HYDRO66 HOLDINGS CORP.
(formerly "CAZA GOLD CORP.")

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2019 AND 2018

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

HYDRO66 HOLDINGS CORP. (formerly "CAZA GOLD CORP.")

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Note	Mar 31, 2019 $	Dec 31, 2018 $
ASSETS			
Current assets			
Cash		242,418	2,304,416
Amounts receivable and prepaids	5	1,233,312	2,270,602
Total current assets		1,475,730	4,575,018
Non-current assets			
Property, plant and equipment	6	14,561,300	15,903,314
Digital currencies	7	78,611	123,838
Total non-current assets		14,639,911	16,027,152
TOTAL ASSETS		16,115,641	20,602,170
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	961,862	3,253,712
Total current liabilities		961,862	3,253,712
Non-current liabilities			
Convertible debenture	9	1,706,895	1,706,895
TOTAL LIABILITIES		2,668,757	4,960,607
SHAREHOLDERS' EQUITY			
Share capital	10	33,123,712	33,123,712
Other reserves		(7,155,763)	(7,155,763)
Share option reserve		1,576,506	1,342,389
Foreign exchange reserve		(328,694)	172,430
Deficit		(13,768,877)	(11,841,205)
TOTAL SHAREHOLDERS' EQUITY		13,446,884	15,641,563
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,115,641	20,602,170

Nature of Operations and Going Concern – see Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 29, 2019 and are signed on its behalf by:

David Rowe
Director "David Rowe"

Richard Croft
Director "Richard Croft"

HYDRO66 HOLDINGS CORP. (formerly "CAZA GOLD CORP.")
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended Mar 31, 2019 $	2018 $
Revenue		581,660	875,423
Cost of sales			
Direct costs (power)		470,319	542,047
Depreciation	6	344,754	181,107
		815,073	723,154
Expenses			
Accounting and administration		12,684	19,939
Audit		38,699	26,220
Bank charges		421	3,862
Legal and professional fees		148,801	380,408
Marketing and promotion		32,459	27,450
Management fees, salaries & wages		453,389	345,619
Office		40,939	25,923
Regulatory and filing		7,575	5,888
Share based compensation	10(b)	234,117	-
Technical support and security costs		156,608	104,591
Travel		20,450	83,789
Other operating expenses		58,707	116,905
		1,204,849	1,140,594
Loss before other items		(1,438,262)	(988,325)
Other items			
Interest and other (income) / expense		41,588	495
Foreign exchange loss / (gain)		(108,515)	37,835
		66,927	(38,330)
Net (loss) income for the period		(1,371,335)	(1,026,655)
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		(556,337)	(375,389)
Comprehensive (loss) income for the period		(1,927,672)	(1,402,044)
Income (loss) per share – basic		$(0.015)	($0.013)
Weighted average number of common shares outstanding – basic		127,000,000	105,000,000

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

HYDRO66 HOLDINGS CORP. (formerly "CAZA GOLD CORP.")
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three months ended Mar 31, 2019

	Share capital	Share capital	Other reserve	Share option reserve	FX reserve	Deficit	Total Equity
	Number of shares	Amount $	$	$	$	$	$
Balance at December 31, 2018	127,000,000	33,123,712	(7,155,763)	1,342,389	172,430	(11,841,205)	15,641,563
Share based compensation (note 11)	-	-	-	234,117	-	-	234,117
Net loss for the period	-	-	-	-	-	(1,927,672)	(1,927,672)
Foreign exchange movement	-	-	-	-	(501,124)	-	(501,124)
Balance at March 31, 2019	127,000,000	33,123,712	(7,155,763)	1,576,506	(328,694)	(13,768,877)	13,446,884

Three months ended Mar 31, 2018

	Share capital	Share capital	Debenture	Share option reserve	FX reserve	Deficit	Total Equity
	Number of shares	Amount $	$	$	$	$	$
Balance at December 31, 2017	1,087,084	14,571,127	-	208,386	(137,803)	(5,276,326)	9,365,384
Conversion of share options in Hydro66 UK Ltd	45,978	81,175	-	(208,386)	-	-	(127,211)
Acquisition of Hydro66 UK Ltd shares by Arctic Blockchain Limited	(1,133,062)	-	-	-	-	-	-
Issue of share capital (note 11)	5,000,000	50,000	-	-	-	-	50,000
Issue of shares to acquire Hydro66 UK Ltd	100,000,000	1,169,275	-	-	-	-	1,169,275
Debenture financing (note 11)	-	-	10,000,000	-	-	-	10,000,000
Net loss for the period	-	-	-	-	-	(1,026,655)	(1,026,655)
Foreign exchange movement	-	-	-	-	(375,389)	-	(375,389)
Balance at March 31, 2018	105,000,000	15,871,577	10,000,000	-	(513,192)	(6,302,981)	19,055,404

