

Prime Blockchain Inc.

Condensed Interim Financial Statements

As November 30, 2019 and 2018

(expressed in Canadian dollars)

Unaudited

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Prime Blockchain Inc. as at and for the period ended November 30, 2019 have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements.

THREE MONTHS ENDED NOVEMBER 30, 2019 AND 2018

Condensed Interim Financial Statements

Condensed Interim Statements of Financial Position	3
Condensed Interim Statements of Loss and Comprehensive Loss	4
Condensed Interim Statements of Changes in Equity	5
Condensed Interim Statements of Cash Flows	6
Notes to Condensed Interim Financial Statements	7

Prime Blockchain Inc.

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

	November 30, 2019	August 31, 2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 144	\$ 1,502
Goods and services tax receivable	613	-
Prepaid	4 053	-
TOTAL ASSETS	\$ 4 810	\$ 1,502
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 7)	\$ 94,523	\$ 105,005
Amount payable to a director, without interest	4,000	1,281
Goods and services tax payable	-	4,061
	98,523	110,347
NEGATIVE SHAREHOLDERS' EQUITY		
Share capital issued (Note 8)	11,632,429	11,539,919
Share capital subscribed	-	13,333
Warrants issued (Note 8)	394,158	360,158
Warrants subscribed	-	6,667
Stock options issued (Note 9)	224,397	204,957
Contributed surplus	659,442	659,442
Deficit	(13,004,139)	(12,893,321)
	(93,713)	(108,845)
TOTAL LIABILITIES AND EQUITY	\$ 4,810	\$ 1,502

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 NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (Unaudited, in Canadian dollar)

	Note	2019	Period ended November 30, 2018
Revenues		\$ -	\$ -
Expenses			
Office expenses		4,820	147
Business development expenses		-	5,612
Travel expenses		4,172	-
Consulting fees	9	61,760	66,939
Other financial fees		192	-
Professional fees		12,940	1,702
Listing fees		7,494	-
Remuneration of directors	9	19,440	-
Total expenses		<u>110,818</u>	<u>74,400</u>
Loss from operations		<u>(110,818)</u>	<u>(74,400)</u>
Net loss and comprehensive loss		<u>\$ (110,818)</u>	<u>\$ (74,400)</u>
Loss per share	11		
Basic		\$ (0.05)	\$ (0.005)
Fully diluted		\$ (0.05)	\$ (0.005)

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

Prime Blockchain Inc.

STATEMENTS OF CHANGES IN EQUITY

	Number					Amount							
	Common shares issued	Common shares subscribed	Warrants/ Stock options issued	Warrants subscribed	Total	Share capital issued	Share capital subscribed	Warrants issued	Warrants subscribed	Stock options issued	Contributed surplus	Deficit	Total
BALANCE as at August 31, 2018	12,986,408	-	12,905,637	-	25,892,045	\$ 11,202,894	\$ -	\$ 292,783	\$ -	\$ 138,375	\$ 659,442	\$ (12,390,757)	\$ (97,263)
Shares issued pursuant to private placements	2,100,000	-	2,100,000	-	4,200,000	77,206	-	27,794	-	-	-	-	105,000
Shares issued pursuant to conversion of payables	254,978	-	-	-	254,978	25,498	-	-	-	-	-	-	25,498
Stock options issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-	-	(74,400)	(74,400)
Balance as at November 30, 2018	15,341,386	-	15,005,637	-	30,347,023	11,305,598	-	320,577	-	138,375	659,442	(12,465,157)	(41,165)
BALANCE as at August 31, 2019	21,014,901	500,000	21,810,637	500,000	43,825,538	11,539,919	13,333	360,158	6,667	204,957	659,442	(12,893,321)	(108,845)
	-	(500,000)	-	(500,000)	(1,000,000)	13,333	(13,333)	6,667	(6,667)	-	-	-	-
Shares issued pursuant to private placements	2,050,000	-	2,050,000	-	4,100,000	54,667	-	27,333	-	-	-	-	82,000
Shares issued pursuant to conversion of accounts payable	490,816	-	-	-	490,816	24,510	-	-	-	-	-	-	24,510
Stock options issued	-	-	600,000	-	600,000	-	-	-	-	19,440	-	-	19,440
Net loss	-	-	-	-	-	-	-	-	-	-	-	(110,818)	(110,818)
BALANCE as at November 30, 2019	23,555,717	-	24,460,637	-	58,016,354	\$ 11,632,429	\$ -	\$ 394,158	\$ -	\$ 224,397	\$ 659,442	\$ (12,984,699)	\$ (93,713)

