

## **Prime Blockchain Inc.**

Condensed Interim Financial Statements  
As at February 28, 2018 and 2017

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDING ON  
FEBRUARY 28, 2018**

Declaration regarding the consolidated quarterly financial statements.

The Corporation's management has prepared the attached unaudited condensed interim financial statements of Prime Blockchain Inc., including the quarterly financial situation of the Corporation as of February 28, 2018 and August 31, 2017, the statements of net and total results, the cash flow and variations in shareholders' equity for the six months period ending on February 28, 2018 and 2017. No auditor has examined or audited these consolidated quarterly statements.

## Prime Blockchain Inc.

### CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited, in Canadian dollar)

	Note	Three months ended February 28,		Six months ended February 28,	
		2018	2017	2018	2017
<b>Revenues</b>		-	-	<b>8 645</b>	-
<b>Expenses</b>					
Office expenses		10 213	388	13 410	388
Travel expenses		29 521	-	49 378	-
Consulting fees		66 212	-	131 662	-
Rent		3 000	-	6 000	-
Interests on notes payables		-	11 224	948	21 855
Others financial fees		-	336	-	1 025
Professional fees		29 340	27 249	29 340	52 249
Issuer expenses		7 466	-	17 592	-
Depreciation		615	-	615	-
Stock-based compensation		(195 344)	-	-	-
<b>Total operating expenses</b>		<b>(48 977)</b>	39 197	<b>248 945</b>	75 517
<b>Net loss</b>		<b>(48 977)</b>	(39 197)	<b>(240 300)</b>	(75 517)
Loss per share:	10				
Basic		<b>(\$0.005)</b>	(\$0,003)	<b>(\$0,024)</b>	(\$0,005)
Fully diluted		<b>(\$0.003)</b>	(\$0,003)	<b>(\$0,013)</b>	(\$0,005)

The accompanying notes are an integral part of the condensed interim financial statements.

# Prime Blockchain Inc.

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited, in Canadian dollar)

	Number			Amount				
	Common shares	Warrants / Options	Total	Share capital	Warrants	Contributed surplus	Déficit	Total
Balance as at August 31, 2016	14 931 298	475 000	15 406 298	10 271 692 \$	- \$	659 442 \$	(11 458 944) \$	(527 810) \$
Net loss	-	-	-	- \$	- \$	- \$	(75 517) \$	(75 517) \$
Balance as at February 28, 2017	<b>14 931 298</b>	<b>475 000</b>	<b>15 406 298</b>	<b>10 271 692 \$</b>	<b>- \$</b>	<b>659 442 \$</b>	<b>(11 534 461) \$</b>	<b>(603 327) \$</b>
Balance as at August 31, 2017	14 931 298	-	14 931 298	10 271 692 \$	- \$	659 442 \$	(11 689 754) \$	(758 620) \$
Conversion 20:1	746 565	-	746 565	10 271 692 \$	- \$	659 442 \$	(11 689 754) \$	(758 620) \$
Shares issued pursuant to private placement	2 557 820	2 557 820	5 115 640	255 782 \$	67 707 \$	(67 707) \$	- \$	255 782 \$
Shares issued pursuant to conversion of payables	403 907	-	403 907	40 390 \$	- \$	- \$	- \$	40 390 \$
Shares issued pursuant to conversion of Notes Payables	6 422 817	6 422 817	12 845 634	642 282 \$	170 016 \$	(170 016) \$	- \$	642 282 \$
Net loss	-	-	-	- \$	- \$	- \$	(240 300) \$	(240 300) \$
Balance as at February 28, 2018	<b>10 131 109</b>	<b>8 980 637</b>	<b>19 111 746</b>	<b>11 210 146 \$</b>	<b>237 723 \$</b>	<b>421 719 \$</b>	<b>(11 930 054) \$</b>	<b>(60 466) \$</b>

The accompanying notes are an integral part of the condensed interim financial statements.

