IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.

(Formerly Parlane Resource Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended August 31, 2018

(Stated in Canadian Dollars)

(Unaudited)

The accompanying notes form an integral part of these financial statements

NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements for the period ended August 31, 2018 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.

IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.
(Formerly Parlane Resource Corp.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(Unaudited)

As at		**August 31, 2018**		May 31, 2018
ASSETS				
Current assets				
Cash	**$**	**33,772**	$	124,774
Digital currencies – Note 6		**154,174**		29,115
Amounts receivable – Note 7		**70,045**		116,485
Prepaid expenses – Note 8		**112,425**		300,862
		370,416		571,236
Non-current assets				
Data centre equipment – Note 9		**2,631,271**		3,533,421
Equipment		**2,990**		3,377
Intangible assets – Note 5		**610,000**		610,000
		3,244,261		4,146,798
Total Assets	**$**	**3,614,677**	$	4,718,034
LIABILITIES				
Current liabilities				
Trade and other payables – Note 11	**$**	**125,200**	$	123,343
EQUITY				
Share capital – Note 10		**8,199,713**		8,199,713
Equity reserve – Note 10		**796,366**		796,366
Accumulated deficit		**(5,506,602)**		(4,401,388)
		3,489,477		4,594,691
Total Liabilities and Equity	**$**	**3,614,677**	$	4,718,034

Subsequent event – Note 10
Commitment – Note 15

APPROVED ON BEHALF OF THE BOARD:

"Robert Eadie"	Director	*"Gary Arca"*	Director
Robert Eadie		Gary Arca	

The accompanying notes form an integral part of these financial statements

IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.
(Formerly Parlane Resource Corp.)
CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Stated in Canadian Dollars)
(Unaudited)

For the three months ended August 31,	**2018**	2017
Revenue	**$ 248,377**	$ -
Cost of revenue		
Operating and maintenance cost	**(289,530)**	-
Depreciation	**(902,150)**	-
Gross profit (loss)	**(943,303)**	-
Revaluation of digital currencies – gain/(loss)	**(9,940)**	-
Expenses:		
Accounting and audit fees – Note 11	**1,500**	8,756
Foreign exchange loss/(gain)	**(1,665)**	639
Legal and corporate services – Note 11	**10,039**	26,998
Finance costs/(revenue)	**211**	(5,659)
Management services – Note 11	**17,890**	48,853
Office, rent and administration – Note 11	**57,144**	8,701
Consulting fees	**11,500**	-
Shareholder communications – Note 11	**54,696**	8,749
Transfer agent and filing fees	**656**	2,103
Total expenses	**(151,971)**	(99,140)
Operating loss	**(1,105,214)**	(99,140)
Other gains/ (loss):		
Gain on investment	-	10,990
Gain on sale of Big Bear and Nechako	-	726,111
Total other gains	-	737,101
Net income (loss) for the period	**(1,105,214)**	637,961
Total comprehensive income (loss) for the period	**$ (1,105,214)**	$ 637,961
Basic and diluted income (loss) per share – Note 12	**$ (0.04)**	$ 0.04

The accompanying notes form an integral part of these financial statements

IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.
(Formerly Parlane Resource Corp.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

For the three months ended August 31,	**2018**	2017
Operating Activities:		
Net income (loss) for the year	$ **(1,105,214)**	$ 637,961
Adjustments to reconcile loss to net cash used in operating activities:		
Impairment on marketable securities	-	(10,663)
Gain on sale of Big Bear and Nechako	-	(726,111)
Write-off mineral properties	-	1,057
Depreciation	**902,537**	-
Changes in non-cash working capital items:		
Prepaid expenses	**188,437**	(968)
Amounts receivable	**46,440**	-
Value added taxes recoverable	-	11,833
Digital currencies	**(125,059)**	-
Trade and other payables	**1,857**	(361,245)
Cash outflows from operating activities	**(91,002)**	(448,136)
Investing Activities:		
Interest received	-	1,317
Sale of marketable securities	-	23,705
Cash acquired regarding sale of Big Bear and Nechako	-	2,500,000
Recovery of reclamation deposit	-	25,000
Cash inflows from investing activities	-	2,550,022
Cash inflows from financing activities	-	-
Total increase (decrease) in cash during the period	**(91,002)**	2,101,886
Cash, beginning of the period	**124,774**	426,274
Cash, end of the period	**$ 33,772**	$ 2,528,160

IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.
(Formerly Parlane Resource Corp.)
STATEMENT OF CHANGES IN EQUITY
For the periods ended August 31, 2018, - and August 31, 2017-
(Stated in Canadian Dollars)
(Unaudited)

	Number of shares outstanding	Share capital	Equity reserve	Accumulated other comprehensive income (loss): Foreign currency translation reserve	Accumulated other comprehensive income (loss): Unrealized gain (loss) on marketable securities	Accumulated deficit	Total equity
Balance – May 31, 2017	14,936,265	$5,686,592	$ 836,337	$ (9,913)	$ 11,302	$ (4,594,347)	$ 1,929,971
Realized loss on marketable securities	-	-	-	-	(10,663)	-	(10,663)
Net income for the year	-	-	-	-	-	637,961	637,961
Balance – August 31, 2017	14,936,265	$5,686,592	$ 836,337	$ (9,913)	$ 639	$ (3,956,386)	$ 2,557,269
Common shares issued pursuant to:							
- Private placement - at $0.15	5,100,000	765,000	-	-	-	-	765,000
- Exercise of warrants - at $0.30	1,000,000	360,000	(60,000)	-	-	-	300,000
- Exercise of warrants - at $0.20	50,000	10,000	-	-	-	-	10,000
- Asset acquisition - at $0.18	6,000,000	1,080,000	-	-	-	-	1,080,000
- Trade name acquisition- at $0.18	2,000,000	360,000	-	-	-	-	360,000
Realized loss on marketable securities	-	-	-	-	(639)	-	(639)
Share issuance cost	-	(61,879)	20,029	-	-	-	(41,850)
Translation reserve	-	-	-	9,913	-	-	9,913
Net loss for the year	-	-	-	-	-	(445,002)	(445,002)
Balance – May 31, 2018	29,086,265	$8,199,713	$ 796,366	$ -	$ -	$ (4,401,388)	$ 4,594,691
Net income for the period	-	-	-	-	-	(1,105,214)	(1,105,214)
Balance – August 31, 2018	**29,086,265**	**$8,199,713**	**$ 796,366**	**$ -**	**$ -**	**$ (5,506,602)**	**$ 3,489,477**

Note 1 Corporate Information

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”) (see Note 5) 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.

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 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 financial statements, for the three month period ended August 31, 2018, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, however, they do not include all of the information required for full annual financial statements.

These unaudited condensed interim financial statements should be read in conjunction with the Company’s 2018 annual financial statements.

The financial statements were authorized for issue by the Board of Directors on October 23, 2018.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as explained in the Company’s accounting policies discussed in Note 3. The financial statements are presented in Canadian dollars.

The preparation of 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 financial statements are disclosed in Note 4.

Note 2 Basis of Preparation – (cont'd)

c) Going Concern of Operations

The Company has generated revenue of $248,377 from operations. The Company incurred a net loss of $1,105,214 during the period ended August 31, 2018. As of August 31, 2018, the Company's accumulated deficit was $5,506,602 and the Company had $33,772 in cash, working capital of $245,216 and no long-term debt.

As the Company has recently commenced operations (see Note 5 for change of business event), the recoverability of the costs incurred to date is dependent on the ability of the Company to obtain the necessary financing to complete the development of its business as required and upon future profitable operations. 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 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 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 financial statements.

Note 3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently during the periods ended August 31, 2018, and 2017 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.

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

a) Foreign Currency Transactions – (cont'd)

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.

