IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.

FINANCIAL STATEMENTS

For the years ended May 31, 2020 and 2019

(Stated in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of iMining Blockchain and Cryptocurrency Inc.:

Opinion

We have audited the financial statements of iMining Blockchain and Cryptocurrency Inc. (the "Company"), which comprise the statements of financial position as at May 31, 2020 and 2019, and the statements of income (loss) and comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020 and 2019, and its financial performance and its 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 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 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 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.
September 23, 2020

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

As at	May 31, 2020	May 31, 2019
ASSETS		
Current assets		
Cash	**$ 1,217**	$ 169,062
Amounts receivable – Note 6	**13,435**	8,518
Prepaid expenses and advances – Note 7	**-**	14,197
	14,652	191,777
Non-current assets		
Data centre equipment – Note 8	**1**	1
Equipment	**1,358**	4,402
Intangible assets – Note 5	**1**	610,000
	1,360	614,403
Total Assets	**$ 16,012**	$ 806,180
LIABILITIES		
Current liabilities		
Trade and other payables – Note 10	**$ 268,749**	$ 196,936
EQUITY (DEFICIENCY)		
Share capital – Note 9	**8,199,713**	8,199,713
Equity reserve – Note 9	**796,366**	796,366
Accumulated deficit	**(9,248,816)**	(8,386,835)
	(252,737)	609,244
Total Liabilities and Equity	**$ 16,012**	$ 806,180

Going concern – Note 2
Commitments – Note 15
Subsequent event – Note 16

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.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)

For the years ended May 31,	2020	2019
Revenue	**$ -**	$ 304,420
Cost of revenue		
Operating and maintenance cost	**-**	(291,312)
Depreciation – Note 8	**-**	(2,706,450)
Gross loss	**-**	(2,693,342)
Revaluation of digital currencies – loss	**-**	(58,548)
Expenses:		
Accounting and audit fees – Note 10	**24,708**	15,300
Foreign exchange loss (gain)	**2,888**	(7,933)
Legal and corporate services	**18,181**	22,389
Finance costs	**629**	274
Management services – Note 10	**64,157**	69,069
Office, rent and administration – Note 10	**19,977**	131,360
Consulting fees	**1,124**	31,500
Shareholder communications – Note 10	**4,382**	67,054
Transfer agent and filing fees	**17,873**	8,008
Total expenses	**(153,919)**	(337,021)
Operating loss	**(153,919)**	(3,088,911)
Other gains (losses):		
Write-off of data centre equipment – Note 8	**-**	(899,079)
Income tax credit	**-**	2,543
Allowance for advance – Note 5	**(98,063)**	
Write-down of intangible assets – Note 5	**(609,999)**	-
Total other gains (losses)	**(708,062)**	(896,536)
Total comprehensive loss for the year	**$ (861,981)**	$ (3,985,447)
Basic and diluted loss per share – Note 11	**$ (0.03)**	$ (0.14)

The accompanying notes form an integral part of these financial statements

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

For the years ended May 31,	**2020**	2019
Operating Activities:		
Net loss for the year	$ **(861,981)**	$ (3,985,447)
Items not affecting cash:		
Revaluation of digital currencies	**-**	58,548
Write-off of data centre equipment	**-**	899,079
Write-down of intangible asset	**609,999**	-
Allowance for advance	**98,063**	-
Depreciation	**-**	2,706,450
Amortization	**3,044**	2,297
Changes in non-cash working capital items:		
Amounts receivable	**(4,917)**	107,967
Digital currencies	**-**	(29,433)
Prepaid expenses	**14,197**	214,556
Trade and other payables	**71,813**	73,593
Cash (outflows) inflows from operating activities	**(69,782)**	47,610
Investing Activities:		
Equipment additions	**-**	(3,322)
Payment of advance	**(98,063)**	-
Cash outflows from investing activities	**(98,063)**	(3,322)
Total increase (decrease) in cash during the year	**(167,845)**	44,288
Cash, beginning of the year	**169,062**	124,774
Cash, end of the year	**$ 1,217**	$ 169,062

IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.
STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the years ended May 31, 2020 and 2019
(Stated in Canadian Dollars)

	Number of shares outstanding	Share capital	Equity Reserve	Accumulated deficit	Total Equity (Deficiency)
Balance – May 31, 2018	29,086,265	$8,199,713	$ 796,366	$ (4,401,388)	$ 4,594,691
Net loss for the year	-	-	-	(3,985,447)	(3,985,447)
Balance – May 31, 2019	29,086,265	8,199,713	796,366	(8,386,835)	609,244
Net 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)**

The accompanying notes form an integral part of these financial statements

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. The financial statements were authorized for issue by the Board of Directors on September 22, 2020.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, other than digital currencies carried at fair value, as explained in the Company's accounting policies discussed in Note 3. The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

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.

c) 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.