# Prime Blockchain Inc.

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited, in Canadian dollar)

	February 28, 2017	August 31, 2016
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 6 773	\$ 9 087
Goods and services tax receivable	12 943	8 080
Prepaid expenses	6 500	1 000
	<u>26 216</u>	<u>18 167</u>
FIXED ASSETS	<u>1 847</u>	<u>2 462</u>
TOTAL ASSETS	<b>\$ 28 063</b>	<b>\$ 20 629</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts payable (Note 5)	\$ 73 529	\$ 224 549
Notes payable, bearing interest at the rate of 12% (Note 6)	15 000	554 700
	<u>88 529</u>	<u>779 249</u>
<b>NEGATIVE SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	11 210 146	10 271 692
Warrants (Note 7)	237 723	-
Contributed surplus	421 719	659 442
Deficit	(11 930 054)	(11 689 754)
	<u>(60 466)</u>	<u>(758 620)</u>
TOTAL LIABILITIES AND EQUITY	<b>\$ 28 063</b>	<b>\$ 20 629</b>

On behalf of the Board,

(s) Serge Beausoleil \_\_\_\_\_, Director

(s) Eugenio Noel Cuesta \_\_\_\_\_, Director

*The accompanying notes are an integral part of the condensed interim financial statements.*

# Prime Blockchain Inc.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS (Unaudited, in Canadian dollar)

	Six months ended	
	February 28, 2018	2017
<b>OPERATING ACTIVITIES</b>		
Net loss	(240 300)	(75 517)
Changes in non-cash working capital items	-	-
Goods and services tax receivable	(4 863)	13 734
Prepaid expenses	(5 500)	(10 000)
Accounts payable	(66 782)	(8 770)
Non-cash profit and loss items		
Depreciation	615	-
<b>Cash flows used in operating activities</b>	<b>(316 830)</b>	<b>(80 553)</b>
<b>INVESTING ACTIVITIES</b>		
Intangible assets acquired	-	-
<b>Cash flows used in investing activities</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Private placement	255 782	-
Increase note payable	58 734	67 500
<b>Cash flows provided by financing activities</b>	<b>314 516</b>	<b>67 500</b>
<b>Net increase in cash</b>	<b>(2 314)</b>	<b>(13 053)</b>
Cash, beginning of year	9 087	16 443
<b>Cash, end of period</b>	<b>6 773</b>	<b>3 390</b>

The accompanying notes are an integral part of the condensed interim financial statements.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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### 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The Company, incorporated under the Canada Business Corporations Act on January 13, 2004, is inoperative. The head office of the Company is located at 101 de la Rotonde, Suite 2605, Verdun, Québec.

### 2. BASIS OF PRESENTATION

#### Representation of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These financial statements were approved by the Board of Directors on April 30, 2018.

#### Going concern assumption

These financial statements have been prepared on the going concern assumption and historical cost basis, with the exception of the financial assets measured at fair value through net income.

These financial statements have been prepared using the accounting principles that apply to an operating business. This assumes that the Company will continue to operate for the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company incurred a net loss of \$240 300 during the period ended February 28, 2018 (2016 - \$75 517), accumulated a significant deficit and generated negative cash flows from operating activities. As a result, the Company's ability to continue as a going concern is uncertain. The Company has capital requirements, notably for the payment of its accounts payable and notes payable. In this regard, the Company issued shares to settle accounts payable, notes payable and interest payable after year-end. The Company is seeking additional financing to carry out its future projects, and the Company's ability to continue as a going concern depends on completing this initiative in a timely manner and under satisfactory conditions.

These financial statements do not reflect the restatements that would be necessary if the going concern assumption was not appropriate. Management believes that the actions it has taken or intends to take will mitigate the effects of conditions and facts that raise doubt about the appropriateness of this assumption.

#### Functional and presentation currency

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the accounting policies used and the carrying amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimated.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
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### 2. BASIS OF PRESENTATION (continued)

#### Use of estimates and judgments

The underlying estimates and assumptions are reviewed regularly. Any revision of accounting estimates is accounted for in the period in which the estimates are revised and in future periods affected by said revisions.

The main critical judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Going concern assumption (Note 2);
- Deferred income taxes.

The estimate that has the most significant impact on the amounts recognized in the financial statements is the fair value of financial instruments (Note 3).

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in the financial statements.

