

**IMINING TECHNOLOGIES INC.**  
**(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended August 31, 2021 and 2020**  
**(Stated in Canadian Dollars)**

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

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

The unaudited condensed interim consolidated financial statements for the period ended August 31, 2021 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

The accompanying notes form an integral part of these condensed interim financial statements

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

<b>As at</b>	<b>August 31, 2021</b>	<b>May 31, 2021</b>
<b><u>ASSETS</u></b>		
Current assets		
Cash	\$ 1,101,428	\$ 1,485,391
Digital currencies	320,000	-
Amounts receivable	121,960	52,273
Prepaid and advances	29,664	69,877
	<b>1,573,052</b>	<b>1,607,541</b>
Non-current assets		
Data centre equipment – Notes 3 and 4	527,501	406,001
Digital assets – Note 3	767,500	340,000
Digital Intangible assets – Notes 3 and 4	10,188,081	8,667,081
Goodwill – Note 3	6,072,000	5,447,000
Accrued revenue	25,940	-
	<b>17,581,022</b>	<b>14,860,082</b>
<b>Total Assets</b>	<b>\$ 19,154,074</b>	<b>\$ 16,467,623</b>
<b><u>LIABILITIES</u></b>		
Current liabilities		
Trade and other payables – Note 6	\$ 239,546	\$ 252,402
<b><u>EQUITY (DEFICIENCY)</u></b>		
Share capital – Note 5	27,095,864	24,003,364
Equity reserve – Note 5	3,846,086	3,846,086
Accumulated deficit	(12,027,422)	(11,634,229)
	<b>18,914,528</b>	<b>16,215,221</b>
<b>Total Liabilities and Equity</b>	<b>\$ 19,154,074</b>	<b>\$ 16,467,623</b>

Going concern – Note 2

APPROVED ON BEHALF OF THE BOARD:

<u>“Khurram Shroff”</u> Khurram Shroff	Director	<u>“Gary Arca”</u> Gary Arca	Director
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**IMINING TECHNOLOGIES INC.**  
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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

	<b>For the three months ended August 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Validator staking revenue	\$ 16,840	\$ -
Validator staking fees	9,100	-
<b>Gross revenue</b>	<b>25,940</b>	<b>-</b>
<b>Revaluation of digital currencies – gain/(loss) – Note 3</b>	<b>90,000</b>	<b>-</b>
<b>Expenses:</b>		
Accounting and audit fees	\$ 807	\$ 1,500
Amortization	97,500	-
Foreign exchange loss	291	47
Legal and corporate services	70,007	5,130
Finance costs	491	155
Management services – Note 6	22,794	15,266
Consulting expense – Note 6	183,850	765
Office, rent and administration – Note 6	96,082	3,655
Shareholder communications – Note 6	15,024	5,363
Transfer agent and filing fees	22,287	4,623
<b>Total expenses</b>	<b>(509,133)</b>	<b>(36,504)</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (393,193)</b>	<b>\$ (36,504)</b>
<b>Basic and diluted loss per share – Note 7</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

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**IMINING TECHNOLOGIES INC.**  
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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

<b>For the three months ended August 31,</b>	<b>2021</b>	<b>2020</b>
Operating Activities:		
Net loss for the period	\$ (393,193)	\$ (36,504)
Items not affecting cash:		
Amortization	97,500	653
Accrued revenue	(25,940)	-
Revaluation of digital currencies	(90,000)	-
Changes in non-cash working capital items:		
Taxes receivable	(29,687)	(1,126)
Prepaid and advances	40,213	-
Trade and other payables	(12,856)	(35,534)
Cash outflows from operating activities	(413,963)	(72,511)
Financing Activities:		
Share issuances	30,000	458,600
Share issue costs	-	(35,188)
Cash inflows from financing activities	30,000	423,412
Total increase (decrease) in cash during the period	(383,963)	350,901
Cash, beginning of the period	1,485,391	1,217
Cash, end of the period	\$ 1,101,428	\$ 352,118
<b>Non cash financing and investing activities:</b>		
Shares issued for acquisition of BitBit Financial (Note 3)	\$ 2,600,000	\$ -
Shares issued for acquisition Validators (Note 3)	\$ 462,500	\$ -
Agent warrants	\$ -	\$ 19,000
Supplement cash flow information for period ended August 31, 2021:		
a) Income tax paid - \$nil (2020 - \$nil)		
b) Interest paid - \$nil (2020 - \$nil)		

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**IMINING TECHNOLOGIES INC.**  
**(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**  
For the periods ended August 31, 2021 and 2020  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>Number of shares outstanding</b>	<b>Share capital</b>	<b>Equity Reserve</b>	<b>Accumulated deficit</b>	<b>Total Equity (Deficiency)</b>
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
Acquisitions – BitBit and Validators – Note 3	12,500,000	3,062,500	-	-	3,062,500
Warrants exercised	300,000	30,000	-	-	30,000
Net loss and comprehensive loss for the period	-	-	-	(393,193)	(393,193)
<b>Balance – August 31, 2021</b>	<b>97,236,265</b>	<b>\$27,095,864</b>	<b>\$ 3,846,086</b>	<b>\$ (12,027,422)</b>	<b>\$ 18,914,528</b>

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

**IMINING TECHNOLOGIES INC.**  
**(formerly IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
August 31, 2021 and 2020  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**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., and again to iMining Technologies Inc. on August 3, 2021. 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 determined to be a business combination with iMining remaining as the parent company (Note 3).

