IMINING TECHNOLOGIES INC.
(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended May 31, 2021 and 2020

(Stated in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of iMining Technologies Inc.
(formerly iMining Blockchain and Cryptocurrency Inc.):

Opinion

We have audited the consolidated financial statements of iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.) (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 22, 2021

IMINING TECHNOLOGIES INC.
(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

As at	**May 31, 2021**	May 31, 2020
ASSETS		
Current assets		
Cash	**$ 1,485,391**	$ 1,217
Taxes receivable	**52,273**	13,435
Prepaid and advances	**69,877**	-
	1,607,541	14,652
Non-current assets		
Equipment	**-**	1,358
Data centre equipment – Notes 5 and 6	**406,001**	1
Digital assets – Note 5	**340,000**	-
Digital Intangible assets – Notes 5 and 6	**8,667,081**	1
Goodwill – Note 5	**5,447,000**	-
	14,860,082	1,360
Total Assets	**$ 16,467,623**	$ 16,012
LIABILITIES		
Current liabilities		
Trade and other payables – Note 8	**$ 252,402**	$ 268,749
EQUITY (DEFICIENCY)		
Share capital – Note 7	**24,003,364**	8,199,713
Equity reserve – Note 7	**3,846,086**	796,366
Accumulated deficit	**(11,634,229)**	(9,248,816)
	16,215,221	(252,737)
Total Liabilities and Equity	**$ 16,467,623**	$ 16,012

Going concern – Note 2
Subsequent Events – Notes 7 and 13

APPROVED ON BEHALF OF THE BOARD:

"Khurram Shroff"	Director	*"Gary Arca"*	Director
Khurram Shroff		Gary Arca	

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

IMINING TECHNOLOGIES INC.
(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)

	For the years ended May 31,	
	2021	2020
Expenses:		
Accounting and audit fees – Note 8	**$ 46,812**	$ 24,708
Amortization - Note 6	**31,278**	3,044
Foreign exchange loss	**105**	2,888
Legal and corporate services	**99,564**	18,181
Finance costs	**1,310**	629
Management services – Note 8	**106,666**	64,157
Consulting expense	**545,552**	1,124
Office, rent and administration – Note 8	**114,338**	16,933
Share-based compensation – Notes 7 and 8	**2,554,720**	-
Shareholder communications	**20,382**	4,382
Transfer agent and filing fees	**34,686**	17,873
Total expenses	**(3,555,413)**	(153,919)
Other gains (losses):		
Allowance for advance	**-**	(98,063)
Write-down of intangible assets – Note 6	**-**	(609,999)
Total other gains (losses)	**-**	(708,062)
Loss before taxes	**(3,555,413)**	(861,981)
Deferred income tax recovery - Note 10	**1,170,000**	-
Net loss and comprehensive loss for the year	**$ (2,385,413)**	$ (861,981)
Basic and diluted loss per share – Note 9	**$ (0.05)**	$ (0.03)

IMINING TECHNOLOGIES INC.
(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

For the years ended May 31,	**2021**	2020
Operating Activities:		
Net loss for the year	$ **(2,385,413)**	$ (861,981)
Items not affecting cash:		
Share-based compensation	**2,554,720**	-
Deferred income tax recovery	**(1,170,000)**	-
Write-down of intangible assets	**-**	609,999
Allowance for advance	**-**	98,063
Amortization	**31,278**	3,044
Debt forgiven	**17,500**	-
Changes in non-cash working capital items:		
Taxes receivable	**(37,963)**	(4,917)
Prepaid and advances	**(69,877)**	14,197
Trade and other payables	**(34,722)**	71,813
Cash outflows from operating activities	**(1,094,477)**	(69,782)
Investing Activities:		
Payment of advance	**-**	(98,063)
Cash outflows from investing activities	**-**	(98,063)
Financing Activities:		
Share issuances	**2,777,400**	-
Share issue costs	**(198,749)**	-
Cash inflows from financing activities	**2,578,651**	-
Total increase (decrease) in cash during the year	**1,484,174**	(167,845)
Cash, beginning of the year	**1,217**	169,062
Cash, end of the year	**$ 1,485,391**	$ 1,217