#### Income taxes

The Company recognizes current and recoverable income taxes for the year, as well as changes in deferred tax assets and liabilities, as an expense or revenue for the year, except where they relate to items that have been credited or debited directly to shareholders' equity; in that case, taxes are also recognized directly in shareholders' equity. Deferred tax assets and liabilities are measured at the tax rates in effect or substantively enacted at the date of the financial statements applicable to taxable income in the years in which the differences between the carrying amounts and tax basis of assets and liabilities are reversed. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which these deductible temporary differences can be utilized.

#### Financial instruments

Financial assets and liabilities are initially recognized at fair value and are classified under one of the following categories: financial assets or liabilities at fair value through net income, loans and receivables and other financial liabilities. They are subsequently accounted for according to their classification as described below. The purpose for which the financial instruments were acquired, and their characteristics determine their classification.

#### Financial assets held at fair value through net income

Cash is classified as a financial asset held at fair value through net income and is recorded at fair value at each date of the statement of financial position and any changes in fair value are presented in net income in the year in which these changes occur.



# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments

##### Loans and receivables and other financial liabilities

Financial instruments classified as other financial liabilities include accounts payable and notes payable. They are accounted for at cost after amortization using the effective interest rate method. Interest income or expense is included in net income over the expected life of the instrument.

##### Fair value

The fair value of a financial instrument generally corresponds to the consideration for which the instrument would be exchanged in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

##### Impairment of financial assets

Financial assets, other than those at fair value through net income, are tested for impairment at each reporting date. Financial assets are impaired if there is objective evidence of the impact of one or more events occurring after the financial asset was initially recognized.

For financial assets accounted for at amortized cost, the amount of the impairment loss is equal to the difference between the carrying amount of the asset and the current value of estimated future cash flows, discounted at the original effective interest rate of the financial asset.

If the amount of the impairment loss decreases in a subsequent financial year, and if this decrease can be objectively linked to an event occurring after the impairment has been recognized, the previously recognized impairment loss is reversed in net income to the extent that the carrying amount of the financial asset at the date of reversal of the impairment loss does not exceed the amortized cost that would have been obtained if the impairment had not been recognized.

#### Share issue expenses

Share issue expenses are recorded in deficit.

#### Fixed assets

Computer equipment is initially accounted for at cost and subsequently at cost less amortization and accumulated impairment losses.

Amortization is calculated according to the estimated useful life, using the straight-line method over a period of three years.

The residual value, estimated useful life and amortization method are reviewed at each reporting date and changes in estimates are accounted for prospectively. Amortization begins when the asset is ready for use.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Contributed surplus

The contributed surplus represents the amounts recognized when warrants and stock options are granted. When the warrants or stock options are exercised, the amount is reclassified in share capital.

#### Stock-based compensation and other payments

The Company has a stock-based compensation plan as described in Note 9. The Company recognizes the fair value of stock options at the grant date as an expense in net income. Any consideration paid by directors and executives at the time of exercise of options or purchase is credited to share capital. Stock-based compensation expense related to the stock option plan is accounted for using the fair value method and is measured at the grant date. The value attributed to stock options is transferred to share capital upon issuance of the common shares.

In the ordinary course of business, the Company grants shares in exchange for goods or services to parties other than directors and executives. For these transactions, the Company measures the goods or services received and the increase in shareholders' equity that is the counterpart, directly at the fair value of the goods or services received, unless this fair value cannot be reliably estimated. In this case, the fair value is that of options issued on the date the goods or services are received.

Where vesting periods or conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of stock options expected to vest.

#### Income (loss) per share

Basic income (loss) per common share is calculated by dividing net income or net loss applicable to common shares by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated by taking into account the dilution that could occur if stock options and warrants to issue common shares were exercised at the beginning of the period or on the date of their issuance, whichever is later. The treasury stock method is used to determine the dilutive effect of stock options and warrants.

#### Cash and cash equivalents

The Company's cash and cash equivalents consist of bank accounts and highly liquid financial instruments with an initial term of three months or less.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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### 4. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The International Financial Reporting Interpretation Committee and IASB have published new standards whose application will be mandatory for fiscal years beginning after September 1, 2017 or subsequent years. Many of these new accounting policies will have no impact on the comprehensive income (loss) and the statement of the financial position of the Company, so they are not discussed below.