On June 7, 2021, the Company issued 10,000,000 common shares in capital of the Company to the shareholders of BitBit Financial Inc. (“BitBit Financial”), in exchange for acquiring all of the outstanding shares of BitBit Financial, such that BitBit Financial 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 determined to be a business combination with iMining remaining as the parent company (Note 3).

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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements, for the three month period ended August 31, 2021, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all of the information required for full annual financial statements.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s May 31, 2021 annual financial statements. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 29, 2021.

**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

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**Note 2      Basis of Preparation – (cont'd)**

b) Basis of Measurement

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

The preparation of condensed interim 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.

c) Basis of consolidation

These consolidated condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, CanEth and BitBit Financial, which are 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 generated accrued staking revenue from operations totalling \$25,940, which is based on Ethereum Tokens earned converted to Canadian dollars at fair value when earned. The Company has incurred a net loss of \$393,193 during the period ended August 31, 2021. As of August 31, 2021, the Company's accumulated deficit was \$12,027,422 and the Company had \$1,101,428 in cash, working capital of \$1,333,506 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



**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

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**Note 2      Basis of Preparation – (cont'd)**

d) Going Concern of Operations - (cont'd)

significant doubt about the Company's ability to continue as a going concern. These consolidated condensed interim 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 condensed interim consolidated financial statements.

**Note 3      Acquisitions**

***CanETH***

On March 22, 2021, the Company completed a transaction to purchase a 100% interest in CanETH by issuing 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 shown in the table below.

***BitBit Financial***

On June 7, 2021, the Company completed a transaction to acquire all of the issued and outstanding shares of BitBit Financial for consideration of 10,000,000 shares of the Company. 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 acquisition was 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 closing market value of \$0.26 per share, or \$2,600,000. The preliminary purchase price allocation to identifiable assets of the subsidiary is shown in the table below.

**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

**Note 3      Acquisitions – (cont'd)*****Acquisition of Validators***

On August 23, 2021, the Company acquired three validators securing the Ether 2.0 Proof of Stake blockchain. These three ETH 2.0 validators, which included 102.184 Ethereum tokens, were acquired in consideration of issuing 2,500,000 common shares of the Company. 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.

The acquisition was accounted for as a business acquisition under the Company’s accounting policy on treatment of Validators and accounted for in accordance with IFRS 3 whereby the value of the shares issued to the seller were based on the closing fair market value at August 23, 2021, of \$0.185 per share, or \$462,500. The preliminary purchase price allocation to identifiable assets is shown in the table below:

	<u>CanETH</u>	<u>BitBit Financial</u>	<u>Validators</u>	<u>Total</u>
Fair value of consideration:				
Shares issued	28,000,000	10,000,000	2,500,000	40,500,000
Fair value of share at closing per share	\$0.49	\$0.26	\$0.185	n/a
Transaction value	<u>\$ 13,720,000</u>	<u>\$ 2,600,000</u>	<u>\$ 462,500</u>	<u>\$ 16,782,500</u>
Net assets acquired:				
Working capital – receivables	\$ -	\$ 40,000	\$ -	\$ 40,000
Digital currencies	-	230,000	-	230,000
Digital assets – staked	340,000	-	427,500	767,500
Data centre equipment	420,000	150,000	-	570,000
Digital intangible assets:				
Trade name and customer relationships	375,000	325,000	-	700,000
Non-compete agreements	290,000	215,000	-	505,000
Validator staking solution network	8,018,000	-	-	8,018,000
License	-	1,050,000	-	1,050,000
Goodwill	5,447,000	590,000	35,000	6,072,000
Deferred income tax liability	(1,170,000)	-	-	(1,170,000)
	<u>\$ 13,720,000</u>	<u>\$ 2,600,000</u>	<u>\$ 462,500</u>	<u>\$ 16,782,500</u>

Pursuant to the acquisition of BitBit Financial, the Company acquired 17,240 Cardano tokens (“ADA”) and 60 Ethereum tokens (Ether) which were not staked at the period end.

The tokens are recorded in the condensed interim consolidated statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss as “revaluation of digital currency gain or loss”, in accordance with the Company’s treatment of its digital currencies as being a trader/dealer in a traded commodity. These tokens were originally recorded at a fair value

**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

**Note 3      Acquisitions – (cont'd)**

at date of acquisition of \$230,000 and were revalued to \$320,000 using the fair values of \$3.48 per ADA and \$4,333.33 for ETH at August 31, 2021, as quoted on CoinGecko.com .