The assets and liabilities of foreign operations with functional currencies differing from the presentation currency, including fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates in effect at the reporting date. The income and expenses of foreign operations with functional currencies differing from the presentation currency are translated into Canadian dollars at the year-to-date average exchange rates. Resulting translation differences are recognised and presented in other comprehensive income as a foreign currency translation reserve ("Translation Reserve"), a component of equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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 August 31, 2018 and 2017, the Company had no cash equivalents.

c) Impairment of Non-Financial Assets

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

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

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

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has determined that no impairment is to be recorded on its cash generating units. An impairment loss is charged to profit or loss, except to the extent that it reverses gains previously recognized in other comprehensive income or loss.

d) Financial Instruments

Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, or available-for-sale financial assets based upon the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category applicable to the Company is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial assets, or where appropriate, a shorter period.

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash, receivable from the sale of Minera Mexicana and data centre equipment deposit are accounted for as prepaid expenses and amounts receivables.

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

d) Financial Instruments – (cont'd)

Available-for-Sale Investments

Non-derivative financial assets not included in loans and receivables or other categories and other than those qualifying as subsidiaries are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive profit or loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset, which constitutes objective evidence of impairment, the full amount of the impairment, including any amount previously recognized in other comprehensive income or loss is recognized in profit or loss up to the amount of the impairment. If there is no quoted market price, no active market, and fair value cannot be readily determined, available-for-sale investments are carried at cost. On sale, the cumulative amount recognized in other comprehensive income or loss is reclassified from accumulated other comprehensive income or loss to profit or loss. The Company's marketable securities are accounted for as available-for-sale investments.

Impairment on Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred subsequent to the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as either fair value through profit or loss or other financial liabilities, based on the purpose for which the liability was incurred.

Other Financial Liabilities

Other financial liabilities are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method. This ensures that, any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position.

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

d) Financial Instruments – (cont'd)

Other Financial Liabilities – (cont'd)

Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The Company's trade and other payables and the liability component of the convertible debenture are accounted for as other financial liabilities. Trade and other payables represent goods and services provided to the Company prior to the end of the period which are unpaid. Trade and other payable amounts are unsecured.

e) Share Capital

Instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or 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.

f) Profit or Loss Per Share

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.

Diluted profit or loss per share is computed by dividing the Company's profit or loss 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.

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

g) Share Based Payments

Where equity-settled share options are awarded to employees or non-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. The fair value of options granted to non-employees is recalculated at each reporting period over which the options 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 modifications, 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.

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 valuation model. The expected life used in the model 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.

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.

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

h) Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the weighted average from www.bitgo.com.

The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss in accordance with the Company's treatment of its digital currencies as a traded commodity.

A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured.

i) 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 a one year life.

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.

j) Digital currencies

Digital currencies consist of cryptocurrency denominated assets and are included in current assets.

Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the CAD dollar.

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

k) Intangible Assets

The trademark is recorded at cost, it has been classified as an asset with an indefinitive life and there are no foreseeable limits to the period over which the asset is expected to generate net cash inflows for the entity.

l) 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:

- IFRS 9 – Financial Instruments – effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 – Leases – effective for annual periods beginning on or after January 1, 2019.

The Company has early adopted the following accounting standard:

- IFRS 15 – Revenue from contracts with customers – effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 15 did not have any impact on the Company's financial statements as there was no previous revenue from contracts with customers.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

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 judgements 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 this financial year are discussed below:

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

a) Functional Currency

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically the Company considers the currencies in which digital currencies are most commonly denominated and the currencies in which expenses are settled, as well as the currency in which it receives or raises financing. Changes to these factors may have an impact on the judgement applied in the determination of the Company's functional currency.

b) Classification and valuation of digital currencies

The Company's determination to classify its holding of digital currencies as current assets is based on management's assessment that its digital currencies held can be considered to be commodities, the availability of liquid markets to which the Company may sell a portion of its holdings and that the Company is actively selling its digital currencies in the near future to generate a profit from price fluctuations.