HYDRO66 HOLDINGS CORP. (formerly "CAZA GOLD CORP.")
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three months ended Mar 31, 2019	2018
	$	$
Operating activities		
Net income / (loss) for the period	(1,371,335)	(1,026,655)
Adjustments for:		
Depreciation of property, plant and equipment	344,754	181,107
Increase in intangible assets	(255,966)	(93,298)
Share based compensation	234,117	-
Profit on disposal of intangible fixed assets	(23,931)	-
Finance expenses	42,728	1,711
Net changes in working capital	(1,495,765)	308,835
Cash (used in) / from operations	(2,525,398)	(628,300)
Investing activities		
Additions to property, plant and equipment	(9,155)	(2,283,389)
Proceeds from disposal of intangible assets	318,498	28,835
Net cash used in investing activities	309,343	(2,254,554)
Financing activities		
Proceeds from debenture issuance	-	10,000,000
Issuance of share capital	-	50,000
Net cash from financing activities	-	10,050,000
Net change in cash	(2,216,055)	7,167,146
Cash at beginning of period	2,304,416	1,690,815
Effect of exchange rate	154,057	618,592
Cash at end of period	242,418	9,476,553

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

1. Nature of Operations and Going Concern

Nature of Operations

Arctic Blockchain Limited ("Arctic") was incorporated on December 4, 2017 under the provisions of the Company Act (British Columbia). On February 28, 2018, Arctic completed a share purchase agreement with Hydro66 UK Limited whereby Arctic acquired Hydro66 UK Limited in exchange for 100,000,000 common shares at a deemed price per share of $0.50 and 25,000,000 common share purchase warrants exercisable at a price of $0.75 per common share for a period of two years from the completion of a liquidity event. Arctic subsequently completed an amalgamation with Caza Gold Corp ("Caza"), and the amalgamated entity (the "Company") became a reporting issuer on the Canadian Securities Exchange ("CSE") as Hydro66 Holdings Corp. under the trading symbol "SIX".

The Company's head office is located at 15 Percy Street, London, W1T 1DS, United Kingdom and its registered office is located at 736 Granville St., Suite 1100, Vancouver, BC V6Z 1G3, Canada.

Going concern

The Company's principal activity is the provision of colocation services and the provision of hashing power to digital currency pools. During the period ended March 31, 2019 the Company focussed its efforts on filling its capacity. During the period the Company incurred a loss of $1,927,672 (three months ended March 31, 2018: loss $1,402,044). The loss in the period reflects the fixed costs of the full facility, which was expanded in 2018, as well as the investment in growing the Swedish operation to grow the sales of the Company's products. Until these activities enable the Company to reach a sustainable level of operations, it will continue to rely on financial support from additional funding to enable it to continue its activities and to meet its liabilities as they fall due.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The Company's current business plan indicates that additional funding or income will be required within the next 12 months. The funding will be necessary to allow the business to continue to trade beyond this point. The directors have considered the business plan and potential sources of funding and have a plan in place to secure equity or other funding such that they expect to obtain sufficient funding in the coming months to enable the Company to continue as a going concern. The directors acknowledge that there can be no certainty over achieving the projected revenue and managing the cost base as forecasted, as well as the timing and the quantum of future fund raisings and that this represents a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

If additional finance were not available, the going concern basis would not be appropriate, and adjustments would be required to reduce the carrying value of non-current assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and long-term liabilities as current assets and liabilities. These consolidated financial statements do not reflect any adjustments related to conditions that occurred subsequent to March 31, 2019.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRIC").

Basis of Measurement

The Company's condensed consolidated interim financial statements have been prepared on the historical cost basis.