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)

	2019	Three months ended November 30, 2018
OPERATING ACTIVITIES		
Net loss and comprehensive loss	\$ (110,818)	\$ (74,400)
Changes in non-cash working capital items		
Goods and services tax	(613)	18,932
Prepaid expenses	(4,053)	(10,000)
Accounts payable	12,686	(34,792)
Non-cash profit and loss items		
Stock-based compensation	19,440	-
Cash flows from operating activities	(83,358)	(100,260)
FINANCING ACTIVITIES		
Private placements	82,000	105,000
Cash flows from financing activities	82,000	105,000
Increase (decrease) in cash and cash equivalents	1,358	4,740
Cash, beginning of year	1,502	226
Cash, end of period	\$ 144	\$ 4,966
Non-monetary transactions		
Issuance of shares as payment for accounts payable	\$ 24,510	\$ 25,498

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

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

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, Canada.

2. BASIS OF PRESENTATION

Declaration of compliance

These unaudited condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The annual consolidated financial statements were prepared according to International Accounting Standards Board (IASB). These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (IAS34). These interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual consolidated financial statements. Accordingly, they should be read in conjunction with our most recent annual financial statements and the basis of going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

These financial statements were approved by the Board of Directors on January 28, 2020.

Material uncertainty related to going concern

The financial statements have been prepared on the historical cost basis, except for the financial asset 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 has not yet realized profitable operations, reporting a comprehensive loss of \$110,818 for the period ended November 30, 2019 compared to a comprehensive loss of \$74,400 for the period ended November 2018 and has had negative cash flows from operating activities since inception. 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. The Company has relied on external sources of debt and equity to fund operations to date.

The Company's ability to continue as a going concern will depend on management's ability to successfully execute its business plan and obtain additional financing until it achieves profitability and positive cash flows from operating activities. Although, to date, management has been able to obtain financing and feels that the risk that the Company will not be able to continue as a going concern is low, there can be no assurance that such financing and profitability will occur in the amounts and with the terms expected. These financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern. These factors raise significant doubt about the Company's ability to continue as a going concern.

Functional and presentation currency

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

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

2. BASIS OF PRESENTATION (continued)

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.

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 (Note 2);
- Deferred income taxes.

The estimates that have the most significant impact on the amounts recognized in the financial statements are as follows:

- Fair value of shares warrants and stock options.

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 are classified and measured according to three categories: at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through net income (FVNI). Financial liabilities are classified and measured according to two categories: at amortized cost or at fair value through net income (FVNI).

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The following table summarizes the changes in the classification of the Company's financial instruments following the adoption of IFRS 9 - Financial Instruments which replaces IAS 39 - Financial Instruments: Recognition and Measurement. The adoption of the new classifications has not led to any adjustments in the measurement of the financial instruments.

Financial assets	Classification with IAS 39	Classification with IFRS 9
Cash and cash equivalents	FVNI	FVNI
Financial liabilities	Classification with IAS 39	Classification with IFRS 9
Accounts payable and amount payable to a director	Other financial liabilities	Amortized cost

Financial assets at fair value through net income

Financial assets measured at FVNI are measured at fair value and profits or losses are recognized in net income.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially measured at fair value, net of transaction costs. The financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized in net income. Upon derecognition, all profits or losses are also recognized in net income.

Impairment of financial assets

Financial assets that are not measured at FVNI are assessed at each reporting date to determine whether there is objective evidence of impairment. The amount of an impairment loss on a financial asset measured at amortized cost is equal to the difference between the carrying value of this asset and the value of the estimated future cash flows discounted at the initial effective interest rate of this asset. Losses are recognized in net income and deducted from the financial assets in an impairment account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through net income.

Share issue expenses

Share issue expenses are recorded in deficit.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Fair value of warrants

The proceed from the issuance of units is distributed between shares and warrants issued based on their relative fair values using the proportional distribution method. At the time the warrants are exercised, their value is reclassified to share capital. The value of warrants that have not been exercised at maturity is reclassified to contributed surplus.

