1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Gawk Incorporated: August 23, 2013 to Present
Media Mechanics, Inc: January 6, 2011 to August 22, 2013

2) Address of the issuer's principal executive offices

<u>Company Headquarters</u>
Address 1: 5300 Melrose Ave. Suite 42
Address 2: Los Angeles, Ca. 90038
Phone: 888.754.6190
Website(s): https://gawk.com

3) Security Information

Trading Symbol: GAWK
Exact title and class of securities outstanding: Common Stock
CUSIP: 368108 205
Par or Stated Value: $0.001
Total shares authorized: 200,000,000 as of: August 24, 2018
Total shares outstanding: 2,631,196 as of: August 24, 2018

Additional classes of securities
Exact title and class of securities outstanding: Series A Preferred
Par or Stated Value: .001
Total shares authorized: 1,000 as of: August 24, 2018
Total shares outstanding: 1,000 as of: August 24, 2018

Exact title and class of securities outstanding: Series B Preferred
Par or Stated Value: $0.001
Total shares authorized: 95,000,000 as of: August 24, 2018
Total shares outstanding: 68,160,000 as of: August 24, 2018

Exact title and class of securities outstanding: Series C Preferred
Par or Stated Value: $0.001
Total shares authorized: 100 as of: August 24, 2018
Total shares outstanding: 14 as of: August 24, 2018

Exact title and class of securities outstanding: Series D Preferred
Par or Stated Value: $0.001
Total shares authorized: 1,000 as of: August 24, 2018
Total shares outstanding: 7 as of: August 24, 2018

<u>Transfer Agent</u>
V Stock Transfer, LLC
18 Lafayette Place
Woodmere, NY 11598
212.828.8436
http://vstocktransfer.com
Is the Transfer Agent registered under the Exchange Act?* Yes: [x] No: ☐

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

1 for 2500 reverse split effective April 18, 2018

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

During the year ended January 31, 2018, the Company issued common shares, as follows:

- 1,594,383 common shares were issued for the conversion of debt and accrued interest of $214,528.

During the year ended January 31, 2017, the Company issued common shares, as follows:

- 821,691 common shares were issued for the conversion of debt and accrued interest of $615,528.
- 16,400 common shares in exchange for the exercise of options for no consideration

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares; and

Shares issued in 4A above, were all issued as free trading shares.

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

<u>The shares issued in 4A above, were all issued without a legend, and were not restricted.</u>

5) Financial Statements

NOTICE OF NO INDEPENDENT AUDITOR AUDIT

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company does not have an independent auditor and an independent auditor has not performed an audit of these financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP).

GAWK INCORPORATED

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(UNAUDITED)

GAWK INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Unaudited)

		January 31, 2018		January 31, 2017
ASSETS				
Current Assets				
Cash and cash equivalents	$	60,716	$	133,249
Accounts receivable, net		235,714		232,305
Marketable securities - available for sale		33,600		102,300
Prepaid and other current assets		26,735		54,028
Total Current Assets		356,765		521,882
Intangible assets and proprietary technology, net of accumulated amortization of $1,251,444 and $656,244		554,631		1,149,831
Goodwill		1,416,851		1,416,851
TOTAL ASSETS	**$**	**2,328,247**	**$**	**3,088,564**
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable and accrued liabilities	$	2,585,771	$	1,953,401
Note payable, net of unamortized discounts of $309,697 and $1,546		687,228		98,930
Current portion of notes payable -related party		570,182		614,085
Current portion of convertible notes payable, net of unamortized discounts of $0 and $598,790		3,089,377		2,061,952
Investor payable - common shares		658,000		658,000
Due to related parties		408,174		305,458
Derivative liabilities		2,780,153		2,088,684
Total Current Liabilities		10,778,885		7,780,510
Long-Term Liabilities				
Notes payables -related party, less current portion		-		159,514
TOTAL LIABILITIES		10,778,885		7,940,024
Series C Convertible Preferred stock, $0.001 par value, 100 shares designated; 16 shares issued and outstanding		16,000,000		16,000,000
Series D Convertible Preferred stock, $0.001 par value, 1,000 shares designated; 31 and 21 shares issued and outstanding, respectively		3,100,000		2,100,000
		19,100,000		18,100,000
Stockholders' Deficit				
Preferred stock, $0.001 par value; authorized 100,000,000 shares				
Series A Preferred stock, $0.001 par value, 1,000 shares designated; 1,000 shares issued and outstanding		1		1
Series B Convertible Preferred stock, $0.001 par value, 95,000,000 shares designated; 75,187,500 and 68,187,500 shares issued and outstanding		75,188		68,188
Common stock, $0.001 par value, 14,900,000,000 shares authorized; 2,537,019 and 942,836 shares issued and outstanding, respectively		2,537		943
Additional paid-in capital		3,749,048		3,340,723
Accumulated deficit		(31,377,412)		(26,361,315)
Total Stockholders' Deficit		(27,550,638)		(22,951,460)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	**$**	**2,328,247**	**$**	**3,088,564**

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

GAWK INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Year Ended January 31, 2018	For the Year Ended January 31, 2017
Revenue	$ 5,543,768	$ 5,637,900
Operating expenses		
Cost of revenue	4,234,636	4,391,933
General and administration	2,556,900	3,180,510
Legal settlement	25,000	525,000
Impairment loss	-	4,369,707
Depreciation and amortization	595,200	746,487
Total operating expenses	7,411,736	13,213,637
Net loss from operations	(1,867,968)	(7,575,737)
Other income (expense)		
Other income	19,637	22,275
Interest expense, net	(2,454,896)	(1,808,729)
Unrealized gain (loss) on marketable securities	(68,700)	24,000
Change in fair value of derivative liabilities	(849,013)	(1,351,818)
Gain on sale of assets	73,728	-
Gain (loss) on settlement of debt	131,115	(1,629,773)
Total other expense	(3,148,129)	(4,744,045)
Loss from continuing operations	(5,016,097)	(12,319,782)
Gain from discontinued operations, net of tax benefits		
Gain on sale of assets	-	111,467
Gain from discontinued operations	-	(95,349)
Total gain from discontinued operations	-	16,118
Net loss	$ **(5,016,097)**	$ **(12,303,664)**
Dividend on Series B Preferred Stock	-	**(23,344)**
Net loss attributable to common stockholders	**$ (5,016,097)**	**$ (12,327,008)**
Basic and diluted loss per common share from continued operation	$ (2.15)	$ (42.49)
Basic and diluted gain per common share from discontinued operation	$ -	$ 0.06
Weighted average number of common shares outstanding, basic and diluted	2,333,697	289,925

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

GAWK INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Paid in Capital (Deficiency)	Accumulated Deficit	Total
	Shares Outstanding	Amount	Shares Outstanding	Amount	Shares Outstanding	Amount			
Balance, January 31, 2016	1,000	$ 1	50,000,000	$ 50,000	104,745	$ 105	$ 932,720	$ (14,057,651)	$ (13,074,825)
Stock-based compensation	-	-	-	-	-	-	361,000	-	361,000
Common stock issued for exercise of stock options	-	-	-	-	16,400	16	(16)	-	-
Series B Preferred shares issued for preferred stock payable	-	-	13,437,500	13,438	-	-	-	-	13,438
Series B Preferred shares issued for cash	-	-	4,750,000	4,750	-	-	15,250	-	20,000
Beneficial conversion feature on Series B Preferred share	-	-	-	-	-	-	23,344	-	23,344
Deemed dividend on amortization of beneficial conversion feature on Series B Preferred shares	-	-	-	-	-	-	(23,344)	-	(23,344)
Common stock issued for conversion of debt	-	-	-	-	821,691	822	614,706	-	615,528
Derivative resolution	-	-	-	-	-	-	1,417,063	-	1,417,063
Net loss	-	-	-	-	-	-	-	(12,303,664)	(12,303,664)
Balance, January 31, 2017	1,000	$ 1	68,187,500	$ 68,188	942,836	$ 943	$ 3,340,723	$ (26,361,315)	$ (22,951,460)
Stock-based compensation	-	-	-	-	-	-	174,000	-	174,000
Reclassification to Series D Preferred stock	-	-	7,000,000	7,000	-	-	(507,000)	-	(500,000)
Common stock issued for conversion of debt	-	-	-	-	1,594,383	1,594	739,725	-	741,319
Contribution	-	-	-	-	-	-	1,600	-	1,600
Net loss	-	-	-	-	-	-	-	(5,016,097)	(5,016,097)
Balance, January 31, 2018	1,000	$ 1	75,187,500	$ 75,188	2,537,219	$ 2,537	$ 3,749,048	$ (31,377,412)	$ (27,550,638)