#### **IAS 7 - Statement of Cash Flows**

In February 2016, IASB issued amendments of limited scope to IAS 7 - Statement of Cash Flows to require that companies provide information concerning changes in their financing liabilities. The amendments will apply prospectively to fiscal years beginning on or after January 1, 2017. Earlier application is permitted. These amendments will not have any significant impact on the Company's financial statements.

#### **IAS 12 - Income Taxes**

In January 2016, IASB issued amendments to IAS 12 - Income Taxes on the accounting of future tax assets relating to unrealized losses. Essentially, these amendments aim to clarify when a future tax asset should be recognized in regard to an unrealized loss. These amendments will apply to the financial statements of fiscal years beginning on or after January 1, 2017. These amendments will not have any significant impact on the Company's financial statements.

#### **IFRS 9 - Financial Instruments**

In July 2014, IASB issued IFRS 9 - Financial Instruments to replace IAS 39 on the classification and measurement of financial assets and liabilities, amortization and hedge accounting. This standard is retrospectively applicable to financial statements of fiscal years beginning on or after January 1, 2018. This new standard will not have any significant impact on the Company's financial statements.

#### **IFRS 15 - Revenue from Contracts with Customers**

In May 2014, IASB issued IFRS 15 - Revenue from Contracts with Customers to replace IAS 18 and IAS 11. This new standard provides guidance on the method to be used and when to recognize revenue as per a unique model, except for lease contracts, financial instruments and insurance contracts. This standard is retrospectively applicable from January 1, 2018. The Company will assess the impact of this new standard when it will recognize revenues from its ordinary activities.

#### **IFRS 2 - Share-based Payment**

In June 2016, IASB issued an amendment to IFRS 2 - Share-based Payment to clarify the measurement for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. This amendment will apply to fiscal years beginning on or after January 1, 2018, with early adoption permitted. This amendment will not have any significant impact on the Company's financial statements.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017

(Unaudited, in Canadian dollars)

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### 4. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

#### IFRS 16 - Leases

This standard, issued in 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases. It provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. However, lessor accounting remains largely unchanged in regard to IAS 17 and the distinction between operating and finance leases is retained. This standard will apply to fiscal years beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard on its financial statements.

#### IFRIC 23 - Uncertainty over Income Tax Treatments

In June 2017, IASB issued IFRIC 23 - Uncertainty over Income Tax Treatments. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12 - Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether a company considers each tax treatment independently or collectively, the assumptions a company makes about the examination of tax treatments by taxation authorities, how a company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how a company considers changes in facts and circumstances. This standard will apply to fiscal years beginning on or after January 1, 2019, with earlier adoption permitted. This standard will not have any significant impact on the Company's financial statements.

### 5. ACCOUNTS PAYABLE

	February 28, 2018	August 31, 2017
Suppliers accounts and accrued liabilities	\$ 64,254	\$ 144,175
Accrued interest	9,275	80,374
	<b>\$ 73,529</b>	<b>\$ 224,549</b>

As at February 28, 2018, suppliers accounts totalling \$64,254 (2017 - \$96,727) had not been repaid at due date.

### 6. NOTES PAYABLE

As at February 28, 2018, notes payable totalling \$15,000 (2017 - \$309,200) and accrued interest totalling \$9,275 (2017 - \$70,916) had not been repaid on their original maturity date.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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### 7. SHARE CAPITAL

#### Authorized Share Capital

Authorized, unlimited in number and without par value

Common shares, participating and voting

a) The Corporation completed the following private placements:

- (i) On September 15, 2017, the Corporation completed a private placement by issuing 5,502,000 (110,040,000 before consolidation 20:1) common share units for an amount of \$550,200. Each unit consisted in one share and one warrant. Each warrant giving the holder the right to acquire an additional share at a price of \$0.20 (\$0.01 before consolidation 20:1) per share for a period of two (2) years. The share had a value of \$404,559 and the warrants a value of \$145,641. The Corporation also issued 114,434 (2,288,680 before consolidation 20:1) shares as payment for operating expenses in a value of \$11,443.
- (ii) On September 29, 2017, the Corporation completed a private placement by issuing 734,900 (14,698,000 before consolidation 20:1) common share units for an amount of \$73,490. Each unit consisted in one share and one warrant. Each warrant giving the holder the right to acquire an additional share at a price of \$0.20 (\$0.01 before consolidation 20:1) per share for a period of two (2) years. The share had a value of \$54,037 and the warrants a value of \$19,453. The Corporation also issued 44,717 (894,336 before consolidation 20:1) shares as payment for operating expenses in a value of \$4,472.
- (iii) On November 28, 2017, the Corporation completed a private placement by issuing 1,393,737 (27,874,738 before consolidation 20:1) common share units for an amount of \$139,374. Each unit consisted in one share and one warrant. Each warrant giving the holder the right to acquire an additional share at a price of \$0.20 (\$0.01 before consolidation) per share for a period of two (2) years. The share had a value of \$102,481 and the warrants a value of \$36,893. The Corporation also issued 70,135 (402,702 before consolidation 20:1) shares as payment for operating expenses in a value of \$7,013.
- (iv) On December 11, 2017, the Company proceeded with a share consolidation with a ratio of 20 to 1.
- (v) January 18, 2018, the Corporation completed a private placement by issuing 1,000,000 common share units for an amount of \$100,000. Each unit consisted in one share and one warrant. Each warrant giving the holder the right to acquire an additional share at a price of \$0.20 per share for a period of two (2) years. The share had a value of \$72,259 and the warrants a value of \$26,471. The Corporation also issued 78,979 shares as payment for operating expenses in a value of \$7,898.
- (vi) On February 15, 2018, the Corporation completed a private placement by issuing 350,000 common share units for an amount of \$35,000. Each unit consisted in one share and one warrant. Each warrant giving the holder the right to acquire an additional share at a price of \$0.20 per share for a period of two (2) years. The share had a value of \$25,735 and the warrants a value of \$9,265. The Corporation also issued 95,642 shares as payment for operating expenses in a value of \$9,564.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

### 7. SHARE CAPITAL (continued)

#### Warrants

As at February 28, 2018, the issued and outstanding warrants to purchase shares gave the holders the right to subscribe to an equal number of common shares as follows:

Date	Transaction	Number of warrants	Term	Exercise price	Value in dollars	Volatility	Risk-free rate
Balance August 31, 2017		-		- \$	-		
September 15, 2017	Issued	5 502 000	24 months	0,20 \$	145 641 \$	100,00%	1,76%
September 30, 2017	Issued	734 900	24 months	0,20 \$	19 453 \$	100,00%	1,76%
November 28, 2017	Issued	1 393 737	24 months	0,20 \$	36 893 \$	100,00%	1,76%
January 18, 2018	Issued	1 000 000	24 months	0,20 \$	26 471 \$	100,00%	1,76%
February 15, 2018	Issued	350 000	24 months	0,20 \$	9 265 \$	100,00%	1,76%
Balance February 28, 2018		<b>8 980 637</b>		<b>0,20 \$</b>	<b>237 723 \$</b>		

<u>Numbers of warrants</u>	<u>Exercise price \$</u>	<u>Expiration Date</u>
5,502,000	\$0.20	September 15, 2019
734,900	\$0.20	September 29, 2019
1,393,737	\$0.20	November 28, 2019
1,000,000	\$0.20	January 18, 2020
350,000	\$0.20	February 15, 2020

The average life of the issued and outstanding warrants was 19.6 months as at February 28, 2018.

### 8. STOCK OPTIONS

#### **Stock option plan**

The Company had adopted a stock option plan under which the Board of Directors may grant non-transferable stock options to directors, executives, employees and consultants of the Company to acquire common shares, which can be exercised within five years from the date of the grant. The last options under this plan came to maturity prior to year end on August 31, 2017.