The digital currency market is a new market and is highly volatile; historical prices are not necessarily indicative of future value and a significant change in the market prices would have a significant impact on the carrying value of digital assets and on the Company's earnings and financial position.

c) Revenue recognition

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of revenue from 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 changes its policies which could result in a significant impact to the Company's financial statements.

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

d) Carrying value of data centre equipment

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes. When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired or the impairment charge reduced with the impact recorded in profit or loss.

e) Depreciation

Depreciation of data centre equipment is an estimate of its expected life. In order to determine the useful life of date centre equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs. The Company depreciates the cost of data equipment over its estimated useful life of one year, using the straight line method.

Note 5 Change of business to mining of Cryptocurrency

On January 9, 2018, the Company entered into a binding letter agreement to purchase cryptocurrency mining rigs and engaged a third party to host cryptocurrency mining activities on behalf of the Company.

Pursuant to the agreement, the Company acquired 500 S9 Antminer rigs at a cost of US$2,000,000 and engaged a company (the "Provider") to set-up, host and operate the cryptocurrency mining activities. The Provider received (i) 6,000,000 shares of the Company (the "Payment Shares"), and (ii) 10% of net profits generated by the mining activities. The Company will be responsible for all operating costs, to be at an all-in cost of US$0.10 per kilowatt hour per mining rig. The Company may add additional mining rigs from time to time. The shares of the Company received by the Provider are subject to resale restrictions such that 25% (1,500,000) of the Payment Shares are restricted for four months, 25% are restricted for six months, 25% are restricted for 12 months, and 25% are restricted for 18 months.

The above transactions constituted a Change of Business ("COB") for the Company, as such term is defined in Exchange policies, in that the Company is now involved in mining for cryptocurrencies rather than exploring for minerals.

(Stated in Canadian Dollars)

Note 5 **Change of business to mining of Cryptocurrency- (cont'd)**

In conjunction with the COB, the Company also acquired the intellectual property rights to the "iMining" brand, including worldwide tradename, trademarks, and URL site. The cost to acquire these rights was $610,000, $250,000 in cash and 2,000,000 shares of the Company at a fair value of $0.18 per share.

Note 6 **Digital currencies**

At August 31, 2018, the Company's digital currencies consisted of 16.8 bitcoin digital currency, with a fair value of $154,174. Digital currencies are recorded at their fair value on the date they are received as revenues, and are revalued to their current market value at each reporting date.

Note 7 **Amounts Receivable**

		August 31, 2018		May 31, 2018
Taxes receivable	**$**	**34,378**	$	38,560
Minera Mexicana sale		**35,249**		76,995
Other		**418**		930
	$	**70,045**	$	116,485

During the year ended May 31, 2018 the Company sold its subsidiary, Minera Mexicana for $76,995 (US$59,400) and will be paid over 3 quarters. A gain of $65,537 was reported in profit or loss.

Note 8 **Prepaid expenses**

		August 31, 2018		May 31, 2018
Rent	**$**	**38,514**	$	57,643
Data centre equipment		**71,543**		189,883
Other		**2,368**		53,336
	$	**112,425**	$	300,862

Note 9 **Data centre equipment**

During the year ended May 31, 2018, the Company acquired 500 S9 Antminer rigs (Note 5) at a cost of $2,528,600 (US$2,000,000) and the issue of 6,000,000 shares of the Company, valued at $0.18 per share for a total of $1,080,000, and engaged a Provider to set-up, host and operate the cryptocurrency mining activities. In exchange for such services, the Provider receives 10% of net profits generated by the mining activities digital currencies.

(Stated in Canadian Dollars)

Note 9 Data centre equipment - (cont'd)

	Total
Cost	
Balance, May 31, 2017	$ -
Additions	3,608,600
Balance, May 31, 2018 & August 31, 2018	**$3,608,600**
Depreciation	
Balance, May 31, 2017	$ -
Depreciation for the year	75,179
Balance, May 31, 2018	$ 75,179
Depreciation for the period	902,150
Balance, August 31, 2018	**$ 977,329**
Carrying amounts	
Balance, May 31, 2017	$ -
Balance, May 31, 2018	$3,533,421
Balance, August 31, 2018	**$2,631,271**

Note 10 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.