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

GAWK INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Year Ended January 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,016,097)	$ (12,303,664)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock options issued for services	-	177,000
Stock-based compensation	474,000	361,000
Amortization of debt discount and deferred financing fees	1,621,045	1,110,707
Unrealized gain on marketable securities	68,700	(24,000)
Amortization expense of intangible assets	595,200	746,487
Depreciation expense from discontinued operations	-	44,244
Amortization expense from discontinued operations	-	89,766
Bad debt expense	7,235	18,876
Loss on impairment of goodwill	-	3,626,635
Loss on impairment of intangible assets	-	180,572
Write off of deposit	-	562,500
Loss on stock for liabilities	-	1,564,800
(Gain) loss on settlement of liabilities	(131,115)	64,973
Prepayment penalty	-	188,249
Default penalty	348,879	-
Change in fair value of derivative liabilities	849,013	1,351,818
Gain on sale of asset	-	(111,467)
Gain on sale of intangible asset	(73,728)	-
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	(10,644)	(175,232)
Prepaid expenses and other assets	27,293	(1,079)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	925,757	910,520
Due to related parties	102,716	712,716
Other current liabilities	-	269,287
Net Cash Used In Operating Activities	(211,746)	(635,292)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of XTELUS, net of cash acquired	-	397
Proceeds from sales of intangible assets	73,728	-
Proceeds from sale of asset	-	401,052
Net Cash Provided by Investing Activities	73,728	401,449
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	1,789,226	147,050
Payment of notes payable	(1,666,361)	(59,524)
Proceeds from convertible notes, net of original issue discounts and deferred financing fees	144,500	785,858
Payment of convertible notes payable	(63)	(33,333)
Proceeds from notes payable - related party	25,000	25,000
Payment of notes payable - related party	(228,417)	(582,903)
Contribution	1,600	-
Proceeds from issuance of Series B Preferred stock	-	20,000
Net Cash Provided By Financing Activities	65,485	302,148

Net increase (decrease) in cash and cash equivalents	(72,533)	68,305
Cash and cash equivalents, beginning of period	133,249	64,944
Cash and cash equivalents, end of period	$ 60,716	$ 133,249
Supplemental cash flow information		
Cash paid for interest	$ 118,685	$ 242,902
Cash paid for taxes	$ -	$ -
Non-cash financing transactions:		
Acquisition of XTELUS through issuance of Series D Preferers shares	$ -	$ 100,000
Series B Preferred shares issued to settle preferred share payable	$ -	$ 13,438
Issuance of common stock for conversion of debt and accrued interest	$ 741,319	$ 2,032,591
Common stock issued in exchange for warrants	$ -	$ 41,000
Debt discount from derivative liability	$ 536,222	$ 1,356,692
Accrued interest added to principal	$ -	$ 5,517
Replacement of note payable to Convertible note	$ -	$ 75,000
Acquisition of Connexum through contingent issuance of Series D Preferred shares	$ -	$ 2,000,000
Beneficial conversion feature on Series B Preferred share	$ -	$ 23,344
Reclassification of APIC to Series D Preferred shares	$ 507,000	$ -

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

GAWK INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The accompanying financial statements have been prepared by the Company without an audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at January 31, 2018, and for all periods presented herein, have been made.

NOTE 1 – DESCRIPTION OF BUSINESS

Gawk Incorporated ("we", "our", the "Company") was incorporated in the state of Nevada on January 6, 2011 with principal business address at 5300 Melrose Avenue, Suite 42, Los Angeles, CA. The Company offers a suite of cloud communications, cloud connectivity, cloud computing, and managed cloud-based applications solutions to small, medium, and large businesses; and offers domestic and international voice services to communications carriers worldwide. It offers a suite of advanced data center and cloud-based services, including fault tolerant, high availability cloud servers, which comprise platform as a service, infrastructure as a service, and a content delivery network; managed network services that converge voice and data applications, structured cabling, wireless, and security services, as well as include Internet access via Ethernet or fiber at speeds ranging from 10 Mbps to 10 Gbps; and data center solutions, including cloud services, colocation services, and business continuity services, such as storage and security. Our website is located at www.gawkinc.com

NOTE 2 – GOING CONCERN

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, the Company has an accumulated deficit at January 31, 2018 of $31,377,412, a net loss for the year ended January 31, 2018 of $5,016,097, cash flows used in operating activities of $211,746 and needs additional cash to maintain its operations.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company's continued existence is dependent upon management's ability to develop profitable operations, continued contributions from the Company's executive officers to finance its operations and the ability to obtain additional funding sources to explore potential strategic relationships and to provide capital and other resources for the further development and marketing of the Company's products and business.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are as follows:

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and (iii) the reported amount of net revenues and expenses recognized during the periods presented. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements; accordingly, actual results could differ from these estimates. The Company’s most significant estimates relate to the valuation of its intangible assets, goodwill impairment, derivative liabilities, and the valuation of its common stock.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated. We currently have no investments accounted for using the equity or cost methods of accounting.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At January 31, 2018 and 2017, cash and cash equivalents include cash on hand and cash in the bank.

Goodwill and Other Intangible Assets

We account for goodwill and intangible assets in accordance with ASC 350 "Intangibles-Goodwill and Other" ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value. In addition, ASC 350 requires that goodwill be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. Application of the goodwill impairment test requires judgment, including the identification of reporting units; assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions or the occurrence of one or more confirming events in future periods could cause the actual results or outcomes to materially differ from such estimates and could also affect the determination of fair value and/or goodwill impairment at future reporting dates.

We completed an evaluation of intangible assets and goodwill at January 31, 2018 and 2017 and recognized an impairment loss of $0 and $3,807,207 during the year ended January 31, 2018 and 2017.

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Patents, technology and other intangibles with contractual terms are generally amortized over their respective legal or contractual lives. Customer relationships, brands and other non-contractual intangible assets with determinable lives are amortized over periods 3 years. When certain events or changes in operating conditions occur, an impairment assessment is performed and lives of intangible assets with determinable lives may be adjusted.

Long-Lived Assets

Long-lived assets are evaluated for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted future cash flows to the recorded value of the asset. If impairment is indicated, the asset is written down to its estimated fair value.

Property and Equipment

Property and equipment, consisting mostly of computer equipment, is recorded at cost reduced by accumulated depreciation. Depreciation expense is recognized over the assets' estimated useful lives of three years using the straight-line method. Major additions and improvements are capitalized as additions to the property and equipment accounts, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets, are expensed as incurred. Estimated useful lives are periodically reviewed and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

Accounts Receivable and Allowance for Uncollectible Accounts

Substantially all of the Company's accounts receivable balance is related to trade receivables. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for services. Accounts with known financial issues are first reviewed and specific estimates are recorded. The remaining accounts receivable balances are then grouped in categories by the number of days the balance is past due, and the estimated loss is calculated as a percentage of the total category based upon past history. Account balances are charged against the allowance when it is probable that the receivable will not be recovered. As of January 31, 2018, and 2017, the Company had a valuation allowance for doubtful accounts of $7,235 and $18,876, respectively, for the Company's accounts receivable. During the years ended January 31, 2018 and 2017, the Company recorded bad debt expense for uncollectible amounts of $7,235 and $18,876, respectively.

Marketable securities and other investments

We adopted ASC 825, "The Fair Value Option for Financial Assets and Financial Liabilities. Under this statement, an entity may elect to use fair value to measure eligible items. The adoption of this statement did not have an impact on our results of operations or financial condition.

We classify these investments as current assets and carry them at fair value. We recognize all unrealized and realized gains and losses on our available-for-sale securities in other income in the accompanying consolidated statements of operations and comprehensive income (loss).

Revenue Recognition

The Company pursues opportunities to realize revenues from consulting services. It is the company's policy that revenues and gains will be recognized in accordance with ASC Topic 605-10-25, "Revenue Recognition." Under ASC Topic 605-10-25, revenue earning activities are recognized when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

Our Business Services revenue includes monthly recurring charges ("MRC") to customers, for whom charges are contracted over a specified period of time, and variable usage fees charged to customers that purchase our business products and services. Revenue recognition commences after the provisioning, testing and acceptance of the service by the customer. MRCs continue until the expiration of the contract, or until cancellation of the service by the customer. To the extent that payments received from a customer are related to a future period, the payment is recorded as deferred revenue until the service is provided or the usage occurs.

Our Carrier Services revenue is primarily derived from usage fees charged to other carriers that terminate voice traffic over our network. Variable revenue is earned based on the length of a call, as measured by the number of minutes of duration. It is recognized upon completion of the call, and is adjusted to reflect the allowance for billing adjustments. Revenue for each customer is calculated from information received through our network switches. Our customized software tracks the information from the switches and analyzes the call detail records against stored detailed information about revenue rates. This software provides us with the ability to complete a timely and accurate analysis of revenue earned in a period. We believe that the nature of this process is such that recorded revenues are unlikely to be revised in future periods.

Income Taxes

The Company utilizes the asset and liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for operating loss and tax credit carry-forwards and for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that the value of such assets will be realized.

The Company uses the two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments. At January 31, 2018 and 2017, the Company did not record any liabilities for uncertain tax positions.