IMINING TECHNOLOGIES INC.
(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the years ended May 31, 2021 and 2020
(Stated in Canadian Dollars)

	Number of shares outstanding	Share capital	Equity Reserve	Accumulated deficit	Total Equity (Deficiency)
Balance – May 31, 2019	29,086,265	$8,199,713	$ 796,366	$ (8,386,835)	$ 609,244
Net loss and comprehensive loss for the year	-	-	-	(861,981)	(861,981)
Balance – May 31, 2020	29,086,265	8,199,713	796,366	(9,248,816)	(252,737)
Private placement – at $0.05 per unit	9,372,000	468,600	-	-	468,600
Private placement – at $0.125 per unit	17,240,000	2,155,000	-	-	2,155,000
Share issue costs	-	(693,749)	495,000	-	(198,749)
Share-based compensation	-	-	2,554,720	-	2,554,720
Warrants exercised	738,000	153,800	-	-	153,800
Shares issued for CanETH acquisition	28,000,000	13,720,000	-	-	13,720,000
Net loss and comprehensive loss for the year	-	-	-	(2,385,413)	(2,385,413)
Balance – May 31, 2021	**84,436,265**	**$24,003,364**	**$ 3,846,086**	**$ (11,634,229)**	**$ 16,215,221**

Note 1 **Corporate Information**

iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.) (the "Company" or "iMining") was incorporated in the Province of British Columbia on June 1, 2007 under the Business Corporations Act of British Columbia. The Company completed a change of business transaction on the TSX Venture Exchange (the "Exchange") on April 17, 2018 and changed its name from Parlane Resource Corp. to iMining Blockchain and Cryptocurrency Inc. The Company is listed on the Exchange, having the symbol IMIN-V as a Tier 2 issuer and is a blockchain and cryptocurrency company.

On March 22, 2021, the Company issued 28,000,000 common shares in the capital of the Company to the shareholders of CanETH Staking Services Inc. ("CanETH"), in exchange for acquiring all of the outstanding shares of CanETH, such that CanETH became a wholly owned subsidiary of the Company. No new control block was created as a result of the acquisition and, as such, the transaction was deemed a business combination with iMining remaining as the parent company (Note 5).

The address of the Company's corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

Note 2 **Basis of Preparation**

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The consolidated financial statements were authorized for issue by the Board of Directors on October 19, 2021.

b) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and digital assets measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Note 2 Basis of Preparation – (cont'd)

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary, CanEth, which is controlled by the Company. Control exists when the Company is exposed to or has rights to variable returns from its involvement with an entity and has the ability to affect these returns through its power over the entity. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposal or loss of control. All intra-group transactions, balances, income and expenses are eliminated, in full, on consolidation.

d) Going Concern of Operations

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

To date, the Company has not generated any revenue from operations. The Company incurred a net loss of $2,385,413 during the year ended May 31, 2021. As of May 31, 2021, the Company's accumulated deficit was $11,634,229 and the Company had $1,485,391 in cash, working capital of $1,355,139 and no long-term debt.

The recoverability of the long-lived assets is dependent on the ability of the Company to obtain the necessary financing to complete the development of its business, and upon future profitable operations. The Company continues to pursue opportunities and intends to raise funds to develop that business. While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those recorded in the consolidated financial statements.

Note 3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently during the years ended May 31, 2021, and 2020 unless otherwise indicated.

a) Foreign Currency Transactions

The functional currency of the Company is the Canadian dollar ("CAD"). Foreign currency accounts are translated into the functional currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the functional currency by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into the functional currency by using the exchange rate in effect at the year end and the related translation differences are recognised in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into the functional currency by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss, consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. At May 31, 2021 and 2020, the Company had no cash equivalents.

c) Impairment of Non-Financial Assets

Impairment tests on intangible assets, including Goodwill, with indefinite useful economic lives are undertaken annually at the financial year end. Factors in assessing the impairment include market factors affecting the digital currency industry, the Company's market capitalization and the expected future earnings of the related non-financial asset.