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 November 2019 and 2018
(Unaudited, in Canadian dollar)

4. NEW STANDARDS AND INTERPRETATIONS

New accounting standards applied

On September 1, 2018, the Company applied the following standards:

IFRS 9 - Financial Instruments

The Company has applied IFRS 9 - Financial Instruments to its fiscal year beginning September 1, 2018, which is the date of first application. IFRS 9 replaces the guidance of IAS 39 - Financial Instruments: Recognition and Measurement, related to the classification and measurement of financial assets and liabilities, impairment as well as the general requirements for hedge accounting. The Company has applied the provisions of IFRS 9 retrospectively. The Company has elected not to restate the financial information of the corresponding periods, as permitted by the standard. The comparative financial statements are presented according to IAS 39 and, consequently, cannot be compared to the financial information for the year ended August 31, 2019. As a consequence of IFRS 9, amendments were made to IFRS 7 - Financial Instruments: Disclosures which require extensive disclosures, both quantitative and qualitative, arising from IFRS 9 which were also adopted by the Company for the fiscal year beginning September 1, 2018.

The adoption of IFRS 9 has resulted in changes in accounting methods for two main areas: classification and measurement and impairment. The new methods have been applied from September 1, 2018.

The adoption of IFRS 9 did not result in any adjustments in the measurement of financial assets and liabilities.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15 - Revenue from Contracts with Customers to replace IAS 18 - Revenue and IAS 11 - Construction Contracts. This new standard provides guidance on the method to be used and when to recognize revenue as per a unique model, with the exception of leases, financial instruments and insurance contracts. This standard is retrospectively applicable from January 1, 2018. This new standard did not have any impact on the Company's financial statements.

IFRS 2 - Share-based Payment

In June 2016, the 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 did not have any impact on the Company's financial statements.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

4. NEW STANDARDS AND INTERPRETATIONS (continued)

New standards and interpretations not yet effective

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) have published new standards whose application will be mandatory for fiscal years beginning after September 1, 2019 or subsequent years. Many of these new accounting policies do not apply to the Company, so they are not discussed below.

IFRS 9 - Financial Instruments

The IASB issued the document "Prepayment Features with Negative Compensation" (amendments to IFRS 9).

The amendments to IFRS 9, issued by the IASB in October 2017, clarify the fact that a negative compensation can be considered as a reasonable compensation, regardless of the cause of early termination. Financial assets that include prepayment features can be measured at amortized cost or at fair value through other comprehensive income as long as they respect the relevant provisions of IFRS 9.

These amendments will be applicable to the fiscal years beginning on or after April 1, 2019. The Company has assessed that the application of these amendments to IFRS 9 will have no impact on its financial statements.

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 - Leases and the distinction between operating and finance leases is retained. This standard will apply to fiscal years beginning on or after January 1, 2019. This standard will not have any significant impact on the Company's financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatments

In June 2017, the 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.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

5. LOSS RESULTING FROM THE HOLDING OF AN INVESTMENT

On March 15, 2018, the Company acquired all of the shares of Gestion La Marino Inc., a company that holds and operates assets of blockchain and for the mining of digital currency, in consideration for the issuance of 15,000,000 shares of the Company. In addition, 1,050,000 shares were issued as a commission on the transaction. Thereafter, in August 2018, the parties took the decision to rescind the transaction given that the set targets have not been met. Consequently, the 16,050,000 shares issued by the Company as part of the acquisition were returned to it. On its side, the Company gave back the shares of Gestion La Marino, which had been acquired as part of the transaction, to the former shareholders of the latter.

The impact of this transaction has been recognized in the statement of income as a loss of \$27,909 resulting from the holding of an investment.

6. ACCOUNTS PAYABLE

	2019	2018
Suppliers accounts and accrued liabilities	\$ 94,523	\$ 105,005

As at November 30, 2019, suppliers accounts totalling \$23,581 (August 31, 2019 - \$33,290) due under the specified terms had not been repaid at due date.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

7. SHARE CAPITAL

Authorized share capital

Authorized, unlimited in number and without par value

Common shares, participating and voting

The Company completed the following private placements:

Authorized share capital

The Company completed the following private placements:

- (i) On November 20, 2018, the Company completed a private placement by issuing 2,100,000 common share units for an amount of \$105,000. 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 years. The shares had a value of \$86,066 and the warrants a value of \$18,934. The Company also issued 254,978 common shares as payment for operating expenses at a value of \$25,498.
- (ii) On January 14, 2019, the Company completed a private placement by issuing 650,000 common share units for an amount of \$32,500. 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 years. The shares had a value of \$26,639 and the warrants a value of \$5,861. The Company also issued 94,752 common shares as payment for operating expenses at a value of \$9,475.
- (iii) On March 18, 2019, the Company completed a private placement by issuing 1,700,000 common share units for an amount of \$85,000. 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 years. The shares had a value of \$69,672 and the warrants a value of \$15,328. The Company also issued 241,613 common shares as payment for operating expenses at a value of \$10,569.
- (iv) On May 23, 2019, the Company completed a private placement by issuing 1,100,000 common share units for an amount of \$55,000. 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 years. The shares had a value of \$45,082 and the warrants a value of \$9,918. The Company also issued 476,854 common shares as payment for operating expenses at a value of \$23,843.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

7. SHARE CAPITAL (continued)

Authorized share capital

The Company completed the following private placements:

- (v) On August 20, 2019, the Company completed a private placement by issuing 1,300,000 common share units for an amount of \$52,000. 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 five years. The shares had a value of \$34,666 and the warrants a value of \$17,334. The Company also issued 110,296 common shares as payment for operating expenses at a value of \$5,515.
- (vi) On October 25, 2019, the Company completed a private placement by issuing 2,050,000 common share units for an amount of \$82,000. 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 years. The shares had a value of \$54,667 and the warrants a value of \$27,333. The Company also issued 490,816 common shares as payment for operating expenses at a value of \$24,510.

Warrants

As at November 30, 2019, the issued and outstanding warrants to purchase shares gave the holders the right to subscribe to an equal number of common shares as follows:

Transaction	Number of warrants	Term*	Exercise price	Assumptions used			
				Value in dollars	Volatility	Risk-free rate	Share price
Balance as at August 31, 2017	-			\$ -			
September 15, 2017	Issued 5,502,000	60 months	\$ 0.20	145,641	100%	1.76%	\$ 0.10
September 29, 2017	Issued 734,900	60 months	\$ 0.20	19,453	100%	1.76%	\$ 0.10
November 28, 2017	Issued 1,393,737	60 months	\$ 0.20	36,893	100%	1.76%	\$ 0.10
January 18, 2018	Issued 1,000,000	60 months	\$ 0.20	26,471	100%	1.76%	\$ 0.10
February 15, 2018	Issued 550,000	60 months	\$ 0.20	14,560	100%	1.76%	\$ 0.10
May 24, 2018	Issued 900,000	60 months	\$ 0.20	23,824	100%	1.76%	\$ 0.10
July 24, 2018	Issued 850,000	60 months	\$ 0.20	22,500	100%	1.76%	\$ 0.10
August 28, 2018	Issued 130,000	60 months	\$ 0.20	3,441	100%	1.76%	\$ 0.10
Balance as at August 31, 2018	11,060,637			\$ 292,783			
November 20, 2018	Issued 2,100,000	60 months	\$ 0.20	18,934	100%	1.76%	\$ 0.05
January 14, 2019	Issued 650,000	60 months	\$ 0.20	5,861	100%	1.76%	\$ 0.05
March 18, 2019	Issued 1,700,000	60 months	\$ 0.20	15,328	100%	1.76%	\$ 0.05
May 23, 2019	Issued 1,100,000	60 months	\$ 0.20	9,918	100%	1.76%	\$ 0.05
August 20, 2019	Issued 1,300,000	60 months	\$ 0.20	17,334	100%	1.76%	\$ 0.04
Balance as at August 31, 2019	17,910,637			\$ 360,158			
October 25, 2019	Issued 2,050,000		\$ 0.20	27,333	100%	1.76%	\$.04
Balance as at November 30, 2019	19,960,637			387,491			

* On June 10, 2019, the Company has extended the term of the warrants from 24 months to 60 months.

The value of the warrants was determined according to the Black & Scholes pricing model.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

7. SHARE CAPITAL (continued)

Warrants

<u>Number of warrants</u>	<u>Exercise price</u>	<u>Expiration date</u>
5,502,000	\$0.20	September 15, 2022
734,900	\$0.20	September 29, 2022
1,393,737	\$0.20	November 28, 2022
1,000,000	\$0.20	January 18, 2023
550,000	\$0.20	February 15, 2023
900,000	\$0.20	May 24, 2023
850,000	\$0.20	July 24, 2023
130,000	\$0.20	August 28, 2023
2,100,000	\$0.20	November 20, 2023
650,000	\$0.20	January 14, 2024
1,700,000	\$0.20	March 18, 2024
1,100,000	\$0.20	May 23, 2024
1,300,000	\$0.20	August 20, 2024
2 050 000	\$0.20	October 25, 2024

The average life of the issued and outstanding warrants was 3,4 years as at November 30, 2019.