Share-Based Compensation

The Company measures the cost of services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. Employee awards are accounted for under ASC 718 - where the awards are valued at grant date. Awards given to nonemployees are accounted for under ASC 505 where the awards are valued at earlier of commitment date or completion of services. Compensation cost for employee awards is recognized over the vesting or requisite service period. The Black-Scholes option-pricing model is used to estimate the fair value of options or warrants granted.

Related Parties

The Company follows ASC 850, "Related Party Disclosures," for the identification of related parties and disclosure of related party transactions. See note 16.

Basic and Diluted Net Loss per Common Share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. The weighted average number of shares is calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Diluted earnings per share reflects the potential dilution that could occur if stock options, warrants, and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. For the year ended January 31, 2018 and 2017, respectively, the following options, warrants, convertible notes and Series A convertible preferred stock were excluded from the computation of diluted net loss per shares as the result of the computation was anti-dilutive.

Diluted loss per share is the same as basic loss per share during periods where net losses are incurred since the inclusion of the potential common stock equivalents would be anti-dilutive as a result of the net loss.

Concentration of Credit Risk

All of the Company's cash and cash equivalents are maintained in regional and national financial institutions. The Company has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by the U.S. federal deposit insurance; however, the Company has not experienced any losses in such accounts. In management's opinion, the capitalization and operating history of the financial institutions are such that the likelihood of material loss is remote.

Derivative Financial Instruments

The fair value of an embedded conversion option that is convertible into a variable amount of shares and warrants that include price protection reset provision features are deemed to be "down-round protection" and, therefore, do not meet the scope exception for treatment as a derivative under ASC 815 "Derivatives and Hedging", since "down-round protection" is not an input into the calculation of the fair value of the conversion option and warrants and cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The Black-Scholes option valuation model was used to estimate the fair value of the embedded conversion options and warrants. The model includes subjective input assumptions that can materially affect the fair value estimates. The expected volatility is estimated based on the most recent historical period of time, of our common stock, equal to the weighted average life of the options.

Conversion options are recorded as debt discount and are amortized as interest expense over the life of the underlying debt instrument.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash, accounts payable and accrued expenses, and debt. The carrying amounts of such financial instruments approximate their respective estimated fair value due to the short-term maturities and approximate market interest rates of these instruments.

The Company adopted ASC Topic 820, *Fair Value Measurements* (“ASC Topic 820”), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets; liabilities in active markets;
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active; or directly or indirectly including inputs in markets that are not considered to be active;
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement

The following table summarizes fair value measurements by level at January 31, 2018 and January 31, 2017 for assets measured at fair value on a recurring basis:

Carrying Value at January 31, 2018

January 31, 2018	Level 1	Level 2	Level 3	Total
Marketable securities- available for sale	$ 33,600	$ -	$ -	$ 33,600
Derivative liabilities	$ -	$ -	$ 2,780,153	$ 2,780,153

Carrying Value at January 31, 2017

January 31, 2017	Level 1	Level 2	Level 3	Total
Marketable securities- available for sale	$ 102,300	$ -	$ -	$ 102,300
Derivative liabilities	$ -	$ -	$ 2,088,684	$ 2,088,684

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers” which will supersede ASC Topic No. 605, “Revenue Recognition.” A core principle of the new guidance is that an entity should measure revenue in connection with its sale of goods and services to a customer based on the consideration to which the entity expects to be entitled in exchange for each of those goods and services. The new standard must be adopted using either the retrospective or cumulative effect transition method. For public companies, this amendment is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. We will adopt this accounting pronouncement, using the cumulative effect transition method, effective for our first quarter of our fiscal year 2019, and we do not believe, based on our preliminary assessment, that adoption of this standard will have a material effect on our consolidated results of operations and consolidated financial position. We are currently assessing the disclosure requirements contained in the new standard and anticipate making the additional disclosures about our revenue recognition practices as required by the new standard.

In June 2018, the FASB issued ASU No. 2018-07, “Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.” These amendments expand the scope of Topic 718, Compensation—Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, Equity—Equity-Based Payments to Non-Employees. The guidance will be effective for the Company for its fiscal year 2019, with early adoption permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers.

Management has considered all recent accounting pronouncements issued. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

NOTE 4 – MARKETABLE SECURITIES

On September 4, 2014 Cloud issued 30,000 post-split common shares through a consulting agreement with Gawk Incorporated valued at $105,000. The common stock issued to Gawk, for consulting services, has been accounted for as a marketable security valued at $105,000. The services have been earned and completed in accordance with the agreement.

The Company fair valued the marketable security available for sale at January 31, 2018 and 2017 and recorded an unrealized gain (loss) on change in fair value of the asset of ($68,700) and $24,000, respectively. Total fair value of the available for sale security at January 31, 2018 and 2017 is $33,600 and $102,300, respectively.

NOTE 5 – ACQUISITIONS

XTELUS LLC and XETLUS S.A.

On June 27, 2016, the Company entered into an acquisition agreement with NEOGEN Holdings LLC, whereby the Company acquired 100% of the membership interest of XTELUS LLC and XETLUS S.A. ("XTELUS"). The acquisition of XTELUS met the definition of a business in accordance with FASB ASC Topic 805, *"Business Combinations"*. As such, the Company accounted for the acquisition as a business combination.

Management determined that the Company was the acquirer in the business combination in accordance with FASB ASC Topic 805, *"Business Combinations,"* based on the following factors: (i) there was a change in control of XTELUS; (ii) the Company was the entity in the transaction that issued its equity instruments, and in a business combination, the acquirer usually is the entity that issues its equity interests; (iii) the Company's pre-transaction directors retained the largest relative voting rights of the Company post-transaction; (iv) the composition of the Company's current board of directors and management was the result of the appointment by the Company's pre-transaction directors.

The purchase price paid for the acquisition of XTELUS amounted to $100,000 and consisted of 1 Series D Preferred Stock, which is convertible into $100,000 of common shares at any time following 12 months from the issuance of such shares. The following table summarizes the fair value of the consideration paid by the Company and the fair value amounts assigned to the assets acquired on the acquisition date:

Fair Value of Consideration:		June 26, 2016
1 share of Series D Preferred Shares	$	100,000
Total Purchase Price	$	100,000

Assets and Liabilities:		June 26, 2016
Current assets	$	51,374
Current liabilities		(29,260)
Goodwill		77,886
Fair value of total assets	$	100,000

Revenues of $922,912 and net loss of $58,297 since the acquisition date are included in the consolidated statements of operations and comprehensive income (loss) for the year ended January 31, 2017.

Unaudited combined proforma results of operations for the year ended January 31, 2017 as though the Company acquired XTELUS on February 1, 2016, are set forth below:

		January 31, 2017
Revenues	$	6,054,109
Cost of revenues		4,711,771
Gross profit		1,342,338
Operating expenses		8,992,236
Operating loss		(7,649,898)
Other expense		(4,744,045)
Gain (loss) from discontinued operations		16,118
Net Loss	$	(12,377,825)

WebRunner, LLC

On October 30, 2014, the Company, through a comprehensive agreement with Webrunner, LLC ("Webrunner"), has purchased a complete data center. The Company sold WebRunner on October 31, 2016 (see Note 6).

The fair value of the consideration and the assets acquired is based on the aggregate value of the common stock issued in exchange for the software as shown below:

The acquisition consisted primarily of the purchase of a data center and all of its business, which are considered to meet the definition of a business in accordance with FASB ASC Topic 805, "Business Combinations". As such, the Company accounted for the acquisition as a business combination.

Management determined that the Company was the acquirer in the business combination in accordance with ASC Topic 805, "Business Combinations", based on the following factors: (i) there was a change in control of Webrunner; (ii) the Company was the entity in the transaction that issued its equity instruments, and in a business combination, the acquirer usually is the entity that issues its equity interests; (iii) the Company's pre-transaction directors retained the largest relative voting rights of the Company post-transaction; (iv) the composition of the Company's current board of directors and management was the result of the appointment by the Company's pre-transaction directors.

The purchase price paid for the acquisition was $2,104,932 which included $225,000 in cash, 1 Series C Preferred share convertible into $1,000,000 of common stock and 9,100,000 options to purchase stock at an exercise price of $0.10 valued at $879,932 using the Black Scholes option pricing model. The assumptions used to value the options were as follows: a) stock price of $0.0978; b) strike price of $0.10, c) term of 5 years and d) volatility of 268%. The following table summarizes the fair value of the consideration paid by the Company and the fair value amounts assigned to the assets acquired on the acquisition date:

		October 30, 2014
Fair Value of Consideration:		
Cash	$	225,000
1 Series C Preferred share convertible into common shares		1,000,000
9,100,000 options at an exercise price of $0.10		879,932
Total Purchase Price	**$**	**2,104,932**
Recognized amounts of identifiable assets acquired:		
Assets:		
Cash	$	190,931
IP Address		81,920
Customer list		359,067
Equipment		176,975
Goodwill		1,310,908
Fair value of total assets		**2,119,801**

Note payable RND Media	(10,000)
Accounts payable and accrued liabilities	(4,869)
Fair value of net assets	**$ 2,104,932**

Webrunner, Inc. assets includes IP Address space assigned to it through American Registry for Internet Numbers (ARIN) which consists of a /19, pronounced “Slash Nineteen”, which contains 8192 IP Addresses that are used in conjunction with our services provided to our customers.