The Company reviews the carrying amounts of its non-financial assets, including data centre equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which

Note 3 Summary of Significant Accounting Policies – (cont'd)

c) Impairment of Non-Financial Assets – (cont'd)

the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

d) Financial Instruments

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

Recognition

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

Note 3 Summary of Significant Accounting Policies – (cont'd)

d) Financial Instruments – (cont'd)

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition based upon the purpose for which the instrument was acquired or issued. All transactions related to financial instruments are recorded on a trade date basis. Financial assets and financial liabilities are classified according to the following measurement categories:

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

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

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

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

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

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

Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Note 3 Summary of Significant Accounting Policies – (cont'd)

d) Financial Instruments – (cont'd)

The Company's financial assets consist of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in profit or loss. The Company's financial liabilities consist of trade and other payables, which are classified and measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments over the expected life of the financial assets or liabilities, or where appropriate, a shorter period. Interest expense is reported in profit or loss.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Fair value hierarchy

Financial instruments recognized at fair value on the consolidated statement of financial position must be classified into one of the three following fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted observed in active markets) for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability; or

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

e) Accounting for Digital Assets and Digital Intangible Assets

There is no specific IFRS guidance on the accounting for Ethereum tokens ("Ether") and Staked Ether using a Validator platform which currently locks Ether staked into the validator until such time as unlocking has occurred. As a result, the Company had to make a judgement that the most applicable standard would be IAS 38 Intangible Assets ("IAS 38"), based on the Company's understanding of the characteristics of the assets. Ether and Staked Ether are Digital Assets.

Note 3 Summary of Significant Accounting Policies – (cont'd)

e) Accounting for Digital Assets and Digital Intangible Assets – (cont'd)

After recognition, Ether is measured using the revaluation method as per IAS 38 based on the Company's understanding of the characteristics of the market of Ether and Staked Ether is measured at cost less any accumulated impairment losses, based on the Company's understanding of the characteristics of the market of Staked Ether. Digital Assets reflected on the consolidated statement of financial position represent acquired Staked Ether at fair value at the date of acquisition, which is carried at its initial measurement value until such time as the Staked Ether is unlocked from the corresponding validators.

Digital Intangible Assets represent the value of the Validator Staking Solution Network ("VSSN") and other identified intangible assets (Note 5). The VSSN is comprised of the platform that hosts the Ether within the validators and is valued at date of acquisition at fair value of the income generating unit using a discounted future cash flow model.

Management is required to use significant judgement, estimates and assumptions when calculating an impairment and reversal of an impairment of Digital Assets and Digital Intangible Assets that are not readily apparent from other sources. Any impairment of the Company's Digital Assets and Digital Intangible Assets is recorded in net income in the period in which the impairment is identified. Impairment losses on Digital Assets and Digital Intangible Assets may be subsequently reversed in net income.

The Company classifies Staked Ether as a Digital Asset, but one that is currently distinct from Ether since staking requires Ether to migrate to Ethereum's "beacon chain" where transfers are not currently enabled. As a result, the characteristics of the market for Ether and Staked Ether are currently dissimilar. Ether is measured using the revaluation method, but the Company generally does not carry Ether which is not Staked.

The Digital Intangible Assets are depreciated at the following rates:

Trade name and customer relationships	Estimated useful life of 10 years
Non-compete agreements	Life of agreements 5 years
Validator staking solution network	Indefinite life

f) Data Centre Equipment

Items of data centre equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Data centre equipment is amortized on a straight-line basis over an estimated useful life of 5 years.

Note 3 Summary of Significant Accounting Policies – (cont'd)

f) Data Centre Equipment - cont'd

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

g) Income Taxes

Current income tax liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the Consolidated Statements of Financial Position date.

The liability method of tax allocation is used in accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the carrying amount and tax basis of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising in investments in subsidiaries and joint ventures except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on temporary differences that arise from the initial recognition of goodwill which is not deductible for tax purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

h) Share Capital

Instruments issued by the Company are classified as equity, to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrants and share options are classified as equity instruments.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds. The residual method is used to calculate the fair value of the warrant component of units issued when the units comprise both common shares and share purchase warrants, whereby the residual of the private placement proceeds less the fair value of the share component, if any, is assigned as the fair value of the warrants.
Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Note 3 Summary of Significant Accounting Policies – (cont'd)

h) Profit or Loss Per Share

Diluted profit per share is computed by dividing the Company's profit applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the earlier of the beginning of the period or the date of issue. Diluted loss per share does not include the effect of potentially dilutive instruments as their effect on the calculation would be anti-dilutive.

i) Share Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date, are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. The fair value of options granted to non-employees is recalculated at each reporting period over which the options vest.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes option pricing model. The expected life is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid.