Note 2 Basis of Preparation – (cont'd)

c) Going Concern of Operations – (cont'd)

The Company has generated revenue of $nil from operations. The Company incurred a net loss of $861,981 during the year ended May 31, 2020. As of May 31, 2020, the Company's accumulated deficit was $9,248,816 and the Company had $1,217 in cash, working capital deficit of $254,097 and no long-term debt.

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, and upon future profitable operations. The Company continues to pursue opportunities in the blockchain and cryptocurrency sector 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 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 years ended May 31, 2020, and 2019 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.

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, 2020 and 2019, 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 at the end of each reporting period and 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.

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. 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

The Company's financial instruments are classified into one of the following categories 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. The Company's accounting policy for each category is as follows:

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

d) Financial Instruments – (cont'd)

The Company recognizes a financial asset or financial liability on the 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.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. 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 values 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.

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

d) Financial Instruments – (cont'd)

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.

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 and the Future Farm advance (see Note 5), which is classified at amortized cost. 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 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.

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

e) Income Taxes

Current tax and deferred tax are recognized in profit or loss, except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive income or loss.

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

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

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

f) 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.

g) 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.

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

g) Profit or Loss Per Share – (cont'd)

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. Diluted loss per share does not include the effect of potentially dilutive instruments where their effect on the calculation would be anti-dilutive.

h) 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 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)

h) 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.

i) 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 hourly volume 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.

j) 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.

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

k) 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.

l) Intangible Assets

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

m) Standards, Amendments and Interpretations

The following standard was adopted by the Company effective June 1, 2019 but had no material impact on these financial statements:

IFRS 16 – Leases ("IFRS 16") IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as was required by IAS 17 – Leases and, instead, introduces a single lessee accounting model.

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 financial statements within the next financial year are discussed below:

a) 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.

b) 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 change its policies which could result in a significant impact to the Company's financial statements.

c) Valuation of acquired assets

The Company has made estimates with respect to the acquisition date fair values of the intellectual property rights to the "iMining" brand (note 5). 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.

(Stated in Canadian Dollars)

Note 5 Mining of Cryptocurrency

During the year ended May 31, 2018, 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 was responsible for all operating costs at an all-in cost of US$0.10 per kilowatt hour per mining rig. During the year ended May 31, 2019, the Company suspended operation of its 500 S9 Antminer mining rigs due to the market downturn in cryptocurrency values and, subsequently, the rigs were determined to have no economic value and were written down to $1 (see Note 8).

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. During the year ended May 31, 2020, 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 has been recorded in profit or loss.

Future Farm Letter of Intent

During the year ended May 31, 2020 the Company entered into a non-binding Letter of Intent ("LOI") with Future Farm Developments Ltd., ("Future Farm") for iMining to acquire all of Future Farm's interests in its crypto-mining facility near Merritt, British Columbia, in consideration of iMining paying US$75,000 and issuing 10,000,000 common shares. Due to market conditions which have posed difficulties in closing the financing that was a condition of the proposed acquisition, the Company and Future Farms have mutually agreed to terminate the LOI. In accordance with the terms of the LOI, the initial advance of US$75,000 ($98,063) to Future Farm is refundable. As at May 31, 2020, the initial advance has not been refunded and collectability of the advance is unknown. Therefore, the Company has recognized an allowance against the full amount.

Note 6 Amounts Receivable

	May 31, 2020	May 31, 2019
Taxes receivable	**$ 13,435**	$ 8,518

(Stated in Canadian Dollars)

Note 7 Prepaid expenses and advances

	May 31, 2020	May 31, 2019
Advance to Future Farm (Note 5)	**$ 98,063**	-
Allowance for advance (Note 5)	**(98,063)**	-
Rent	**-**	14,197
	$ -	$ 14,197

Note 8 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.

	Total
Cost	
Balance, May 31, 2018	$3,608,600
Write-off of data centre equipment	(3,608,599)
Balance, May 31, 2019 and May 31, 2020	**$ 1**
Depreciation	
Balance, May 31, 2018	$ 75,179
Depreciation for the year	2,706,450
Write-off of data centre equipment	(2,781,629)
Balance, May 31, 2019 and May 31, 2020	**$ -**
Carrying amounts	
Balance, May 31, 2018	$3,533,421
Balance, May 31, 2019 and May 31, 2020	**$ 1**

During the year ended May 31, 2019, Management determined that due to the declining market prices of the Bitcoin cryptocurrency at that time, and the fact that the data centre equipment had been dormant since the second quarter of 2019, the equipment no longer had value as cryptocurrency mining rigs. As a result, the value of the equipment was written down to $1 and the write off of $826,970 plus the prepaid deposits on the contract of $72,109 for a total write down loss of $899,079 was recorded in profit or loss.