An Internet Protocol address (IP address) is a numerical label assigned to each device (e.g., computer, printer) participating in a computer network that uses the Internet Protocol for communication. An IP address serves two principal functions: host or network interface identification and location addressing.

The designers of the Internet Protocol defined an IP address as a 32-bit number and this system, known as Internet Protocol Version 4 (IPv4), is still in use today. However, because of the growth of the Internet and the predicted depletion of available addresses, a new version of IP (IPv6), using 128 bits for the address, was developed in 1995. IPv6 was standardized as RFC 2460 in 1998, and its deployment has been ongoing since the mid-2000s.

IP addresses are usually written and displayed in human-readable notations, such as 172.16.254.1 (IPv4), and 2001:db8:0:1234:0:567:8:1 (IPv6).

The Internet Assigned Numbers Authority (IANA) manages the IP address space allocations globally and delegates five regional Internet registries (RIRs) to allocate IP address blocks to local Internet registries (Internet service providers) and other entities.

The expected of the Equipment, IP Addresses and Customer List is 3 years of which we will be applying both amortization and depreciation on a quarterly basis in a straight line format.

The comprehensive agreement call for the implementation of three employment agreement and three management agreements for the members of Webrunner LLC. The Company has not adopted an employee stock option plan which has been approved by the shareholders.

NOTE 6 – DISCONTINUED OPERATIONS

On October 31, 2016, the Company entered into the asset purchase and sale agreement (the “Agreement”) with Giggle Fiber, LLC. Pursuant to the terms of the Agreement, the Company sold the equipment, customer list of Webrunner and bank accounts related to Webrunner for $413,861, payable in installments. The Company recorded gain on sales of assets of $111,467 as discontinued operations during the year ended January 31, 2017. The total consideration received was $401,052.

The following table shows the results of operations of Webrunner for fiscal years 2018 and 2017 which are included in the gain (loss) from discontinued operations:

	Years Ended July 31,	
	2018	2017
Revenue	$ -	$ 225,575
Operating expenses		
General and administration	-	(186,913)
Depreciation and amortization	-	(134,011)
Loss from discontinued operations	$ -	$ (95,349)

The following table summarizes the carrying amounts of the sold assets;

Assets	October 31, 2016
Bank accounts related to Webrunner	$ 12,809
Equipment, net of depreciation of $117,984	58,991
Intangible assets, net of amortization $239,378	119,689

Goodwill		110,905
Total assets	$	302,394

NOTE 7 – INTANGIBLES AND GOODWILL

Intangible assets at January 31, 2018 and 2017 consist of the following:

		January 31, 2018		January 31, 2017
IP Address - Webrunner	$	81,920	$	81,920
Customer list - Connexum		1,724,155		1,724,155
Total intangible assets		1,806,075		1,806,075
Accumulated amortization of intangible assets		(1,251,444)		(656,244)
Total intangible assets	$	554,631	$	1,149,831

The intangible assets are amortized over an estimated useful life of 3 years. Amortization expense from continuing operations amounted to $595,200 and $746,487 for the years ended January 31, 2018 and 2017, respectively. Amortization expense from discontinued operations amounted to $0 and $89,766 for the years ended January 31, 2018 and 2017, respectively.

Goodwill at January 31, 2018 and 2017 consist of the following:

		January 31, 2018		January 31, 2017
Goodwill of Connexum	$	1,416,851	$	1,416,851

During the year ended January 31, 2018, the Company did not recognize the impairment loss of goodwill.

During the year ended January 31, 2017, we determined that the carrying value of Net D and XTELUS, which are separate reporting units, exceeded its fair value at the measurement date, requiring step two in the impairment test process. The fair value of the Net D and XTELUS reporting unit were determined primarily using an income approach based on the present value of discounted cash flows. We determined the implied fair value of intangible asset and goodwill were substantially below the carrying value of the reporting unit. Accordingly, we recognized impairment loss of $180,572 in intangible asset and $3,548,749 in goodwill for Net D and $77,886 in goodwill for XTELUS, which resulted in no intangible asset and goodwill remaining for Net D and XTELUS as of January 31, 2017.

NOTE 8 – NOTES PAYABLE

The Company had the following notes payable and notes payable – related party outstanding as of January 31, 2018 and 2017:

Notes Payable

		January 31, 2018		January 31, 2017
Dated – October 30, 2014	$	10,000	$	10,000
Dated – August 4, 2016		25,000		25,000
Dated – September 30, 2016		-		65,476
Dated – March 10, 2017		37,335		-
Dated – July 21, 2017		59,896		-
Dated – October 2, 2017		50,309		-
Dated – October 23, 2017		47,667		-
Dated – November 28, 2017		129,948		-
Dated – December 20, 2017		169,623		-
Dated – December 22, 2017		91,416		-
Dated – January 17, 2018		97,930		-
Dated – January 30, 2018		277,801		-
Total notes payable	$	996,925	$	100,476
Less: debt discount and deferred financing fees		(309,697)		(1,546)

	687,228	98,930
Less: current portion of notes payable	687,228	98,930
Long-term notes payable	-	-

The Company recognized amortization expense related to the debt discount and deferred financing fees of $465,433 and $1,404 for the year ended January 31, 2018 and 2017, respectively. The total borrowings on note payable during the year ended January 31, 2018 and 2017 was $1,789,226 and $147,050, respectively. The total principal repayment on note payable during the year ended January 31, 2018 and 2017 was $1,666,361 and $59,524, respectively.

Dated – October 30, 2014

On October 30, 2014, the Company exercised the comprehensive acquisition agreement of Webrunner, LLC ("Webrunner") and in the acquisition the Company assumed the debt of RNC Media in the amount of $10,000. The Note does not have any interest payable and is due upon demand.

Dated – August 4, 2016

The note was issued to Mr. Doyle Knudson, are subject to annual interest of 15% and are secured by 250,000 shares of common stock. The note matured in February 2017. The total cash proceeds received from the note was $25,000

Dated – September 30, 2016

The Company entered into the revenue based factoring agreement with Powerup Lending Group, Ltd. And received cash of $125,000. The note includes an original issue discount and financing fee of $2,950 and the Company received cash of $122,050. The Company is required to make weekly principal and interest payments of $4,560 for a period of 34 weeks through May 30, 2017. During the three months ended April 30, 2017, the Company repaid $65,476 fully.

Dated – March 10, 2017

The Company entered into the revenue based factoring agreement with PIRS Capital, LLC. The principal amount of note is $291,900 and the note includes an original issue discount and financing fee of $86,499 and the Company received cash of $205,401. The Company is required to make weekly principal and interest payments of $5,657 for a period of 51 weeks through February 23, 2018.

Dated – April 11, 2017

The Company entered into the revenue based factoring agreement with Powerup Lending Group, Ltd. The principal amount of note is $156,250 and the note includes an original issue discount and financing fee of $33,750 and the Company received cash of $122,500. The Company is required to make weekly principal and interest payments of $4,560 for a period of 34 weeks through December 5, 2017. On October 2, 2017, the Company fully repaid the outstanding balance of $39,993.

Dated – May 16, 2017

The Company entered into the agreement with Arcarius LLC. The principal amount of note is $136,000 and the note includes an original issue discount and financing fee of $38,495 and the Company received cash of $97,505. The Company is required to make daily principal and interest payments of $773 for a period of 176 days. On December 1, 2017, the Company fully repaid the outstanding balance of $27,818.

Dated – May 30, 2017

The Company entered into the revenue based factoring agreement with Powerup Lending Group, Ltd. The principal amount of note is $108,000 and the note includes an original issue discount and financing fee of $29,600 and the Company received cash of $78,400. The Company is required to make weekly principal and interest payments of $4,286 for a period of 26 weeks through December 30, 2017. On October 2, 2017, the Company fully repaid the outstanding balance of $35,142.

Dated – July 10, 2017

The Company entered into the revenue based factoring agreement with Powerup Lending Group, Ltd. The principal amount of note is $54,000 and the note includes an original issue discount and financing fee of $14,800 and the Company received cash of $39,200. The Company is required to make daily principal and interest payments of $600 for a period of 90 days. On October 2, 2017, the Company fully repaid the outstanding balance of $18,600.

Dated – July 21, 2017

The Company entered into the revenue based factoring agreement with PIRS Capital, LLC. The principal amount of note is $170,000 and the note includes an original issue discount and financing fee of $47,899 and the Company received cash of $122,101. The Company is required to make weekly principal and interest payments of $4,404 for a period of 39 weeks through April 20, 2018.

Dated – September 14, 2017

The Company entered into the agreement with Richmond Capital Group. The principal amount of note is $174,875 and the note includes an original issue discount and financing fee of $54,873 and the Company received cash of $120,002. The Company is required to make daily principal and interest payments of $1,459 for a period of 120 days. On December 21, 2017, the Company fully repaid the outstanding balance of $74,204.