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.

Under the option plan, 600,000 options (2018 - 0) were granted during the period for a value of \$19,440, according to the Black & Scholes option pricing model.

The Company has not been able to reliably estimate the fair value of services rendered by consultants in consideration for stock options granted to them due to the lack of reliable comparable. As a result, the estimated fair value is that of the stock options issued.

The determination of the volatility assumption of stock options is based on a historical volatility analysis over a period equal to the life of the options.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

9. STOCK OPTIONS (continued)

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

Transaction	Number of options	Weighted average exercise price	Remaining contractual term in years	Fair value in dollars	Assumptions used			
					Volatility	Risk-free rate	Share price	Term
Outstanding as at August 31, 2017	-			\$ -				
March 15, 2018 Issued	1,200,000	\$ 0.10	3.34	90,000	100%	1.5%	\$ 0.10	5 years
August 21, 2018 Issued	645,000	\$ 0.10	3.68	48,375	100%	1.5%	\$ 0.10	5 years
Outstanding as at August 31, 2018	1,845,000	\$ 0.10		138,375				
June 1, 2019 Issued	2,055,000	\$ 0.10	4.46	66,582	100%	1.5%	\$ 0.05	5 years
Outstanding as at August 31, 2019	3,900,000	\$ 0.10		\$ 204,957				
October 2, 2019 Issued	600,000	\$ 0.10	5	\$ 19,440	100%	1.75%	\$ 0.04	5 years
Outstanding and Exercisable as at November 30, 2019	4,500,000	\$ 0.10		274,397				

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.

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.

10. INCOME (LOSS) PER SHARE

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

	2019	2018
Basic weighted average number of common shares outstanding	22,567,622	15,341,386
Elements excluded from the diluted income (loss) per share		
Stock options	4,500,000	1,845,000
Warrants	19,960,637	13,160,637

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

10. INCOME (LOSS) PER SHARE (continued)

For the periods ended November 30, 2019 and 2018, there is no difference between the basic and diluted net loss per share as the dilutive effect of stock options and warrants was not included in the calculation; otherwise the effect would have been anti-dilutive. As a result, the diluted net loss per share has been calculated based on the basic weighted average number of shares outstanding.

11. RELATED PARTY TRANSACTIONS

Related parties of the Company include the Company's key management personnel, as well as entities directly or indirectly controlled by key management personnel or entities where key management personnel are directors or officers.

The Company considers its directors and executives to be key management personnel. Key management personnel compensation for the years consisted of stock-based compensation and consulting fees, and are as follows:

	Periods ended November 30,	
	2019	2018
Consulting fees*	\$ 30,000	\$ 30,000
Remuneration of directors - stock-based compensation	19,440	-
Office expense - rent	3,000	-
Total	\$ 52,440	\$ 30,000

* Consulting fees for a director of the Company are paid to a separate management company controlled by this individual.

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.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

13. FINANCIAL INSTRUMENTS (continued)

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 that enable the Company to continue as a going concern.

As at November 30, 2019, the Company had current liabilities totaling \$98,523 (August 31, 2019 - \$110,347).

Fair value

The carrying amounts of cash, accounts payable and of the amount payable to a director 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 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.

Cash is classified in Level 1.

During the periods ended November 30, 2019 and 2018, there were no transfers in assessments of financial assets between the different levels.

14. SIGNIFICANT EVENT

On June 17, 2019, the Company concluded the negotiations with PotBotics/RYAH (RYAH) by signing a formal letter of intent. On November 12, 2019, the deadline of the formal letter of intent has been extended. The transaction was structured in the form of a reverse takeover of the Company by RYAH. The Company shall purchase all of the shares and other securities of RYAH. The final transaction is subject to the reception of legal and fiscal guarantees as well as for securities. The transaction is also conditional upon the reception of a notice of conditional approval of the listing of the resulting company's shares on the Canadian Stock Exchange (CSE).

At the annual general and special meeting held in August 2019, the following resolutions were adopted:

- Change the name of the Company;
- Consolidate the Company's shares; and
- Create a new class of super-voting shares and amend the articles of the Company so that the common shares of the Company would be converted into subordinated voting shares with one vote per share.

Prime Blockchain Inc.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

As at November 2019 and 2018
(Unaudited, in Canadian dollar)

15. SUBSEQUENT EVENTS

none