2. Basis of Preparation (continued)

Consolidation

In addition to the Company, the condensed consolidated interim financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

Continuation of the business

Hydro66 UK Limited and the shareholders of Hydro66 UK Limited entered into a share purchase agreement, dated February 15, 2018 pursuant to which Arctic issued 100,000,000 common shares to the Hydro66 UK Limited shareholders to acquire (the "Acquisition") all of the issued and outstanding common shares of Hydro66 UK Limited. The Acquisition was completed on February 28, 2018.

The Acquisition resulted in the former shareholders of Hydro66 UK Limited holding the majority interest in Arctic. The Acquisition is not considered to be a business combination for accounting purposes as Arctic is not considered to be a business for accounting purposes. The Acquisition has been accounted for in the condensed consolidated interim financial statements as the continuation of the financial statements of Hydro66 UK Limited together with an issuance of common shares, equivalent to the common shares held by the former shareholders of Arctic, and a recapitalization of the equity of Hydro66 UK Limited. In accounting for this transaction:

(i) Hydro66 UK Limited was deemed to be the parent company for accounting purposes. Accordingly, its net assets were included in the Consolidated Statement of Financial Position at their historical book value; and

(ii) control of the net assets of Arctic was acquired on the Effective Date.

For comparative purposes, the consolidated financial statements continuity presented herein is that of Hydro66 UK Limited.

On March 12, 2018, Arctic entered into a letter of intent with Caza Gold Corp. ('Caza") providing for the amalgamation of Caza, Arctic and 1166031 B.C. Ltd ("Subco") to form the Company. On June 6, 2018, Caza and Arctic entered into a business combination agreement whereby Arctic and Subco would complete an amalgamation pursuant to an amalgamation agreement under the provisions of the BCBCA (the "**Amalgamation**") and upon the completion of the Amalgamation, Arctic would become a reporting issuer listed on the CSE. The Amalgamation was completed on June 8, 2018 and on June 13, 2018 Hydro66 Holdings Corp listed on the Canadian Securities Exchange (CSE:SIX). Prior to the Amalgamation, the common shares of Caza were consolidated on a 76.3945 to 1 basis, following which there were 2,000,000 common shares issued and outstanding immediately prior to the Amalgamation.

Details of the Group

As at March 31, 2019 the Company had five wholly-owned subsidiaries: Hydro66 Canada Limited, a company incorporated under the jurisdiction of British Columbia (Canada), Hydro66 UK Limited, a company incorporated under the jurisdiction of England and Wales on May 7, 2014; Megamining Limited, a company incorporated under the jurisdiction of England and Wales on January 17, 2014; Hydro66 Svenska AB, a company incorporated under the jurisdiction of Sweden on April 25, 2014 and Hydro66 Services AB, a company incorporated under the jurisdiction of Sweden on May 4, 2015.

3. Summary of Significant Accounting Policies

Revenue

Revenue arises from the sale of data center services, including space and power; and from the provision of transaction verification services within digital currency networks. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services, stated net of discounts and returns. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities.

To determine whether to recognize revenue, the Group follows a 5-step process:

3. Summary of Significant Accounting Policies (continued)

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position as deferred income. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes a receivable in its statement of financial position. All customers who contract for services in the facility are invoiced in advance. This results in deferred income being recognized.

Data Center Services
The Company recognizes revenue from the provision of data center services (sometimes referred to as colocation). The Company enters into agreements with customers who require space and power in the Company's data center. A price for the service is determined at the point of contract. The customers physically locate servers in the Company's data center. Customer servers are housed in racks and connected to a power supply. Revenue represents amounts invoiced for the provision of data center services, including space and power. Revenue is recognized when power and space is made available to the customer.

Transaction Verification Services within Digital Currency Networks
The Company also recognizes revenue from the provision of transaction verification services within digital currency networks. The Group enters into agreements with digital currency pools to provide transaction verification services. As consideration for these services, the Company receives digital currency from each specific network in which it participates. Management consider it appropriate to recognize revenue when a digital currency coin is received from the pool as that is the point that the economic benefit transfers to the Company and can be converted to traditional (fiat) currencies.

Revenue is measured based on the fair value of the currency received. The fair value is determined using the spot price of the currency on the date of receipt. The currency is recorded on the statement of financial position, as an intangible asset at the spot rate. Realised gains or losses, as well as gains or losses on the sale of currency for traditional (fiat) currencies are included in profit and loss. There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment.