Dated – October 2, 2017

The Company entered into the revenue based factoring agreement with Powerup Lending Group, Ltd. The principal amount of note is $240,500 and the note includes an original issue discount and financing fee of $59,200 and the Company received cash of $181,300. The Company is required to make principal and interest payments of $6,135 twice a week.

Dated – October 23, 2017

The Company entered into the agreement with Prosperitas Capital, LLC. The principal amount of note is $143,000 and the note includes an original issue discount and financing fee of $44,895 and the Company received cash of $98,105. The Company is required to make daily principal and interest payments of $1,589 for a period of 90 days.

Dated – November 2, 2017

The Company entered into the agreement with Midnight Advance Capital LLC. The principal amount of note is $174,875 and the note includes an original issue discount and financing fee of $54,875 and the Company received cash of $120,000. The Company is required to make daily principal and interest payments of $1,458 for a period of 142 days. On January 30, 2018, the Company fully repaid the outstanding balance of $90,311

Dated – November 28, 2017

The Company entered into the agreement with Arcarius LLC. The principal amount of note is $199,920 and the note includes an original issue discount and financing fee of $69,693 and the Company received cash of $130,227. The Company is required to make daily principal and interest payments of $1,589 for a period of 90 days.

Dated – December 20, 2017

The Company entered into the agreement with Richmond Capital Group. The principal amount of note is $209,850 and the note includes an original issue discount and financing fee of $70,686 and the Company received cash of $139,164. The Company is required to make daily principal and interest payments of $1,749 for a period of 120 days.

Dated – December 22, 2017

The Company entered into the agreement with GTR Source LLC. The principal amount of note is $111,920 and the note includes an original issue discount and financing fee of $36,920 and the Company received cash of $75,000. The Company is required to make daily principal and interest payments of $932 for a period of 120 days.

Dated – January 17, 2018

The Company entered into the agreement with Richmond Capital Group. The principal amount of note is $111,920 and the note includes an original issue discount and financing fee of $36,918 and the Company received cash of $75,002. The Company is required to make daily principal and interest payments of $1,399 for a period of 120 days.

Dated – January 30, 2018

The Company entered into the agreement with Midnight Advance Capital LLC. The principal amount of note is $279,800 and the note includes an original issue discount and financing fee of $94,481 and the Company received cash of $185,319. The Company is required to make daily principal and interest payments of $1,999 for a period of 140 days.

Notes Payable – related party

	January 31, 2018	January 31, 2017
Dated – April 23, 2015	$ 194,250	$ 231,250
Dated - December 21, 2016	350,932	542,349
Dated - December 12, 2018	25,000	-
Total notes payable	570,182	773,599
Less: current portion of notes payable	570,182	614,085
Long-term notes payable	$ -	$ 159,514

The total borrowing on related party note payable during the year ended January 31, 2018 was $25,000 and $25,000, respectively

The total principal repayment on related party note payable during the year ended January 31, 2018 and 2017 was $228,417 and $582,903, respectively

Dated – April 23, 2015

On May 1, 2015, in connection with the acquisition of the assets of Net D Consulting, Inc. ("Net D"), the Company issued a $350,000 note which bears no interest and matures on October 7, 2016. The Company made repayments on the note of $37,000 and $51,000 during the year ended January 31, 2018 and 2017, respectively.

Dated – December 21, 2016

On December 21, 2016, the Company entered into the new agreement which the company issued a note payable of $574,252 for payment of the Note dated January 18, 2016. The Note bears interest rate of $7.29% for 1st 12 months and then 3.25% for 13 through 18 months. The Company is required to make monthly principal and interest payments of $226,985 for a period of 18 months through June 20, 2018. The Company paid principal and interest payments of $293,733 and $48,956, respectively, for the year ended January 31, 2018 and 2017, respectively.

Dated – December 12, 2017

The note was issued to Mr. Michael Shader, are subject to annual interest of 20% and are secured by 1 shares of Series D Preferred Stock. The note matured in June 13, 2018. The total cash proceeds received from the note was $25,000.

NOTE 9 – CONVERTIBLE NOTES PAYABLE

The Company had the following convertible notes payable outstanding as of January 31, 2018 and 2017:

	January 31, 2018	January 31, 2017
Promissory Note - Issued August 22, 2014, with a fixed conversion price of $0.10 per common share or 17,000,000 shares of common stock.	$ 1,700,000	$ 1,700,000
Promissory notes – Issued in fiscal year 2016, with variable conversion features.	-	83,951
Promissory notes – Issued in fiscal year 2017, with variable conversion features.	588,728	876,791
Promissory notes – Issued in fiscal year 2018, with variable conversion features.	800,649	-
Total convertible notes payable	3,089,377	2,660,742
Less: debt discount and deferred financing fees	-	(598,790)
	3,089,377	2,061,952
Less: current portion of convertible notes payable	3,089,377	2,061,952
Long-term convertible notes payable	$ -	$ -

The Company recognized amortization expense related to the debt discount and deferred financing fees of $1,155,612 and $1,109,303 for the year ended January 31, 2018 and 2017, respectively.

Notes in Default

All convertible notes held by the company are currently in default. During the three months ended July 31, 2017, the Company did not maintain the covenant requiring the Company to be current with all financial filings. As a result of the breach, the convertible debentures are due on demand. No demand for payment has been made as at January 31, 2018. The terms of default for notes are as follows:

- Default interest rates ranging from 20% to 24 %
- The Conversion Price discount for certain notes shall be permanently increased by 10%
- The Company shall pay an amount equal to the greater of

  - (i) 150% times the sum of the outstanding principal amount of certain Notes plus accrued and unpaid interest on the unpaid principal amount of this Notes to the date of payment (the "Mandatory Prepayment Date") plus Default Interest.
  - (ii) the "parity value" of the Default Sum to be prepaid, where parity value means (a) the highest number of shares of Common Stock issuable upon conversion of or otherwise pursuant to such Default Sum treating the Trading Day immediately preceding the Mandatory Prepayment Date as the "Conversion Date" for purposes of determining the lowest applicable Conversion Price, unless the Default Event arises as a result of a breach in respect of a specific Conversion Date in which case such Conversion Date shall be the Conversion Date, multiplied by (b) the highest Closing Price for the Common Stock during the period beginning on the date of first occurrence of the Event of Default and ending one day prior to the Mandatory Prepayment Date

During the year ended January 31, 2018, the Company recorded default penalty interest of $348,879 (2016: $nil).

Promissory Note - August 22, 2014

In connection with the settlement agreement entered into with Doyle Knudson, an investor, in 2014, the Company issued a $1.8 million convertible promissory note with a fixed conversion price of $0.10 per share or 18,000,000 shares of common stock. The note is subject to annual interest of 10%, matured in August 2015 and is currently past due. In May and December 2015, a total of $100,000 note principal was transferred to another lender.

The Company initially recorded a discount on the convertible note due to a beneficial conversion feature of $358,200 and amortized $208,950 for the year ended January 31, 2016. Due to the variable conversion rates in the other convertible notes (see below), the $1,700,000 balance of the note became tainted and the embedded fixed conversion option was bifurcated and accounted for as a derivative liability.

Promissory Notes - Issued in fiscal year 2016

During the year ended January 31, 2016, the Company issued a total of $449,666 notes with the following terms:

- Terms ranging from 9 months to 2 years
- Annual interest rates ranging from 5% to 12%
- Convertible at the option of the holders either at issuance or 180 days from issuance. The note dated September 29, 2015 is convertible at the later of the maturity date or date of default.
- Conversion prices are typically based on the discounted (50% to 60% discount) lowest trading prices of the Company's shares during various periods prior to conversion. Certain notes allow for the conversion price to be the lower of $0.01 or the discounted trading price

Certain notes allow the Company to redeem the notes at rates ranging from 118% to 148% depending on the redemption date provided that no redemption is allowed after the 180th day. Likewise, certain notes include original issue discounts totaling to $24,166. During the year ended January 31, 2016, the Company also recognized deferred financing fees totaling $55,142

The Company determined that the conversion feature met the definition of a liability in accordance with ASC Topic No. 815 - 40, Derivatives and Hedging - Contracts in Entity's Own Stock and therefore bifurcated the embedded conversion option once the note becomes convertible and accounted for it as a derivative liability. The fair value of the conversion feature was recorded as a debt discount and amortized to interest expense over the term of the note.

The Company valued the conversion feature using the Black Scholes valuation model. The fair value of the derivative liability for all the notes that became convertible during the year amounted to $459,733. $209,000 of the value assigned to the derivative liability was recognized as a debt discount to the notes while the balance of $250,733 was recognized as a day 1 derivative loss.