If the Company exchanges or sells any digital currencies for traditional fiat currency or stakes the digital currencies, the digital currencies will be revalued at fair market value and the resulting gain or loss will be realized in the statement of income or loss accordingly.

**Note 4      Data centre equipment and digital intangible assets**

	<b>Data Centre Equipment</b>	<b>Validator Staking Solutions</b>	<b>Trade name and customer relationships</b>	<b>Non- compete agreements</b>	<b>License</b>
<b>Cost</b>					
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	-
Additions	150,000	-	325,000	215,000	1,050,000
<b>Balance, August 31, 2021</b>	<b>\$ 570,001</b>	<b>\$ 8,018,001</b>	<b>\$ 700,000</b>	<b>\$ 505,000</b>	<b>\$ 1,050,000</b>
<b>Depreciation</b>					
Balance, May 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation for period	14,000	-	6,250	9,670	-
Balance, May 31, 2021	14,000	-	6,250	9,670	-
Depreciation for period	28,500	-	17,500	25,250	26,250
<b>Balance, August 31, 2021</b>	<b>\$ 42,500</b>	<b>\$ -</b>	<b>\$ 23,750</b>	<b>\$ 34,920</b>	<b>\$ 26,250</b>
<b>Carrying amounts</b>					
Balance, May 31, 2021	\$ 406,001	\$ 8,018,001	\$ 368,750	\$ 280,330	\$ -
<b>Balance, August 31, 2021</b>	<b>\$ 527,501</b>	<b>\$ 8,018,001</b>	<b>\$ 676,250</b>	<b>\$ 470,080</b>	<b>\$ 1,023,750</b>

During the period ended August 31, 2021, the Company acquired BitBit Financial's data centre equipment of \$150,000 and digital intangible assets of \$1,590,000 (See Note 3).

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
License	Life of agreements 10 years
Validator staking solution network	Indefinite life

**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

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**Note 5      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.

During the period ended August 31, 2021, 300,000 warrants were exercised at \$0.10 each 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, 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 3), 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.

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Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

**Note 5      Share Capital – (cont'd)**b) Share Purchase Warrants

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

	<b>March 22, 2021</b>	<b>August 17, 2020</b>
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, 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
Warrants Exercised	(300,000)	0.10
<b>Outstanding at August 31, 2021</b>	<b>14,220,380</b>	<b>\$ 0.20</b>

At August 31, 2021, there were 14,220,380 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
4,248,880	\$0.10	August 17, 2022
150,000	\$0.10	August 20, 2022
9,701,500	\$0.25	March 22, 2023
<b>14,220,380</b>		

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.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Stated in Canadian Dollars)

(Unaudited)

**Note 5      Share Capital – (cont'd)**c) Share-Based Payments – (cont'd)

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:

	<b>April 12, 2021</b>
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 options 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
<b>Outstanding at May 31 and August 31, 2021</b>	<b>8,000,000</b>	<b>\$ 0.43</b>

**Note 6      Related Party Transactions**

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

<b>For the period ended August 31,</b>	<b>2021</b>	<b>2020</b>
Accounting fees	\$ -	\$ 1,500
Management services and consulting	<b>88,500</b>	15,000
Shareholder communications	<b>6,000</b>	-
Office, rent and administration	<b>8,250</b>	3,000
<b>Total</b>	<b>\$ 102,750</b>	<b>\$ 19,500</b>

**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)**Note 6      Related Party Transactions – (cont'd)**

During the period ended August 31, 2021, the Company incurred expenses of \$102,750 (2020 - \$19,500) 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 August 31, 2021 is \$50,850 (May 31, 2021 - \$49,384) due to officers and directors of the Company and to a company controlled by key management personnel. These balances are in respect of management activities and reimbursable expenses.

**Note 7      Loss Per Share**

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

	<b>Period ended August 31,</b>	
	<b>2021</b>	<b>2020</b>
Issued and outstanding, beginning of the year	<b>84,436,265</b>	29,086,265
Weighted average shares issued during the period	<b>11,007,123</b>	16,242,308
Basic and diluted weighted average number of shares	<b>95,443,388</b>	45,328,573

**Note 8      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 period ending August 31, 2021.

**Note 9      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.

**iMining Technologies Inc. (formerly iMining Blockchain and Cryptocurrency Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

August 31, 2021 and 2020

(Stated in Canadian Dollars)

(Unaudited)

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**Note 9      Financial Instruments – (cont'd)**

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 August 31, 2021. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

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 August 31, 2021 is \$1,101,428 (May 31, 2021 - \$1,485,391). 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 August 31, 2021, the Company was holding cash of \$1,101,428 (May 31, 2021 - \$1,485,391). The Company's trade and other payables are due in the short term. As at August 31, 2021, the Company had working capital of \$1,333,506.