Property, plant and equipment
Property, plant and equipment are stated at cost at acquisition less accumulated depreciation. Cost includes the original purchase price for the asset and costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment to write off the cost, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned by applying the following annual rates:

Office equipment	3 years
Plant and machinery	3 – 25 years
Buildings	50 years

Land and assets under construction are not depreciated.

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An asset's carrying amount is written down immediately to its recoverable amount (higher of an asset's fair value less costs to sell and value in use) if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the consolidated income statement.

3. Summary of Significant Accounting Policies (continued)

Trade payables
Trade payables are either obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers or transaction obligations for amounts due to end customer. Trade payables are classified as current liabilities if settlement is due within one year or less. If not, they are presented as non-current liabilities.

Convertible debentures
The Company’s convertible debentures are classified under IAS 32 as financial liabilities and recorded at amortised cost. On February 27, 2018 Arctic completed a debenture financing for gross proceeds of $10,000,000. The debentures were non-secured, without terms of interest and mature on February 27, 2023. The debentures also had a mandatory conversion feature requiring conversion into units of the Company at a conversion price of $0.50 per unit in the event the Company completed a liquidity event, which included a public offering of the Company’s common shares or any transaction in which all of substantially all of the Company’s outstanding common shares are exchanged for securities of another listed issuer (collectively the “Listing”). Upon conversion, each unit comprised of one common share of the Company and one share purchase warrant entitling the holder to purchase an additional common share at an exercise price of $0.75 per share, exercisable for a period of two years from Listing. The Listing completed on June 13, 2018. Immediately prior to listing on the CSE an additional 20,000,000 Caza common shares and 20,000,000 common share purchase warrants, exercisable at $0.75 for a period of two years from June 8, 2018 in connection with the automatic conversion of the convertible debentures in the principal amount of $10,000,000 held by Arctic securityholders, were issued. The Company issued a convertible debenture in December 2018. Refer to note 9 for details.

Taxation
The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the UK and Sweden where the Group operates and generates taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferring income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provisions and contingencies
A provision is recognised in the Statement of Financial Position when the Company has a legal obligation or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made. Provisions are discounted. If the obligation cannot be reliably measured, it is classified as a contingent liability.

Pension plan arrangements
The Company operates a defined contribution pension plans for the benefit of employees. The amount charged to the profit and loss account is the contribution payable by the Company in the period. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

3. Summary of Significant Accounting Policies (continued)

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share Based Payment
The Company operates a stock option plan (Note 10). Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based compensation is transferred to deficit.

Warrants
The Company has warrants in issue as described in note 10. The warrants were assessed to be equity and they have no assigned value. In issue at the period end were 50 million warrants to exercise to purchase common shares of the group at $0.50 to $0.75. 5,000,000 have an expiry date of June 8, 2019. The remaining warrants have an expiry date in June 2020.

Foreign currencies
(a) Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's entities' functional currencies are the Canadian Dollar, Swedish Krona and Pounds Sterling. The consolidated financial statements are presented in Canadian dollars which is the Company's presentation currency.

(i) Hydro66 Holdings Corp and Hydro66 Canada Limited
Hydro66 Holdings Corp and Hydro66 Canada Limited have the Canadian Dollar as the functional currency.

(ii) Hydro66 Svenska AB and Hydro66 Services AB
Hydro66 Svenska AB and Hydro66 Services AB have the Swedish Krona (SEK) as the functional currency. Assets and liabilities of these entities are therefore translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognized in the foreign currency translation reserve.

(iii) Hydro66 UK Limited and Megamining Limited
The financial statements of Hydro66 UK Limited and Megamining Limited have Pounds Sterling (GBP) as the functional currency. Assets and liabilities of these entities are therefore translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognized in the foreign currency translation reserve.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Government Grants
Government grants related to fixed assets, are presented in the Statement of Financial Position by deducting the grant in arriving at the carrying amount of the asset, the grant is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense. A local government grant was granted to Hydro66 Svenska AB in 2016. There are no unfulfilled conditions attaching to the grant. However, if the company closes the business and leaves the site within five years of the date of the grant, the grant needs to be repaid on a sliding scale. If the company were to leave the site

3. Summary of Significant Accounting Policies (continued)

between April 15, 2019 and April 14 2020, 25% would be repayable. On April 15, 2020 this falls to 10% and on April 15, 2021, the five year period ends and none of the grant becomes repayable.

Receivables
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 11 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Cash and cash equivalents
Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and short-term deposits with a maturity of three months or less.

