021	580,000	98,710	0.90
April 15, 2022	340,833	100,520	0.90
February 1, 2023	8,952,778	389,199	0.15
	13,532,860	**$ 1,160,869**	**$ 0.40**

15. Contributed surplus

a) Shared-based compensation

<u>Employee share option plan</u>

The shareholders of the Company approved the Company's existing stock option plan, the “Plan", to be administered by the directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases.

During the year ended December 31, 2020, $174,000 (year ended December 31, 2019 - $197,000) of stock-based compensation was recorded in the consolidated statement of loss for 1,400,000 stock options (year ended December 31, 2019 – 1,400,000) granted to directors, officers, former officers and consultants of the Company.

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Company grants all employee stock options with an exercise price equal to or greater than the market value of the underlying common shares on the date of grant.

(Expressed in Canadian Dollars)

	Number of stock options	Fair value of stock options	Weighted average exercise price
Balance, December 31, 2018	187,500	$ 227,600	$ 1.27
Granted	875,000	197,000	0.60
Balance, December 31, 2019	1,062,500	$ 424,600	$ 0.78
Granted	1,400,000	174,000	0.15
Price amendment (i)	-	16,470	-
Balance, December 31, 2020	**2,462,500**	**$ 615,070**	**$ 0.28**

(i) On November 23, 2020, the Company repriced certain and selected Stock Options to the set price of $0.15 CDN per Stock Option. The estimated fair value of the cumulative increase of the change was $16,470 using the Black-Scholes option pricing model. The estimated fair value of the options has been charged to the consolidated statements of loss and comprehensive loss and credited to share-based payments in the shareholders' equity. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: dividend yield 0%, expected volatility between 211% and 247%, risk free rate of return between 0.26 % and 0.38% and an expected life between 0.63 and 6.57 years.

The following table reflects the actual stock options issued and outstanding as of December 31, 2020:

Expiry date	Exercise price	Estimated fair value at grant date	Number of options outstanding and exercisable	Expected volatility	Expected life (years)	Expected dividend yield	Risk-free interest rate
July 11, 2021	$1.20	$ 7,050	8,333	161%	5	0%	0.53%
July 11, 2021	0.15	7,050	8,334	211%	0.6	0%	0.26%
December 1, 2021	1.20	3,500	8,333	156%	5	0%	1.07%
November 20, 2023	0.15	174,000	1,400,000	239%	3	0%	0.03%
May 27, 2024	1.20	38,000	83,333	188%	5	0%	1.46%
September 4, 2024	0.15	38,000	83,333	188%	5	0%	1.85%
October 18, 2024	0.60	28,470	166,667	188%	5	0%	1.53%
October 18, 2024	0.15	109,000	541,667	228%	3.9	0%	0.38%
May 5, 2026	1.44	98,160	70,833	143%	10	0%	0.98%
May 5, 2026	0.15	80,840	58,334	247%	5.4	0%	0.59%
June 19, 2027	1.20	15,500	16,667	131%	10	0%	1.54%
June 19, 2027	0.15	15,500	16,666	247%	6.6	0%	0.59%
		$ 615,070	2,462,500				

(Expressed in Canadian Dollars)

16. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2020, was based on the loss attributable to common shareholders of $1,504,586 (year ended December 31, 2019 - $4,834,136) and the weighted average number of common shares outstanding of 18,861,730 (year ended December 31, 2019 - 9,616,603). Diluted loss per share did not include the effect of 13,532,860 warrants or 2,462,500 stock options for the year ended December 31, 2020 (year ended December 31, 2019 - 7,071,402 warrants or 1,062,500 stock options) as their effect is anti-dilutive.

17. Related party transactions

Key management personnel includes the Board of Directors of the Company, officers, and close family members and enterprises which are controlled by these individuals, as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties in the ordinary course of business:

	Year Ended December 31, 2020	2019
Meryllion Resources Corporation	**-**	77,586
Bitblox Technologies Inc.	**230,000**	32,000

The Company has two common officers with Meryllion Resources Corporation ("Meryllion") and Bitblox Technologies Inc.("Bitblox"). Included in accounts receivable are $nil owing from Meryllion and $nil owing from Bitblox as at December 31, 2020 (December 31, 2019 - $33,900 and $nil, respectively). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2019, the Company disposed of its subsidiary 53 McClary Ave Inc. to corporations controlled by a former officer and a former consultant of the Company. In relation to this disposal, the former officer and former consultant of the Company forgave $271,200 of accounts paying owing to them. A realized gain of $20,740 was recorded in relation to the disposal of this subsidiary in the consolidated statements of loss.