Note 3 **Summary of Significant Accounting Policies – (cont'd)**

i) Share Based Payments – (cont'd)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition to these general principles, the Company applies the following specific revenue recognition policies:

Validators acquired

Validators will be acquired at the prevailing market price at the date of the acquisition. The Validators will be assessed a Fair Value ("FV") based on a 10-year discounted valuation model using a growth rate of historical Ether price/year and a present value factor taking into consideration the risks. The reason to value the Validators at FV is because a validator acts as an operating entity earning rewards continuously and the Company expects to capture that increased value through our deferred revenue model. Each year, the Validator will undergo an impairment test using an updated discounted valuation model to measure the fair value.

Validators will earn Ether continuously and the number of earned rewards converted to Canadian dollars at the average Ether value for the period will be shown as "Validator Staking Revenue". These rewards will be retained within the Validators. These rewards will be reflected as revenue recorded against deferred revenue, until such time as the Validator is unlocked and the rewards are realized.

Validators under Management (3rd party)

The Company is providing a service to customers who stake their Validators on the Company's platform. For this service, the Company will charge a fee based on Ether rewards earned as a "Validator Staking Fee". This fee will be earned based on total Ether earned by staking and recorded at the average Ether price for the period and recorded as revenue against deferred revenue, until such time as the Validator is unlocked and the rewards are realized.

Note 3 Summary of Significant Accounting Policies – (cont'd)

k) Standards, Amendments and Interpretations

The following accounting standards have been issued or amended but are not yet effective. The Company has not early adopted these new and amended standards. The Company continues to evaluate the new standards but currently no material impact is expected as a result of the adoptions of these new and amended standards:

- IAS 1 "Presentation of Financial Statements"
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
- IAS 16 "Property, Plant and Equipment"

Note 4 Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Business combinations and goodwill

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the presentation made on and after acquisition.

Acquisitions of businesses are accounted for as business combinations under IFRS 3, "Business Combinations". At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in profit or loss.

Note 4 Critical Accounting Estimates and Judgements

a) Business combinations and goodwill – (cont'd)

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques and these valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to the assets acquired and the liabilities assumed.

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a cash generating unit ("CGU"), including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in profit or loss as incurred.

b) Classification and Valuation of Digital Assets and Digital Intangible Assets

The Company accounts for digital assets consisting of Ether as an intangible asset in accordance with IAS 38. Upon acquisition the Ether is recorded at cost. On an ongoing basis the revaluation method will be used to measure the value of the Ether. The revaluation method has been applied as an active market exist for the Ether. Under the revaluation model, revaluation decreases will be recognized in profit or loss, and revaluation increases are recognized in other comprehensive income (loss) and accumulated in the revaluation surplus within equity except to the extent that they reverse a revaluation decrease previously recognized in profit or loss.

For Staked Ether, an active market does not currently exist and, accordingly, the revaluation method cannot be applied. Staked Ether is therefore carried at cost less any accumulated impairment losses.

Note 4 Critical Accounting Estimates and Judgements – (cont'd)

c) Revenue Recognition

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the staking of Ether or the mining and strategic selling of digital currencies and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of revenue from staking and mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received. When the IASB enacts guidance for cryptocurrencies, the Company may be required to change its policies which could result in a significant impact to the Company's consolidated financial statements.

d) Valuation of acquired assets

The Company has made estimates with respect to the acquisition date fair values of the intellectual property rights. The valuation of intangible assets requires management to use valuation techniques to assess the fair values of assets and liabilities acquired at acquisition date, and each subsequent reporting period end date. The Company used its judgment to select methods and makes assumptions that reflected market conditions as at these dates.

e) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Note 5 Acquisition of CanETH

On February 2, 2021, iMining entered into a Letter Agreement ("Agreement") to purchase a 100% interest in CanETH. On March 22, 2021, the transaction was completed and iMining issued 28,000,000 shares to the Shareholders of CanETH at a market value of $0.49 per iMining share valued at $13,720,000. CanETH is a Canadian-based company offering a staking solution for Ethereum 2.0 through a proprietary staking process which provides clients the ability to participate in the Ether 2.0 Proof of Stake movement.