Issuances for Cash

During the year ended May 31, 2018 the company completed its COB (see Note 5) and issued 5,100,000 Units at $0.15 for gross proceeds of $765,000, pursuant to the non-brokered financing. Each Unit is comprised of one common share and one-half warrant ("Warrant"). Each whole Warrant will entitle the holder thereof to acquire one additional common share of the Company at a price of $0.25 for a period of 12 months from the date of issuance of the Warrant.

(Stated in Canadian Dollars)

Note 10 Share Capital – (cont'd)

a) Common Shares – (cont'd)

Issuances for Cash - (cont'd)

The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants. Finder's fees were paid in the form of a cash payment of $41,850 and 278,699 agents' warrants with the same terms and conditions as the warrants comprising part of the units were issued. Share issue costs include $20,029 calculated as the fair value of the agents' warrants.

The fair value of agents' warrants was determined using the Black-Scholes model with the following assumptions:

Stock price	$0.18
Exercise price	$0.25
Dividend rate	0%
Expected life	1 Year
Expected annual volatility	128.56%
Risk-free rate	1.88%

On December 7, 2016, the Company completed tranche 1 of a non-brokered private placement with the issuance of 1,520,000 units priced at $0.25 per unit, for gross proceeds of $380,000. Each Unit consists of one common share of the Company and one share purchase warrant, each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of five years at a price of $0.30 per share. The private placement was subscribed to by certain directors and officers of the Company.

The Company calculated the fair value of the share component to be the lesser of the market price for the shares on the date of grant, which was $0.19 per share, and the offering price, which was $0.25 per unit. The shares, therefore, had a market price of $0.19 per share or $288,800. As a result, the fair value of the warrants was calculated to be $0.06 per one warrant, or $91,200, being the difference between the $0.25 per unit price and the $0.19 value of the share component of the units. As such, share capital was increased by $288,800 and equity reserve increased by $91,200.

On October 4, 2016 the Company completed tranche 2 of a non-brokered private placement with the issuance of 765,400 units priced at $0.15 per unit, for gross proceeds of $114,810. Each unit consists of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of $0.20 per share.

(Stated in Canadian Dollars)

Note 10 Share Capital – (cont'd)

a) Common Shares – (cont'd)

Issuances for Cash- (cont'd)

The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants. A cash payment of $8,036 and 53,578 agents' warrants, with the same terms and conditions as the unit warrants, was paid as a finders' fee. Share issue costs include $9,083 calculated as the fair value of the agents' warrants.

The fair value of agents' warrants was determined using the Black-Scholes model with the following assumptions:

Stock price	$0.18
Exercise price	$0.20
Dividend rate	0%
Expected life	2 Years
Expected annual volatility	270.84%
Risk-free rate	0.57%

On August 2, 2016 the Company completed tranche 1 of a non-brokered private placement with the issuance of 1,407,780 units priced at $0.15 per unit, for gross proceeds of $211,167. Each unit consists of one common share of the Company and one-half of one share purchase warrant with each whole warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of $0.20 per share. A cash payment of $900 was paid as a finders' fee. The fair value of the shares was equal to the proceeds raised in the private placement and as a result, no amount was allocated as the fair value of the warrants.

Issuances for Assets

On April 17, 2018, the Company issued 6,000,000 shares to acquire the data centre equipment (Note 11) at a price of $0.18, being the Company's closing market price on the date of issuance. Total fair value of shares issued was $1,080,000. On April 17, 2018, the Company issued 2,000,000 shares to acquire the intellectual property rights to the "iMining" brand at a price of $0.18, being the Company's closing market price on the date of issuance. Total value of shares issued was $360,000.

(Stated in Canadian Dollars)

Note 10 Share Capital – (cont'd)

a) Common Shares – (cont'd)

Warrants Exercised

During the year ended May 31, 2018 the Company issued 1,000,000 common shares for proceeds of $300,000 pursuant to the exercise of 1,000,000 warrants at $0.30 per warrant. The fair value of the warrants was calculated to be $0.06 per one warrant, or $60,000 at the time of the issuance. As such, share capital was increased and equity reserve decreased by $60,000.