The new option program was adopted during the quarter ending on November 30, 2017. No options were granted under that new program during the quarter

## Prime Blockchain Inc.

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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#### 8. STOCK OPTIONS (continued)

The following table summarizes the status of the stock option plan and changes during the years:

	February 28, 2018		August 31, 2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	-	\$ -	475,000	\$ 0.11
Expired	-	-	(475,000)	(0.11)
	-	\$ -	-	\$ -

#### 9. CAPITAL MANAGEMENT

The Company defines the components of its capital structure as its total equity.

With respect to capital management, the Company's objectives are to preserve its ability to continue as a going concern in order to ensure its long-term viability and provide adequate returns to its shareholders in the future. The Company finances its operations by issuing shares and notes payable.

The Company's capital management objectives and policies have not changed since September 1, 2013.

In order to maintain or adjust its capital structure, the Company may issue new shares or debts.

# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

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(Unaudited, in Canadian dollars)

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### 10. INCOME (LOSS) PER SHARE

The following table presents the basic weighted average number of common shares outstanding:

	February 28, 2018	February 28, 2017
Basic weighted average number of common shares outstanding	9,331,818	746,565
<b>Elements excluded from the diluted income (loss) per share</b>		
Stock options	-	475,000

### 11. RELATED PARTY TRANSACTIONS

During the period ended February 28, 2018, the Company incurred expenses for administrative services and rental office with an officer and or director, in the amount of \$79,225 (2016 - \$). The consulting fees of a director and officer of the Company may be paid to a separate management company controlled by the director and the officer.

As at February 28, 2018, all the payables to Directors had been paid.

These transactions were carried out under terms equivalent to those prevailing in the case of arm's length transactions.

### 12. FINANCIAL INSTRUMENTS

#### Credit risk

Credit risk is the risk of financial loss for the Company if a counterpart fails to meet its obligations. The credit risk on cash is limited as the contracting party is a financial institution with a high credit rating. The maximum credit risk is equal to the Company's cash.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all its cash flow commitments at the appropriate time.

The Company monitors its liquidity, allowing it to seek additional liquidity in a timely manner when necessary. The necessary financing is provided through the issuance of shares and notes payable that enable the Company to continue as a going concern.

As at February 28, 2018, the Company had current liabilities consisting of accounts payable and notes payable totaling \$88,529 (August 31, 2017 - \$779,249).

#### Interest rate risk

The Company has interest-bearing notes payable. Given the short-term maturity of the notes payable, the interest rate risk is low.



# Prime Blockchain Inc.

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at February 28, 2018 and 2017  
(Unaudited, in Canadian dollars)

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### 12. FINANCIAL INSTRUMENTS (Continued)

#### Fair value

The carrying amounts of cash, accounts payable and notes payable represent a reasonable estimate of their fair value due to the short-term maturities of these instruments.

Financial instruments recognized at fair value are classified in a hierarchy that reflects the importance of data used to compile the ratings. This hierarchy includes three levels:

Level 1 - Prices (unadjusted) in active markets for identical assets and liabilities level; cash is classified in this level.

Level 2 - Evaluation based on data from observable market for the asset or liability, directly or indirectly obtained.

Level 3 - Evaluation based on data other than observable market for the asset or liability.

During the periods ended February 2018 and 2107, there were no transfer in assessments of financial assets between the different levels.

### 13. SUBSEQUENT EVENTS

In March 2018, the Corporation completed the acquisition of Gestion La Marino Inc. This corporation is active in the mining for crypto-currencies. The purchase price was for a value of \$2.5 million paid for through the issuance of a total of 25 million shares. In addition, a commission was paid on the transaction for a total of 1,575,000 Common Shares.

Since March 1, 2018, the Corporation issued 232,258 shares as payment for services rendered for a value of \$23,225.80. A Twenty thousand dollar (\$20,000) private placement was completed through the issuance of two hundred thousand (200,000) Common Share units at \$0.10 per unit. Each unit consists of one (1) Common Share and one (1) Common Share purchase warrant.

One million two hundred thousand (1,200,000) options were granted giving the holder the right to acquire one Common Share per option at a price of \$0.10 per share. The options expire on January 3, 2023. 800,000 options were granted to Directors and Officers, and 400,000 options were granted to consultants to the Corporation.

The Corporation changed its name to Prime Blockchain Inc.