Since CanETH meets the definition of a business under IFRS 3, Business Combinations, the acquisition was accounted for as a business combination with the preliminary purchase price allocation to identifiable assets of the subsidiary as follows:

(Stated in Canadian Dollars)

Note 5 Acquisition of CanETH – (cont'd)

Fair value of consideration:	
28,000,000 shares @ $0.49 per share	$ 13,720,000
Net assets acquired:	
Data centre equipment	420,000
Digital assets	340,000
Digital Intangible assets:	
Trade name and customer relationships	375,000
Non-compete agreements	290,000
Validator staking solution network	8,018,000
Goodwill	5,447,000
Deferred income tax liability (Note 10)	(1,170,000)
	$ 13,720,000

Note 6 Data centre equipment and digital intangible assets

	Data Centre Equipment	Validator Staking Solutions	Trade name and customer relationships	Non-compete agreements
Cost				
Balance, May 31, 2020	$ 1	$ 1	$ -	$ -
Additions	420,000	8,018,000	375,000	290,000
Balance, May 31, 2021	**$ 420,001**	**$ 8,018,001**	**$ 375,000**	**$ 290,000**
Depreciation				
Balance, May 31, 2020	$ -	$ -	$ -	$ -
Depreciation for the year	14,000	-	6,250	9,670
Balance, May 31, 2021	**$ 14,000**	**$ -**	**$ 6,250**	**$ 9,670**
Carrying amounts				
Balance, May 31, 2020	$ 1	$ 1	$ -	$ -
Balance, May 31, 2021	**$ 406,001**	**$ 8,018,001**	**$ 368,750**	**$ 280,330**

During the year ended May 31, 2021, the Company acquired CanETH's data centre equipment of $420,000 and digital intangible assets of $8,683,000 (See Note 5).

During the year ended May 31, 2018, the Company acquired the intellectual property rights to the "iMining" brand, including worldwide tradename, trademarks, and URL site for a cost of $610,000, $250,000 in cash and 2,000,000 shares of the Company at a fair value of $0.18 per share. Management determined that, as operations had not re-commenced for over 18 months, the intellectual property would be written down to $1 and the write-down of $609,999 was recorded in profit or loss for the year ended May 31, 2020.

Note 7 Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, without par value, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

Transactions during the year ended May 31, 2021:

On August 17 and August 20, 2020, the Company completed two tranches of a non-brokered private placement, respectively. The Company issued an aggregate of 9,372,000 units at $0.05 per unit for gross proceeds of $468,600. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant ("unit warrant") entitles the holder to purchase one common share of the Company at a price of $0.10 per share for a period of 2 years, expiring on August 17, 2022. The Company incurred finders' fees in connection with the non-brokered private placement. The Company paid $35,088 and issued 350,880 finders' warrants, which were valued at $19,000 using the Black Scholes Option Pricing Model. Finders' warrants have the same exercise terms as the unit warrants.

On March 22, 2021, in connection with the CanETH acquisition (Note 5), the Company completed a private placement and issued 17,240,000 units for total gross proceeds of $2,155,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant ("unit warrant") entitles the holder to purchase one common share of the Company for $0.245 for a period of two years, expiring on March 22, 2023. Aggregate compensation of $135,188 and 1,081,500 finders' warrants were paid by the Company as finders' fees and commissions. The finders' warrants were valued at $476,000 using the Black Scholes Option Pricing Model. Finders' warrants have the same exercise terms as the unit warrants.

During March 2021, 738,000 warrants were exercised for proceeds of $153,800. The Company's weighted average share price during the period which these warrants were exercised was $0.51.The Company incurred additional share issue costs in the amount of $28,473 in connection with the August 2020 and March 2021 private placements.