Promissory Notes - Issued in fiscal year 2017

During the year ended January 31, 2017, the Company issued a total of $1,266,417 notes with the following terms:

- Terms ranging from 9 months to 20 months
- Annual interest rates ranging from 8% to 12%
- Convertible at the option of the holders either at issuance or 180 days from issuance.
- Conversion prices are typically based on the discounted (50% to 60% discount) lowest trading prices of the Company's shares during various periods prior to conversion. Certain notes allow for the conversion price to be a floor of $0.0005 and $0.00005 per share.

Certain notes allow the Company to redeem the notes at rates ranging from 118% to 150% depending on the redemption date provided that no redemption is allowed after the 180th day. Likewise, certain notes include original issue discounts and deferred financing cost totaling to $146,976. The Company received cash of $785,858. During the year ended January 31, 2017, the Company repaid notes with principal amounts totaling to $33,333 and a total of $5,517 accrued interest was also added to principal.

The Company determined that the conversion feature met the definition of a liability in accordance with ASC Topic No. 815 - 40, Derivatives and Hedging - Contracts in Entity's Own Stock and therefore bifurcated the embedded conversion option once the note becomes convertible and accounted for it as a derivative liability. The fair value of the conversion feature was recorded as a debt discount and amortized to interest expense over the term of the note.

The Company valued the conversion feature using the Black Scholes valuation model. The fair value of the derivative liability for all the notes that became convertible, including the notes issued in prior years, during the year ended January 31, 2017 amounted to $3,245,991. $1,356,692 of the value assigned to the derivative liability was recognized as a debt discount to the notes while the balance of $1,889,299 was recognized as a "day 1" derivative loss.

Promissory Notes - Issued in fiscal year 2018

During the year ended January 31, 2018, the Company issued a total of $556,822 of promissory notes with the following terms:

- Terms ranging from 9 months to 12 months
- Annual interest rates ranging from 10% to 12%
- Convertible at the option of the holders either at issuance.
- Conversion prices are typically based on the discounted (40% to 50% discount) lowest trading prices of the Company's shares during various periods prior to conversion.

Certain notes allow the Company to redeem the notes at rates ranging from 120% to 150% depending on the redemption date provided that no redemption is allowed after the 180th day. Likewise, certain notes include original issue discounts totaling to $20,600 and the Company received cash of $144,500 and replaced old notes and accrued interest of $283,063.

The Company determined that the conversion feature met the definition of a liability in accordance with ASC Topic No. 815 - 40, Derivatives and Hedging - Contracts in Entity's Own Stock and therefore bifurcated the embedded conversion option once the note becomes convertible and accounted for it as a derivative liability. The fair value of the conversion feature was recorded as a debt discount and amortized to interest expense over the term of the note.

The Company valued the conversion feature using the Black Scholes valuation model. The fair value of the derivative liability for all the notes that became convertible during the year ended January 31, 2018 amounted to $1,254,497. $536,222 of the value assigned to the derivative liability was recognized as a debt discount to the notes, $240,659 was recognized as a "day 1" derivative loss and $166,975 was recognized as gain on settlement of debt and $644,591 offset the fair value of the derivative liability that related to the notes that were replaced by the new notes.

Conversion

During the year ended January 31, 2018, the Company converted notes with principal amounts of $200,566 and accrued interest of $13,962 into 1,594,383 shares of common stock. The corresponding derivative liability at the date of conversion of $526,791 was credited to common stock issued at a discount.

During the year ended January 31, 2017, the Company converted notes with principal amounts of $579,784 and accrued interest of $35,744 into 821,691 shares of common stock. The corresponding derivative liability at the date of conversion of $1,258,063 was credited to additional paid in capital.

Replacement of Notes

During the year ended January 31, 2017, the Company assigned 16 notes with outstanding principal amounts totaling to $424,178 to two lenders which resulted to the payment of prepayment penalties amounting to $156,809 and recognized loss on debt settlement of $267,646 due to the modification of the replacement note conversion feature, and the difference between the fair value of derivative of the conversion feature.

The following table summarizes the detail of assigned 16 notes;

	Assigned Notes	Principal amount	Accrued interest	Prepayment penalties
Tranches in effect as of January 31, 2017	5	$ 147,741	$ 12,992	$ 66,412
Tranches in not effect as of January 31, 2017				
Tranches in effect as of February 12, 2017	5	69,549	5,472	22,507
Tranches in effect as of March 12, 2017	2	60,000	6,401	19,920
Tranches in effect as of April 12, 2017	2	71,131	5,188	22,895
Tranches in effect as of May 12, 2017	2	75,757	7,827	25,075
Total	16	$ 424,178	$ 37,880	$ 156,809

During the year ended January 31, 2017, the Company assigned an additional 10 notes with principal amounts totaling to $375,750 to two lenders. Prepayment of $142,670 was paid by cash and recognized in interest expense, and $31,440 was non-cash and recognized as prepayment penalties.

During the year ended January 31, 2018, the Company recognized gain on settlement of debt of $166,975.

NOTE 10 – DERIVATIVE LIABILITIES

The Company analyzed the conversion option for derivative accounting consideration under ASC 815, Derivatives and Hedging, and hedging, and determined that the instrument should be classified as a liability since the conversion option becomes effective at issuance resulting in there being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options.

ASC 815 requires we assess the fair market value of derivative liability at the end of each reporting period and recognize any change in the fair market value as other income or expense item.

The Company determined our derivative liabilities to be a Level 3 fair value measurement and used the Black-Scholes pricing model to calculate the fair value as of January 31, 2018. The Black-Scholes model requires six basic data inputs: the exercise or strike price, time to expiration, the risk-free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate. Changes to these inputs could produce a significantly higher or lower fair value measurement. The fair value of each convertible note is estimated using the Black-Scholes valuation model. The following weighted-average assumptions were used in the January 31, 2018 and 2017:

	Year Ended January 31, 2018	Year Ended January 31, 2017
Expected term	0.01 - 0.88 years	0 - 1.50 years
Expected average volatility	0% - 483%	120% - 716%
Expected dividend yield	-	-
Risk-free interest rate	0.51% - 1.46%	0.18% - 0.84%

At January 31, 2018, the estimated fair values of the liabilities measured on a recurring basis are as follows:

January 31, 2018	Level 1	Level 2	Level 3	Total
Promissory Note – Issued August 22, 2014	$ -	$ -	$ 1,700	$ 1,700
Promissory Notes – Issued in fiscal year 2017	-	-	1,610,350	1,610,350
Promissory Notes – Issued in fiscal year 2018	-	-	1,168,103	1,168,103
Total liabilities	$ -	$ -	$ 2,780,153	$ 2,780,153

The following table summarizes the changes in the derivative liabilities during the year ended January 31, 2018:

Fair Value Measurements Using Significant Observable Inputs (Level 3)	
Balance - January 31, 2016	$ 620,237
Addition of new derivatives recognized as debt discounts	1,356,692
Addition of new derivatives recognized as options compensation	177,000
Addition of new derivatives recognized as loss on derivatives	1,289,210
Derivatives settled upon conversion of debt and exercise of warrants	(1,417,063)
Loss on change in fair value of the derivative	62,608
Balance - January 31, 2017	$ 2,088,684
Addition of new derivatives recognized as debt discounts	536,222
Addition of new derivatives recognized as loss on derivatives	240,659
Derivatives settled upon conversion of debt and exercise of warrants	(526,791)
Loss on debt extinguishment	(166,975)
Loss on change in fair value of the derivative	608,354
Balance - January 31, 2018	$ 2,780,153

The following table summarizes the loss on derivative liability included in the income statement for the January 31, 2018 and 2017, respectively.

	Year Ended January 31,	
	2018	2017
Day one loss due to derivative liabilities on convertible notes	$ 240,659	$ 1,289,210
Loss on change in fair value of the derivative liabilities	608,354	62,608
Loss on change in the fair value of derivative liabilities	$ 849,013	$ 1,351,818

NOTE 11 – STOCK PAYABLE

Investor payable - common shares

In December 2013 and January 2014, the Company entered into stock purchase agreements with third parties for 100,000 and 250,000 Series B Preferred shares, respectively, for a total consideration of $100,000 and $250,000, respectively. The Company was unable to issue the preferred shares and has accounted for the amounts received as investor payable.

The Company also issued 8,000,000 Preferred B Warrants with the acquisition of Poker Junkies LLC. These Preferred Series B Warrants once exercised would require the Company to issue Series B Preferred shares. From November 2013 through January 31, 2014 the Company issued 1,028,000 of Series B Preferred stock valued at $1,028,000 for the exercise of the Preferred B warrants. From February 2014 through April 2014 the Company issued 699,200 of Series B Preferred stock valued at $699,200 for the exercise of the Preferred B warrants. On June 18, 2014, the Company rescinded this transaction due to the failure of the holder to deliver the Preferred B warrants. The Company decided to issue common shares in lieu of issuing the Series B Preferred shares related to the acquisition of Poker Junkies LLC and those issued in connection with the stock purchase agreements disclosed above. The Company agreed to issue common stock at 125% of the value of the Series B Preferred shares. During the years ended January 31, 2018 and 2017, the Company did not issue any common shares.