(b) Remuneration of directors and key management personnel, other than consulting fees, of the Company was as follows:

	Year Ended December 31, 2020	2019
Management fees	**$ 521,843**	$ 838,600
Share-based payments	**111,858**	202,765
	$ 633,701	$ 1,041,365

As at December 31, 2020 the Company owed $nil (December 31, 2019 - $5,374) to a former officer of the Company and $13,159 (December 31, 2019 - $nil) to directors of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

(Expressed in Canadian Dollars)

18. Segmented information

As at December 31, 2020, the Company has two reportable segments; corporate, and digital asset mining. The merchant banking segment provides loans to third parties and earns interest income. The corporate segment is responsible for the overall investments operations of the Company excluding investments in rental properties. The corporate segment also includes all overhead costs. The digital asset mining segment earns revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". All of the Company's revenues are recognised at a point in time. During 2019, the Company discontinued its real estate segment.

	Corporate	Merchant banking	Digital assets mining	Total
December 31, 2020				
Assets				
Canada	**$ -**	**$ -**	**$ 371,817**	**$ 371,817**
Non-current assets	**-**	**-**	**371,817**	**371,817**
December 31, 2019				
Assets				
Canada	586,733	211,063	411,093	1,208,889
USA	-	274,246	-	274,246
Non-current assets	$ 586,733	$ 485,309	$ 411,093	$ 1,483,135

Revenues	Year Ended December 31, 2020	2019
Corporate	**$ -**	$ -
Merchant banking	**20,655**	100,693
Real estate	**-**	8,720
Consulting and advisory	**8,451**	133,485
Digital assets mining	**665,533**	94,456
	694,639	337,354

(Expressed in Canadian Dollars)

18. Segmented information (continued)

The Company had discontinued operations as follows:

	Year Ended December 31, 2020	2019
Revenues		
Interest	**$ -**	$ 72,195
Residential rental income	**1,490**	285,498
Real estate	**-**	-
	1,490	357,693
Expenses		
Legal and audit	**-**	(17,405)
Office and general	**(1,178)**	(32,625)
Property taxes and maintenance	**3,204**	(148,481)
Loan interest	**(3,272)**	(99,198)
Bank service charges	**(5,513)**	(10,410)
Amortization	**(3,851)**	(83,091)
Foreign exchange	**-**	1,590
Accretion on financial instruments	**-**	(42,918)
	-	-
Gain on sale of properties	**(117,832)**	236,237
Profit for discontinued operations	**$ (126,952)**	$ 161,392

Investing cash flows from discontinued operations	**$ -**	$ -
Merchant banking	**-**	-
Operating cash flows from discontinued operations	**-**	(380,150)
Investing cash flows from discontinued operations	**-**	1,570,726

19. Capital management

The Company considers its capital to be shareholders' equity, which is comprised of preferred shares, common shares, units to be issued, contributed surplus, warrants and deficit. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company's objective when managing capital are:

a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments;
b) to give shareholders sustained growth in value by increasing shareholders' equity; while
c) taking a conservative approach towards financial leverage and management of financial risks.

The Company's management reviews its capital structure on an on-going basis and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying investments. The Company's current capital is composed of its shareholders' equity and, to-date, has adjusted or maintained its level of capital by:

a) raising capital through equity financing's; and
b) realizing proceeds from the disposition of its investments

19. Capital management (continued)

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions. The Company and its subsidiaries is not subject to externally imposed capital requirements. There were no significant changes in the Company's approach to capital management during the years ended December 31, 2020 and 2019

20. Financial instruments and fair value risk management

Financial assets and financial liabilities as at December 31, 2020 and 2019 are as follows:

The Company has loans receivable outstanding and a significant portion of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including market, liquidity, credit and currency risks. There have been no changes in the risks, objectives, policies and procedures during the years ended December 31, 2020 and 2019.

(Expressed in Canadian Dollars)

20. Financial instruments and risk management (continued)

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer, with exception to the Company having two positions as at December 31, 2020 which made up of approximately 38% and 23% (December 31, 2019 – 43% and 35%) of the total equity portfolio. (See Note 10).

For the year ended December 31, 2020, a 10% decrease (increase) in the closing price of this investments would result in an estimated increase in net loss of $51,000 (December 31, 2019 - $53,000).