Subsequent to the year ending May 31, 2021, 300,000 warrants were exercised at $0.10 for proceeds of $30,000. Of these, 200,000 warrants were exercised on June 7, 2021, with a closing trading share price of $0.26 and 100,000 warrants were exercised on June 30, 2021, with a closing trading share price of $0.175.

Transactions during the year ended May 31, 2020:

There were no transactions during the year ended May 31, 2020.

(Stated in Canadian Dollars)

Note 7 Share Capital

b) Share Purchase Warrants

Finders' warrants were valued using the Black Scholes Option Pricing Model, with the following assumptions:

	March 22, 2021	**August 17, 2020**
Stock price	$0.49	$0.07
Exercise price	$0.245	$0.10
Dividend rate	0%	0%
Expected life	2 years	2 years
Expected annual volatility	205%	184%
Risk- free rate	0.26%	0.29%

A summary of the Company's outstanding share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at May 31, 2019	902,700	$ 0.26
Warrants Expired	(382,700)	0.20
Outstanding at May 31, 2020	520,000	0.30
Warrants Issued	14,738,380	0.20
Warrants Exercised	(738,000)	0.21
Outstanding at May 31, 2021	**14,520,380**	**$ 0.20**

At May 31, 2021, there were 14,520,380 warrants outstanding and exercisable to purchase one common share for each warrant held as follows:

Number of Shares	Exercise Price	Expiry Date
120,000	$0.30	December 7, 2021
4,548,880	$0.10	August 17, 2022
150,000	$0.10	August 20, 2022
9,701,500	$0.25	March 22, 2023

(Stated in Canadian Dollars)

Note 7 Share Capital – (cont'd)

c) Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common shares then outstanding (the "Plan"). Under the Plan, options may be granted at no less than the closing market price of the Company's shares on the day preceding the grant for a maximum term of 5 years.

No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

During the year ended May 31, 2021, 8,000,000 stock options were granted to directors, officers and consultants at an exercise price of \$0.43 per share. The options are exercisable for a period of five years to April 12, 2026. The options were valued at \$2,554,720 using the Black Scholes Option Pricing Model, with the following assumptions:

	April 12, 2021
Stock price	\$0.43
Exercise price	\$0.43
Dividend rate	0%
Expected life	2 years
Expected annual volatility	159%
Risk- free rate	0.95%

A summary of the Company's outstanding share purchase warrants is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding at May 31, 2019 and 2020	-	\$ -
Stock options issued	8,000,000	0.43
Outstanding at May 31, 2021	**8,000,000**	**\$ 0.43**

(Stated in Canadian Dollars)

Note 8 Related Party Transactions

The following is a summary of charges incurred by the Company with related parties:

For the year ended May 31,		2021		2020
Accounting fees	**$**	**11,000**	$	10,500
Management services		**171,700**		60,000
Share-based compensation		**696,161**		-
Office, rent and administration		**17,186**		12,000
Total	**$**	**896,047**	$	82,500

During the year ended May 31, 2021, the Company incurred expenses of $44,686 (2020 - $82,500) from individuals and companies controlled by key management personnel including the CEO, CFO and board of directors of the Company.

Included in accounts payable at May 31, 2021 is $49,384 (May 31, 2020 - $219,671) due to officers of the Company and to a company controlled by key management personnel. These balances are in respect of management activities and reimbursable expenses.

During the year ended May 31, 2021, an officer and director forgave fees of $17,500, which amounts have been net against management services.

Note 9 Loss Per Share

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

	Year ended May 31,	
	2021	2020
Issued and outstanding, beginning of the year	**29,086,265**	29,086,265
Weighted average shares issued during the year	**16,242,308**	-
Basic and diluted weighted average number of shares	**45,328,573**	29,086,265

(Stated in Canadian Dollars)

Note 10 **Income Taxes**

Taxation in each of the Company's operational jurisdictions is calculated at the rate prevailing in its respective jurisdiction. The difference between tax expense for the year and the expected income taxes based on the statutory rate are as follows:

		May 31, 2021		May 31, 2020
Net loss before income taxes	**$**	**(3,555,413)**	$	(861,981)
Income taxed at local statutory rates		**27.0%**		27.0%
Expected income tax recovery		**(960,000)**		(233,000)
Effect of changes in statutory rates and other		**56,000**		2,000
Permanent differences		**690,000**		-
Share issue costs		**(54,000)**		-
Adjustment to prior years provisions versus statutory tax returns		**-**		74,000
Change in unrecognized deferred tax assets		**(902,000)**		157,000
Deferred income tax recovery	**$**	**(1,170,000)**	$	-

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

		May 31, 2021		May 31, 2020
Deferred income tax assets:				
Non-capital losses	**$**	**2,219,000**	$	1,975,000
Allowable capital losses		**17,000**		17,000
Intangible assets		**165,000**		165,000
Data centre equipment and equipment		**419,000**		438,000
Share issue costs		**43,000**		-
		2,863,000		2,595,000
Unrecognized deferred income tax assets		**(1,693,000)**		(2,595,000)
Recognized deferred income tax assets		**1,170,000**		-
Recognized deferred income tax liabilities:				
Intangible assets (Note 5)		**(1,170,000)**		-
Net recognized deferred income tax assets (liabilities)	**$**	**-**	$	-

As at May 31, 2021, the Company has estimated non-capital losses totalling $8,219,000 in Canada that may be carried forward to reduce taxable income in future years. The losses expire in various amounts from 2028 to 2041.

Note 11 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There have been no changes in the Company's approach to capital management during the year ending May 31, 2021.

Note 12 Financial Instruments

The fair value of the Company's cash is categorized as Level 1 in the fair value hierarchy, established within *IFRS 7 – Financial Instruments: Disclosures.* Fair value of the Company's trade and other payables approximates their carrying value due to their short term nature.

a) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's financial instruments are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's financial instruments, the Company is exposed to interest rate price risk. The Company's exposure to interest rate fluctuations is minimal.

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of May 31, 2021. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

Note 12 Financial Instruments – (cont'd)

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at May 31, 2021 is $1,485,391 (May 31, 2020 - $1,217). Cash is held at a chartered Canadian financial institution, accordingly, management believes credit risk is minimal.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at May 31, 2021, the Company was holding cash of $1,485,391 (May 31, 2020 - $1,217). The Company's trade and other payables are due in the short term. As at May 31, 2021, the Company had working capital of $1,355,139.

Note 13 Subsequent Events

Acquisition of BitBit Financial

Pursuant to a Letter of Intent dated May 21, 2021, the Company closed a transaction to acquire all of the issued and outstanding shares of BitBit Financial Inc., ("BitBit Financial") in consideration of 10,000,000 shares of the Company. The acquisition will be accounted for as a business acquisition in accordance with IFRS 3 whereby the value of the shares issued to the BitBit Financial shareholders were based on the fair value at June 7, 2021, the date the share exchange agreement was finalized, at a deemed value of $0.26 per share, or $2,600,000.

BitBit Financial is a FINTRAC-licensed Canadian Bitcoin ATM Network operator and is developing a digital asset exchange trading platform. The Company believes that the acquisition of BitBit Financial will open the door to opportunities such as lending, and the regulated exchange of digital currencies. BitBit Financial is a key piece in connecting the digital asset industry to the traditional finance sector.

The parties acknowledge that upon completion of the acquisition, all of the iMining Shares issued to acquire BitBit Financial will be subject to voluntary escrow provisions whereby the shares will become free-trading as to 25% on closing, and an additional 25% every three months thereafter.

The Company is still in the process of gathering information to perform a preliminary purchase price allocation and, as such, the initial accounting for the business combination was incomplete as of the date of this report.

Note 13 Subsequent Events – (cont'd)

Acquisition of Validators

On August 23, 2021, the Company closed a transaction to acquire three validators securing the Ethereum Proof-of-Stake blockchain. These three ETH 2.0 validators, which include 102.184 Ethereum tokens, were acquired in consideration of issuing 2,500,000 shares. The validators are cloud-based and are fully operational.

The acquisition of the three validators was considered a "related party transaction" in that the seller is controlled by the Company's President & CEO. The issued shares are subject to a four-month hold period, at the end of which period the shares will be released as to 25% every quarter.