As of January 31, 2018, and 2017, investor payable – common stock totaled $658,000, respectively.

NOTE 12 – EQUITY

Amendment to Articles of Incorporation or Bylaws

On April 16, 2018, the Company filed a Certificate of Amendment with the state of Nevada, to the Company's Articles of Incorporation, to decrease the number of authorized shares of capital stock to 300,000,000 shares. With 2,000,000 shares of common stock, par value $0.001 and 100,000,000 shares of preferred stock, par value $0.001.

Reverse Stock Split

Effective April 16, 2018, we effected a 2,500 to 1 reverse stock split of our issued and outstanding common stock. All references to shares of our common stock in this report refers to the number of shares of common stock after giving effect to the reverse stock split (unless otherwise indicated).

Preferred Stock

Series A Preferred Stock

The Company is authorized to issue 1,000 shares of series A Preferred Stock at a par value of $0.001. The terms of the Certificate of Designation of the Series A Preferred Stock, include the right to vote in aggregate, on all shareholder matters equal to 51% of the total vote ("Super Majority Voting Rights"). The Series A Preferred Stock holders will be entitled to this 51% voting right no matter how many shares of common stock or other voting stock of the Company are issued or outstanding in the future.

During the year ended January 31, 2018 and 2017, there were no issuances of the Series A Preferred Stock.

As of January 31, 2018, and 2017, 1,000 shares of series A Preferred Stock were issued and outstanding.

Series B Convertible Preferred Stock

On March 11, 2016, the Company amended its Articles of Incorporation to increase the number of preferred shares designated Series B Convertible Shares (the "Series B") from 50,000,000 to 95,000,000. Holders of the Series B Preferred shares shall be entitled to receive dividends or other distributions with the holders of the Company's common shares on an "as converted" basis when, as, and if declared by the directors of the Company.

The Holders have the right to convert each Series B Preferred share, at any time after 6 months from the date of issuance, into fully paid and non-assessable common shares on the basis of 1 Series B Preferred share for 1.25 common shares (1:1.25).

During the year ended January 31, 2018, the Company issued Series B Preferred shares, as follows:

- 7,000,000 shares to 2 employees based on Employee Incentive Bonus Plan

During the year ended January 31, 2017, the Company issued Series B Preferred shares, as follows:

- On December 21, 2015, the Company recorded preferred stock payable of $13,438 for 13,437,500 Series B Preferred shares related to the acquisition of the assets of Net D. During the nine months ended October 31, 2016 the Company issued 13,437,500 Series B Preferred shares to settle this payable.
- On February 3, 2016, 4,750,000 shares were sold for cash of $20,000. On issuance, value of the underlining common stock represented a beneficial conversion feature of $23,344. The beneficial conversion feature will be recognized when the preferred stock becomes convertible on August 3, 2016 as a deemed dividend.

As of January 31, 2018, and 2017, 75,187,500 and 68,187,500 shares of Series B Preferred Stock were issued and outstanding, respectively.

Series C Convertible Preferred Stock

The Series C Preferred Stock consists of 100 shares, at a par value of $0.001 per share, with certain rights, privileges, preferences and restrictions as set forth in Series C Preferred Stock Certificate of Designation. Holders of the Series C Preferred shares shall be entitled to receive dividends or other distributions with the holders of the Company's common share on an "as converted" basis when, as and if, declared by the directors of the Company.

Each share of the Series C Preferred Stock shall be convertible, at the option of the holder thereof and subject to notice requirements at any time following 12 months from the issuance of such shares, into such number of fully paid and non-assessable common shares worth $1,000,000.

The Company determined the Series C Convertible Preferred Stock is considered to be contingently redeemable convertible and as a result, has been classified as mezzanine equity in the Company's balance sheet, as of January 31, 2018 and 2017.

During the year ended January 31, 2018, there were no issuances of the Series C Preferred Stock

During the year ended January 31, 2017, the Company issued Series C Preferred shares, as follows:

- 1 share with a fair value of $1,000,000 as settlement of amounts due to the CEO totaling $271,200
- 1 share with a fair value of $1,000,000 as settlement of amounts due to the CFO totaling $164,000

As a result, the Company recorded a loss on settlement of debt of $1,564,800.

As of January 31, 2018, and 2017, 16 shares of Series C Preferred Stock were issued and outstanding.

Series D Convertible Preferred Stock

On June 23, 2016, pursuant to its Articles of Incorporation and Bylaws, the Board of Directors of the Company, unanimously approved the designation of a new series of preferred stock, "Series D Convertible Preferred Stock.

Each share of the Series D Preferred Stock shall be convertible, at the option of the holder thereof and subject to notice requirements at any time following 12 months from the issuance of such shares, into such number of fully paid and non-assessable common shares worth $100,000.

The Company determined the Series D Convertible Preferred Stock is considered to be contingently redeemable convertible and as a result, has been classified as mezzanine equity in the Company's balance sheet, as of January 31, 2018 and 2017.

During year ended January 31, 2018, the Company issued Series D Preferred Shares, as follows.

- 2 shares with a fair value of $200,000 as settlement of accounts payable totaling $158,696 As a result, the Company recorded a loss on settlement of liabilities of $41,308
- 5 shares with a fair value of $500,000 to 2 employees based on Employee Incentive Bonus Plan
- 2 shares with a fair value of $200,000 to 2 officers for management fees.
- 1 share with a fair value of $100,000 to third party as financing fee.

During year ended January 31, 2017, the Company issued Series D Preferred shares, as follows:

- 1 share with a fair value of $100,000 in connection with the acquisition of XTELUS (see Note 5).
- 20 shares with a fair value of $2,000,000 in connection with the acquisition of Connexum (See Note 5)

As of January 31, 2018, and 2017, 31 and 21 shares of Series D Preferred Stock were issued and outstanding.

Common stock

The Company is authorized to issue 14,900,000,000 shares of common stock at a par value of $0.001 at January 31, 2018.

During the year ended January 31, 2018, the Company issued common shares, as follows:

- 1,594,383 common shares were issued for the conversion of debt and accrued interest of $214,528.

During the year ended January 31, 2017, the Company issued common shares, as follows:

- 821,691 common shares were issued for the conversion of debt and accrued interest of $615,528.
- 16,400 common shares in exchange for the exercise of options for no consideration

As of January 31, 2018, and 2017, 2,537,219 and 942,836 shares of common stock were issued and outstanding, respectively.

Warrants and Options

Warrants

As of January 31, 2018, and 2017, there are no warrants outstanding.

Options

The Company has 9,100,000 options issued in connection with the acquisition of Webrunner.

During year ended January 31, 2017, the Company entered into three separate agreements with consultants to provide the Company with consulting services in exchange for options of 17,000,000, 5,000,000 and 17,000,000 with an exercise price of $0, respectively. The options can be exercised by the holder any time prior to June 30, August 31, and September 30, 2016. These options were tainted as a result of the convertible notes with variable conversion rates (see Note 7) and were accounted for as derivative instruments at the time of issuance. The fair value of the derivatives related to the options amounting to $177,000 was recorded as stock compensation expense during the year ended January 31, 2017, with a corresponding credit to derivative liability (see Note 11).

On October 21, 2015, the Company entered into two separate agreements with consultants to provide the Company with consulting services in exchange for common shares of 20,000,000 and 7,000,000, respectively. In November 2015, the Company amended these two agreements. As a result of the amendment, the Company issued 27,000,000 stock options with an exercise price of $0.005 per share instead of the common shares. The options can be exercised by the holder any time prior to December 1, 2016. These options were tainted as a result of the convertible notes with variable conversion rates (see Note 9) and were accounted for as derivative instruments at the time of issuance. The fair value of the options amounting to $340,200 was recorded as stock compensation expense during the year ended January 31, 2016, with a corresponding credit to derivative liability (see Note 11).

During the year ended January 31, 2017, 41,000,000 options were exercise and the corresponding derivative liability at the date of exercise of $159,000 was credited to additional paid in capital.

During the year ended January 31, 2017, 25,000,000 options were forfeited, as a result, the company recorded gain on change in fair value of derivative of $81,472.

The following table summarizes information relating to outstanding and exercisable stock options as of January 31, 2018:

	Options Outstanding		
	Shares		**Weighted Average Exercise Price**
Outstanding, January 31, 2016	36,100,000	$	0.03
Granted	39,000,000	$	-
Exercised	(41,000,000)	$	(0.0009)
Forfeited/canceled	(25,000,000)	$	-
Outstanding, January 31, 2017	9,100,000	$	0.10
Granted	-		-
Exercised	-		-
Forfeited/canceled	-		-
Outstanding, January 31, 2018	9,100,000	$	0.10

Options Outstanding				Options Exercisable		
Number of Shares	Weighted Average Remaining Contractual life (in years)	Weighted Average Exercise Price		Number of Shares	Weighted Average Exercise Price	
9,100,000	1.75	$	0.10	9,100,000	$	0.10

The options have no intrinsic value at January 31, 2018.