(Stated in Canadian Dollars)

Note 9 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.

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, 2018	4,798,866	$ 0.24
Warrants Expired	(3,896,166)	0.24
Outstanding at May 31, 2019	902,700	0.26
Warrants Expired	(382,700)	0.20
Outstanding at May 31, 2020	520,000	$ 0.30

At May 31, 2020, there were 520,000 warrants outstanding and exercisable to purchase one common share for each option held as follows:

Number of Shares	Exercise Price	Expiry Date
520,000	$0.30	December 7, 2021

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 years ended May 31, 2020 and 2019. There are no options outstanding as at May 31, 2020 or 2019.

(Stated in Canadian Dollars)

Note 10 Related Party Transactions

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

For the years ended May 31,		**2020**		2019
Accounting fees	**$**	**10,500**	$	6,000
Management services		**60,000**		60,000
Office, rent and administration		**12,000**		14,000
Shareholder communication		**-**		2,000
Total	**$**	**82,500**	$	82,000

During the year ended May 31, 2020, the Company incurred expenses of $82,500 (2019 - $82,000) from companies controlled by directors and officers of the Company.

Key management personnel compensation

During the year ended May 31, 2020, the Company incurred $60,000 (2019 - $60,000) for compensation to key management personnel which includes the Company's directors, officers and a former director.

Included in accounts payable at May 31, 2020 is $219,671 (2019 - $125,750) 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 11 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,	**2020**	2019
Issued and outstanding, beginning of the year	**29,086,265**	29,086,265
Weighted average shares issued during the year	**-**	-
Basic and diluted weighted average number of shares	**29,086,265**	29,086,265

(Stated in Canadian Dollars)

Note 12 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, 2020		May 31, 2019
Net income (loss) before income taxes	**$**	**(861,981)**	$	(3,985,447)
Income taxed at local statutory rates		**27.0%**		27.0%
Expected income tax expense (recovery)		**(233,000)**		(1,076,000)
Effect of changes in statutory rates and other		**2,000**		3,000
Adjustment to prior years provisions versus statutory tax returns		**74,000**		16,000
Unrecognized deferred tax assets		**157,000**		1,057,000
Total income tax expense (recovery)	**$**	**-**	$	-

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

		May 31, 2020		May 31, 2019
Income tax assets/(liabilities):				
Non-capital losses	**$**	**1,975,000**	$	1,451,000
Allowable capital losses		**17,000**		-
Intangible assets		**165,000**		-
Data centre equipment and equipment		**438,000**		975,000
Share issue costs		**-**		12,000
		2,595,000		2,438,000
Unrecognized deferred tax assets		**(2,595,000)**		(2,438,000)
Deferred tax assets	**$**	**-**	$	-

As at May 31, 2020, the Company has estimated non-capital losses totalling $7,315,000 in Canada that may be carried forward to reduce taxable income in future years. The losses expire in various amounts from 2028 to 2040.

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 (deficiency) 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 ended May 31, 2020.

Note 14 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.*

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, 2020. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

Note 14 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, 2020 is $1,217 (2019 - $169,062) and advance to Future Farm (see Note 5). Cash is held at a chartered Canadian financial institution and the Company has recognized an allowance against the full amount of the Future Farm advance, 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, 2020, the Company was holding cash of $1,217 (2019 - $169,062). The Company's trade and other payables are due in the short term. As at May 31, 2020, the Company had a working capital deficit of $254,097. The Company may not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year. The Company did complete a financing subsequent to year end (see Note 16).

Note 15 Commitments

Effective June 15, 2018, the Company entered into a commercial sublease agreement. The sublease agreement was for an initial term expiring on June 29, 2020. The Company's commitment for basic rent amounts payable for fiscal years 2020 and 2021 was $103,470 and $8,623 respectively. The Company had sublet the rental space to the end of the term of their lease to fully offset the commercial office space cost. The sublet period commenced December 15, 2018 to June 29, 2020, the end of the lease commitment period. Subsequently, the terms were renegotiated to February 29, 2020 and the leases expired.

During the year ended May 31, 2019, the Company suspended operation of its 500 S9 Antminer mining rigs due to the market downturn in cryptocurrency values with the cooperation of the Provider. Under the terms of the agreement with the Provider, the Company was to incur approximately US$55,000 per month in operating costs offset by the value of cryptocurrency mined for 24 months up to May 2020. The payments were suspended during the year ended May 31, 2019 and the term of the agreement has lapsed as at May 31, 2020.

Note 16 Subsequent Event

The Company completed a non-brokered private placement in August 2020. The Company issued 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.

The Company incurred finders' fees in connection with the non-brokered private placement. The Company paid $35,088 and issued 350,880 finders' warrants. Finders' warrant have the same exercise terms as the unit warrants.