Intangible assets - Digital currency valuation
Digital currencies consist of cryptocurrency denominated assets such as Bitcoin and Litecoin; and are included in non-current assets as an intangible asset. Digital currencies are treated as intangible assets and carried at the spot rate they were earned at. The fair value is determined using the spot price of the currency on the date of receipt. Gain or loss is recognised in the profit and loss account at the point of sale. Digital currency is not amortised as the directors consider that it has an indefinite useful life. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position.

At each reporting date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. An asset's carrying amount is written down immediately to its recoverable amount (higher of an asset's fair value less costs to sell and value in use) if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the consolidated income statement.

Segment reporting
IFRS 8 *Operating Segments* requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Board (Chief Operating Decision Maker – CODM). In identifying its operating segments, management follow the Group reporting structure and consider there to be two reporting segments, being the provision of data centre services and digital currency transaction verification. Refer to note 12.

Financial Instruments
Recognition and derecognition:
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets:
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at the fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortized cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

3. Summary of Significant Accounting Policies (continued)

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:
- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for the impairment of trade receivables which is presented within other expenses.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Classification and measurement of financial liabilities:
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS39, the Group's financial liabilities have not been impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measure at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

New or revised Standards or Interpretations

IFRS 16, "Leases"

IFRS 16 has replaced IAS 17 "Leases" and three related interpretations. It completes the IASB's long running project to overhaul lease accounting. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has low value.

IFRS 16 is effective from periods beginning on or after January 1, 2019. Early adoption was permitted; however, the Group decided not to early adopt.

The Group:

- Has decided to make use of the practical expedient not to perform a full review of existing leases and to apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Group has reassessed these leases and concluded they will be recognized on the statement of financial position as a right-of-use asset at the point that they are modified or renewed.

(Unaudited - Expressed in Canadian Dollars)

4. Sources of Estimation and Key Judgements

Estimates

The key sources of estimation at the reporting date are discussed below:

a) Share-based payments

The fair value of share options is calculated using the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The following weighted average assumptions were used for the valuation of the stock options:

	Mar 31, 2019	Dec31, 2018
Risk-free interest rate	2.00%	2.00%
Expected life (years)	1.3	1.3
Annualised volatility	42.00%	42.00%
Dividend rate	0.00%	0.00%

The expected life of 1.3 years assumes that all options will be exercised at the point that they have all vested.

Due to the short trading history of Hydro66 Holdings Corp which listed on the Canadian Securities Exchange on June 13, 2018, it was not possible to base expected volatility on historic volatility. The annualised volatility was determined by analyzing the three year volatility of seven companies within the same sector.

The dividend rate of 0.00% assumes that no dividends will be paid during the expected life of the options due to expected trading performance.

b) Recoverable amount of Property, plant and equipment

Property, plant and equipment are stated at cost at acquisition less accumulated depreciation. Management believe that the Hydro66 Data Center is ideally located and has secured sufficient power for it to take advantage of the continued growth in data forecast over the coming years. When required, the determination of fair value and value in use requires management to make estimates and assumptions about data growth, demand for colocation, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired with the impact recorded in profit and loss. Management have prepared calculations that project that revenue will grow annually at a rate of 30%. Applying a discount rate of 10% to reflect the cost of capital, management believe that the carrying value of the assets in the accounts reflects the fair value and do not believe than an impairment of the assets is appropriate at this time.

Judgements

Key judgements at the reporting date are discussed below:

a) Digital currency recognition and valuation

The Company recognizes revenue from the provision of transaction verification services within digital currency networks. As consideration for these services, the Company receives digital currency from each specific network in which it participates.

Revenue is measured based on the fair value of the currency received. The fair value is determined using the spot price of the currency on the date of receipt. Digital currencies are treated as intangible assets and carried at the spot rate on the date of receipt.

Digital currencies are a new type of currency available only in digital form and are deemed to be intangibles assets under IAS38. The cost model has been applied to digital currencies.