Employee Incentive Bonus Plan

On June 27, 2016, the Company entered into employee agreement with two employees that contain preferred share issuance incentive bonuses based on various sales targets for XTELUS, for the 12- month period ending June 27, 2017. The first award contains cash compensation of $10,000 per month and the ability to earn 500,000 shares of Series B preferred stock if XTELUS revenue of $1,000,000 is generated within 12 months. The second award contains cash compensation of $20,000 per month, 5 shares of Series D preferred stock earned on June 27, 2017 (with 1 share earned immediately upon revenue of $100,000 being generated within first six months) and the ability to earn up to 6,500,000 shares of Series B preferred stock based upon XTELUS revenue targets up to $1,000,000 over 12 months and up to an additional 3,000,000 shares of Series B preferred stock based upon XTELUS revenue targets up between $1,000,000 and greater than $7,000,000 over 12 months. The Company assessed the probability that the revenue targets will be met and determined that the target revenue will most likely meet $1,000,000 and based on the stock awards, estimated the fair value of 6,500,000 shares of Preferred B stock at $32,500, 5 shares of Preferred D stock at $500,000 and 500,000 shares of Preferred B stock at $2,500, respectively. For the year ended January 31, 2018 and 2017, the Company recognized stock-based compensation of $174,000 and $361,000 under these awards, with a corresponding credit to additional paid in capital. During the year ended January 31, 2018, the Company recorded 7,000,000 Series B shares and 5 Series D share and reclassed $507,000 from additional paid in capital.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Rent

The lease is related to Webrunner business and on October 30, 2016, the Company entered into the sale of Webrunner business (See Note 6).

Rent expense from discontinued operations for the years ended January 31, 2018 and 2017 was $0 and $112,229, respectively.

Contingency

The Company is a party to various legal claims which have arisen in the normal course of business, none of which are expected to have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

NOTE 14 – INCOME TAXES

The benefit for income taxes from continued operations for the years ended January 31, 2018 and 2017 consist of the following:

	Year Ended January 31, 2018	Year Ended January 31, 2017
Current:		
Federal	$ -	$ -
State	-	-
Deferred:		
Federal	$ 520,886	$ 531,744
State	137,882	140,756
	658,768	672,500
Valuation allowance	(658,768)	(672,500)
Provision benefit for income taxes, net	$ -	$ -

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	January 31, 2018	January 31, 2017
Statutory federal income tax rate	(34%)	(34%)
State income taxes and other	9%	9%
Change in valuation allowance	34%	34%
Effective tax rate	-	-

On December 22, 2017, the U.S. Congress enacted comprehensive amendments to the Internal Revenue Code of 1986 (“U.S. Tax Reform”). Among other things, U.S. Tax Reform reduces the federal statutory tax rate for corporate taxpayers (from 34% to 21%) and otherwise modifies corporate tax rules in significant ways. The Company’s financial statements for the year ended January 31, 2018 reflect certain effects of the Act which includes a reduction in the corporate tax rate from 34% to 21% as well as other changes. The

Company's financial statements for the year ended January 31, 2018 reflect certain effects of the Act which includes a reduction in the corporate tax rate from 34% to 21% as well as other changes.

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

	January 31, 2018		January 31, 2017	
Net operating loss carryforward	$	4,074,978	$	3,416,210
Effect of change in the statutory rate		(2,804,474)		-
Valuation allowance		(1,270,504)		(3,416,210)
Deferred income tax asset	$	-	$	-

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The Company has a net operating loss carryforward of approximately $6,050,000 available to offset future taxable income through 2035. For income tax reporting purposes, the Company's aggregate unused net operating losses are subject to limitations of Section 382 of the Internal Revenue Code, as amended. Under the Tax Reform Act of 1986, the benefits from net operating losses carried forward may be impaired or limited on certain circumstances. Events which may cause limitations in the amount of net operating losses that the Company may utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. The consolidation of any limitations that may be imposed for future issuances of equity securities, including issuances with respect to acquisitions have not been determined. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, because in the opinion of management based upon the earning history of the Company; it is more likely than not that the benefits will not be realized.

For the years ended January 31, 2018 and 2017, the difference between the amounts of income tax expense or benefit that would result from applying the statutory rates to pretax income to the reported income tax expense of $0 is the result of the net operating loss carryforward and the related valuation allowance.

The Company anticipates it will continue to record a valuation allowance against the losses of certain jurisdictions, primarily federal and state, until such time as it is able to determine it is "more-likely-than-not" the deferred tax asset will be realized. Such position is dependent on whether there will be sufficient future taxable income to realize such deferred tax assets. The Company's effective tax rate may vary from period to period based on changes in estimated taxable income or loss by jurisdiction, changes to the valuation allowance, changes to federal, state or foreign tax laws, future expansion into areas with varying country, state, and local income tax rates, deductibility of certain costs and expenses by jurisdiction.

Tax returns for the years ended 2011 through 2018, are subject to examination.

NOTE 15 – RELATED PARTY TRANSACTIONS

During the years ended January 31, 2018 and 2017, the CEO advanced the Company cash of $0 and $200, respectively.

During the years ended January 31, 2018 and 2017, the Company paid a total of $179,850 and $218,500 consulting fees to the Company's officers and Scrip2Screen, an entity ran by Scott Kettle.

During the year ended January 31, 2018, the Company issued 1 Series D Preferred shares with a fair value of $100,000, each, to 2 offices.

On January 31, 2017, the Company issued 2 Series C Preferred shares with a fair value of $2,000,000 as settlement of amounts due to the CEO and CFO totaling $435,200. As a result, the Company recorded a loss on settlement of liabilities of $1,564,800. The Company leases executive housing for the CFO and rent expense of $44,000 was also settled by the issuance of this preferred stock. As of January 31, 2018 and 2017, the amount owed to the company's officers was $229,289 and $0, respectively.

As of January 31, 2018, and 2017, the Company has outstanding notes payable to Net D totaling to $545,182 and $773,599, respectively, in connection with the Company's acquisition of Connexum and certain assets of Net D. The sole owner of Net D is a director the Company. Net D also performs certain services for the Company in connection with the latter's Carrier Services business. During the year ended January 31, 2018 and 2017, the Company incurred total fees in connection with such services of $245,679 and

$63,334, respectively. As of January 31, 2018, and 2017, the Company has an outstanding payable to Net D of $227,284 and $305,458, respectively.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent to January 31, 2018 through August 24, 2018, the Company adjusted 94,177 shares of common stock due to the reverse stock split on April 16, 2018, to correct the shares issued and outstanding.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

GAWK, Inc. offers a suite of cloud communications, cloud connectivity, cloud computing, and managed cloud-based applications solutions to small, medium, and large businesses; and offers domestic and international voice services to communications carriers worldwide. It offers a suite of advanced data center and cloud-based services, including fault tolerant, high availability cloud servers, which comprise platform as a service, infrastructure as a service, and a content delivery network; managed network services that converge voice and data applications, structured cabling, wireless, and security services, as well as include Internet access via Ethernet or fiber at speeds ranging from 10 Mbps to 10 Gbps; and data center solutions, including cloud services, colocation services, and business continuity services, such as storage and security. www.gawk.com

B. Date and State (or Jurisdiction) of Incorporation:

January 2011, Nevada

C. the issuer's primary and secondary SIC Codes;

4813

D. the issuer's fiscal year end date;

January 31

E. principal products or services, and their markets;

Telecommunications

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

THE ISSUER LEASES AN EXECUTIVE OFFICE SPACE ON A MONTH TO MONTH BASIS WHICH IS ADEQUATE FOR ITS CURRENT NEEDS

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

SCOTT KETTLE CEO/CHAIRMAN; CHRISTOPHER G. HALL CFO/BOARD MEMBER; VINCENT CUZZO BOARDMEMBER; MICHAEL SELSMAN SECRETARY

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   NONE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   NONE

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

   NONE

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Name and Address of Beneficial Owner	**Title of Class**	**Amount and Nature of Beneficial Ownership**	**Percentage of Class**
Scott Kettle	Common Stock	33,200	1.31%
c/o Gawk	Series A Preferred Stock	500	50%
5300 Melrose Avenue, Suite 42	Series B Preferred Stock	25,000,000	33.25%
Los Angeles, CA 90038	Series C Preferred Stock	5	31.25%
Chris Hall	Common Stock	3,200	0.13%
c/o Gawk	Series A Preferred Stock	500	50%
5300 Melrose Avenue, Suite 42	Series B Preferred Stock	25,000,000	33.25%
Los Angeles, CA 90038	Series C Preferred Stock	4	25%

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
N/A

Accountant or Auditor
N/A

Investor Relations Consultant
N/A

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.
N/A

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Scott Kettle CEO/Chairman certify that:

1. I have reviewed this Annual Report of Gawk Incorporated;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

1/22/2019

/s/ Scott Kettle

CEO

I, Christopher G. Hall CFO/Board Member certify that:

1. I have reviewed this Annual Report of Gawk Incorporated;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

1/22/2019

/s/ Christopher G. Hall

CFO