Crypto-currency risk
The Company is exposed to risk with respect to cryptocurrency prices and valuations which are largely based on the supply and demand of these digital currencies and their acceptance in the financial market.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. As at December 31, 2020, the Company's current liabilities totaled $462,369 (2019 - $429,829) and cash totaled $1,075,495 (2019 - $852,926). The Company generates cash flow from digital mining services.

The Company manages liquidity risk by reviewing the amount of cash available, to ensure that it can meet its current obligations. There is no guarantee that the Company will be able to continue to meet its current obligations. See Note 2.

The following is a summary of the Company's material contractual obligations (representing undiscounted contractual cash flows):

	Carrying amount	Contractual cash flow	Year 1	Year 2 - 3	Year 4 - 5	Greater than 5 years
Accounts payable and accrued liabilities	$ 353,712	$ 353,712	$ 353,712	$ -	$ -	$ -
Leases liabilities	139,677	147,678	109,736	37,942	-	-
Loans payable	151,722	154,603	8,400	146,203	-	-
Total	**$ 645,111**	**$ 655,993**	**$ 471,848**	**$ 184,145**	**$ -**	**$ -**

20. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts and other receivables and notes receivable.

The Company monitors the credit risk and credit standing of its customers on a regular basis. See Note 5 for an aging analysis of other receivables.

Security was obtained against specific assets of the counterparty, in case of non-performance on the notes receivable. The total carrying value of these financial instruments at December 31, 2020 was $nil (December 31, 2019 - $307,768). One lendee make up 100% of the Company's notes receivable balance at December 31, 2020 (December 31, 2019 – one lendee makes up 79%). Management considered the potential impairment of loans and receivables and recorded an impairment for the years ended December 31, 2020 and 2019.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of its investments are in United States dollars. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Fair value of financial instruments

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, accounts and other receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.
ii. Notes receivable, long-term notes receivable, US real estate participation loans and long-term investments are carried at amounts in accordance with the Company's accounting policies as set out in Note 3.
iii. Mortgages payable approximate their fair values due to the short time since they were received.
iv. Prior to maturity, the outstanding notes receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – Value based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based on inputs other than quoted prices that are observable for assets or liabilities, either directly (ie. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Valuation techniques using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars)

20. Financial instruments and risk management (continued)

Fair value of financial instruments (continued)

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the consolidated statements of financial position as at December 31, 2020 and 2019:

	Level 1	Level 2	Level 3	Total
Publicly traded investments	$ 15,663	$ 307,723	$ -	$ 323,386
Private investments	-	-	183,334	183,334
December 31, 2020	**15,663**	**307,723**	**183,334**	**506,720**

	Level 1	Level 2	Level 3	Total
Publicly traded investments	$ 338,800	$ 4,690	$ -	$ 343,490
Private investments	-	-	183,334	183,334
December 31, 2019	338,800	4,690	183,334	526,824

Level 3 Hierarchy

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the years ended December 31, 2020 and 2019. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net unrealized gains are recognized in the consolidated statements of loss.

Investments classified as Level 3, fair value	**Year Ended December 31, 2020**	**2019**
Balance, beginning of period	**$ 183,334**	$ 50,000
Purchase at cost - shares	**-**	200,000
Impairment	**-**	(200,000)
Adjustment to fair value	**-**	133,334
	183,334	183,334

(Expressed in Canadian Dollars)

20. Financial instruments and risk management (continued)

Fair value of financial instruments (continued)

Level 3 Hierarchy (continued)

Within Level 3, the Company includes private company investments which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies. The fair values of all of the private company investments held by the Company were determined by recent financing's done by the investee other than that described in Note 10.

As valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of the private investment portfolio, such changes may have a significant impact on the Company's financial condition or operating results.

Where the Company holds an investment in a privately-held entity for which there is no active market and for which there is no reliable estimate of fair value, the investment is carried at cost less any provision for impairment.

For those investments valued based on a recent financing or transaction price, management has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at December 31, 2020 and 2019. A +/- 25% change in the fair value of these Level 3 investments as at December 31, 2019 will result in a corresponding +/- $46,000 (2019 +/- $46,000). While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and the results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. Furthermore, the analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

21. Income taxes

a) The reconciliation of income taxes attributable to operations computed at the statutory income tax rates of 26.5% (2019 – 26.5%) to income tax expense is as follows:

		Year Ended December 31, 2020		December 31, 2019
Net income (loss) before income taxes	**$**	**(1,631,538)**	$	(4,672,744)
Expected income tax recovery based on statutory rate		**(432,000)**	$	(1,238,000)
Adjustment to expected income tax benefit:				
Share-based payments		**52,000**		137,000
Expenses not deductible for tax purposes		**18,000**		307,000
Other		**14,000**		14,000
Temporary difference of subsidiaries sold		**-**		(86,000)
True-up of prior year provision to statutory returns		**134,000**		(209,000)
Change in benefit of tax assets not recognized		**214,000**		1,075,000
Deferred income tax provision (recovery)	**$**	**-**	$	-

(Expressed in Canadian Dollars)

21. Income taxes (continued)

b) The tax effect of temporary differences that give rise to deferred tax assets and liabilities in Canada at December 31, 2020 and 2019 are as follows:

	2020	2019
Deferred tax assets (liabilities) recognized		
Buildings and improvements	$ -	$ (10,000)
Tax loss carry-forwards	-	10,000
	-	-
	$ -	$ -

c) Deferred income tax assets have not been recognized in respect of the following temporary differences:

	2020	2019
Deferred tax assets		
Non capital losses carried forward	$ 7,565,000	$ 6,284,000
Share issue costs	214,000	363,000
Right-of-use assets	9,000	3,000
Mineral property costs	783,000	783,000
Capital losses	117,000	1,073,000
Investments	2,231,000	2,289,000
Other temporary differences	155,000	23,000
	11,074,000	10,818,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

d) The Company has approximately $6,315,000 of non-capital losses in Canada as at December 31, 2020 which under certain circumstances can be used to reduce the taxable income of future years. The non-capital losses expire as follows:

2026	$ 309,000
2028	404,000
2029	229,000
2030	312,000
2031	241,000
2032	198,000
2034	33,000
2035	92,000
2036	698,000
2037	277,000
2038	904,000
2039	2,773,000
2040	1,096,000
	$ 7,566,000

(Expressed in Canadian Dollars)

22. Supplement cashflow information

	Year Ended December 31, 2020	Year Ended December 31, 2019
Interest paid	**-**	56,936
Common shares issued for debt settlement	**15,001**	140,625
Common shares issued for services and compensation	**-**	1,209,041
Common shares issued for loan fees	**-**	490,000
Investments received for revenues	**-**	47,586
Shares issued for investments	**-**	950,000
Units for preferred shares	**204,500**	-
Common for pref shares to be received	**329,057**	-
Shares for equipment	**230,000**	-
Reclass FV of warrants on private placement	**389,199**	-
Reclass FV of expired warrants	**688,525**	-

23. Commitments and contingent liabilities

The Company is party to certain management contracts. These contracts contain aggregate minimum commitments of approximately 360,000 (December 31, 2019 - $360,000). As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defence or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

Subsequent to the year ended December 31, 2020, the Company received an reassessed of GST returns filed for the period from January 1, 2017 to March 31, 2019 in the amount of $121,374 from Canada Revenue Agency. The Company is in the process of appealing the reassessment.

24. Subsequent event

Subsequent to the year ended December 31, 2020, the Company closed a non-brokered private placement offering of of 4,366,000 Units for gross proceeds of $2,183,000. Each Unit consisted of one Common Share in the capital of the Company and one Common Share Purchase Warrant, with each Warrant entitling the holder thereof the ability to purchase one additional Common Share of the Company at an exercise price of $1.00 per Common Share for a period of 36 months from the closing of the financing.

Subsequent to the year ended December 31, 2020, the Company entered into a marketing and consulting contracts with two marketing and consulting firms and the Company issued 138,492 common shares to the firms.

24. Subsequent event (continued)

Subsequent to the year ended December 31, 2020, the Company acquired 83,517 of its Class – A Preferred Shares by issuing 782,779 Units of the Company to the former holders of the Class – A Preferred Shares. The Units were issued at a price between $0.60 and $1.50 per Unit. Each Unit consisted of one Common Share in the capital of the Company and one Common Share Purchase Warrant, with each Warrant entitling the holder thereof the ability to purchase one additional Common Share of the Company at an exercise price between $0.90 and $2.00 per Common Share for a period of 36 months

Subsequent to the year ended December 31, 2020, holders exercised 2,045,000 stock options.

Subsequent to the year ended December 31, 2020, the Company granted 2,200,000 stock options at a price of $0.60, with an expiry date of 3 years from grant date. These options vested immediately.

Subsequent to the year ended December 31, 2020, holders exercised 1,394,289 warrants.

Subsequent to the year ended December 31, 2020, the Company issued 3,250,000 Performance Warrants to Consultants and Directors of the Company. The Performance Warrants are exercisable at a price of $0.81 per Warrant and expire 36 months after the issuance.

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