In addition during the year ended May 31, 2018 the Company issued 50,000 common shares for proceeds of $10,000 pursuant to the exercise of 50,000 warrants at $0.20 per warrant. No value was allocated to the warrants at the time of the issuance.

b) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at May 31, 2017	3,020,167	$ 0.25
Warrants Issued	2,828,699	0.25
Warrants Exercised	(1,050,000)	0.30
Outstanding at May 31, 2018	4,798,866	$ 0.24
Warrants Expired	(653,889)	0.20
Outstanding at August 31, 2018	**4,144,977**	**$ 0.25**

(Stated in Canadian Dollars)

Note 10 Share Capital – (cont'd)

b) Share Purchase Warrants – (cont'd)

At August 31, 2018, there were 4,144,977 warrants outstanding and exercisable to purchase one common share for each option held as follows.

Number of Shares	Exercise Price	Expiry Date
53,578	$0.20	October 4, 2018
382,700	$0.20	October 4, 2019
360,000	$0.20	April 20, 2019
2,550,000	$0.25	April 17, 2019
278,699	$0.25	April 17, 2019
520,000	$0.30	December 7, 2021
4,144,977	**$0.25**	

On September 13, 2018 the Company extended the expiry of 382,700 warrants due to expire October 4, 2018, to October 4, 2019. Subsequent to August 31, 2018, 53,578 warrants expired unexercised.

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. No share purchase options were granted during the period ended August 31, 2018 and the year ended May 31, 2018. During the year ended May 31, 2018, 2,000 options at an exercise price of $1.00 expired. There are no further options outstanding as at August 31, 2018.

(Stated in Canadian Dollars)

Note 11 Related Party Transactions

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

For the three months ended August 31,		2018		2017
Accounting fees	$	**1,500**	$	1,500
Legal fees		**1,000**		500
Management services		**15,000**		35,000
Office, rent and administration		**4,000**		3,500
Shareholder communication		**1,000**		500
Total	$	**22,500**	$	41,000

Key management personnel compensation

During the period ended August 31, 2018, the Company incurred $22,500 (August 31, 2017 - $41,000) for compensation to key management personnel which includes the Company's directors, officers and a former director.

Included in accounts payable at August 31, 2018 is $70,000 (May 31, 2018: $56,375) due to directors of the Company and to a company controlled by a director. These balances are in respect of management activities and reimbursable expenses.

Note 12 Loss Per Share

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

Period ended August 31,	2018	2017
Issued and outstanding, beginning of the period	**29,086,265**	14,936,265
Weighted average shares issued during the period	-	-
Basic and diluted weighted average number of shares	**29,086,265**	14,936,265

Note 13 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.

Note 13 Capital Management – (cont'd)

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 ended August 31, 2018.

Note 14 Financial Instruments

a) Interest Rate Risk

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, 2018. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities 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 monetary assets and liabilities, the Company is exposed to interest rate price risk. The Company's exposure to interest rate fluctuations is minimal.

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, 2018 is $33,772 (May 31, 2018 - $124,774) and amounts receivable balance of $70,045 with $35,249 relating to the remaining balance regarding sale of Minera Mexicana. Cash is held at a chartered Canadian financial institution and there is a sale agreement in relation to the sale of Minera Mexicana signed by both parties, therefore accordingly management believes credit risk is minimal.

Note 14 Financial Instruments – (cont'd)

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, 2018, the Company was holding cash of $33,772 (May 31, 2018 - $124,774). The Company's trade and other payables are due in the short term.

Note 15 Commitment

Effective June 15, 2018, the Company entered into a commercial sublease agreement. The sublease agreement is for an initial term expiring on June 1, 2020. The Company's commitment for basic rent amounts payable for years 2019, 2020 and 2021 are $48,840, $53,280 and $4,440 respectively.