4. Sources of Estimation and Key Judgements (continued)

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

(Unaudited - Expressed in Canadian Dollars)

5. Amounts Receivable and Prepaids

	Mar 31, 2019	Dec 31, 2018
	$	$
Trade receivables, gross	294,387	479,241
Allowance for credit losses	(106,625)	(113,849)
Trade receivables	187,762	365,392
Prepayments and other debtors	157,401	188,664
VAT/GST receivable	479,592	890,195
Energy tax rebate	114,581	587,525
Employee loans	293,976	238,826
Total current trade and other receivables	1,233,312	2,270,602

6. Property and Equipment

	Land & Buildings	Plant & Machinery	Office Equipment	Assets under Construction	Total
	$	$	$	$	$
Cost					
At December 31, 2018	6,520,600	11,389,226	62,703	390,824	18,363,353
Additions	-	9,155	-	-	9,155
Effect of foreign exchange	(413,740)	(722,730)	(18)	(24,798)	(1,161,286)
At March 31, 2019	6,106,860	10,675,651	62,685	366,026	17,211,222
Accumulated Depreciation					
At December 31, 2018	220,992	2,178,430	60,617	-	2,460,039
Depreciation for period	30,285	314,469	-	-	344,754
Effect of foreign exchange	(14,251)	(140,603)	(17)	-	(154,871)
At March 31, 2019	237,026	2,352,296	60,600	-	2,649,922
Net book value					
At March 31, 2019	**5,869,834**	**8,323,355**	**2,085**	**366,026**	**14,561,300**
At December 31, 2018	6,299,608	9,210,796	2,086	390,824	15,903,314

(Unaudited - Expressed in Canadian Dollars)

7. Intangible Assets (digital currencies)

Digital currencies are a new type of currency available only in digital form and are deemed to be intangibles assets under IAS38. The cost model has been applied to digital currencies. Digital currency is not amortised as the directors consider that it has an indefinite useful life.

	$
Cost	
As at December 31, 2017	286,898
Additions	572,628
Disposals	(524,134)
Effect of foreign exchange	7,390
At December 31, 2018	342,782
Additions	255,966
Disposals	(294,566)
Effect of foreign exchange	(20,539)
At March 31, 2019	283,643
Impairment	
At December 31, 2018	218,944
Effect of foreign exchange	(13,912)
At March 31, 2019	205,032
Carrying value after impairment	
At March 31, 2019	**78,611**
At December 31, 2018	123,838

8. Accounts Payable and Accrued Liabilities

	Mar 31, 2019 $	Dec 31, 2018 $
Trade payables	455,650	1,432,005
Other payables	281,381	284,065
Accrued expenses	188,951	1,201,169
Deferred income	35,880	336,473
Total trade and other payables	961,862	3,253,712

9. Convertible Debenture

	Mar 31, 2018 $	Dec 31, 2018 $
Loans payable	1,706,895	1,706,895
Total loans payable	1,706,895	1,706,895

(Unaudited - Expressed in Canadian Dollars)

9. Convertible Debenture (continued)

In December 2018 the Company closed on a debt financing of which the initial advance was paid in December 2018. The initial advance was made up of United States Dollars $1,050,000 and Canadian Dollars $300,000. The maximum amount of the future advances can be up to the same amount as the initial advance. The rate used to translate the advance of USD was 1.3399 Canadian Dollars to each US Dollar. The loan has term of 7 years from the date of the initial advance of the loan. The loan bears interest at a rate per annum equal to 10%. The interest is compounded and calculated annually, not in advance, but before or after default and is payable on each and every anniversary of the advance. The interest for the initial two years of the loan shall not be payable until such time as the loan is repaid in full. As at March 31, 2019, the interest accrued on the convertible debenture was $42,728. As at December 31, 2018, the interest accrued on the convertible debenture was $4,652.

The amount of the loan, at the option of each Lender, will be convertible into common shares in the capital of the Borrower at the market price at time of such conversion in accordance with the policies of and subject to acceptance by the Canadian Securities Exchange. The value of the embedded derivative is considered to be $nil as the number of shares will be issued to equate to the amount of the original loan and so there is no upside or downside to the option for either party.

The Company has issued promissory loan notes with an embedded derivative.

- i) The Company and the holder has a conversion option. The value of the embedded derivative is considered to be $nil as the number of shares will be issued to equate to the amount of the original loan so there is no upside or downside to either party.
- ii) The Company has a prepayment option. The value of the embedded derivative will depend on how significant the transaction costs incurred were on the issue of the loan notes. The transaction costs were nil and so this embedded derivative has no value.

10. Equity

Below is a description of the nature and purpose of each reserve within equity.

Share option reserve	Reserve for share-based payments on options granted during the period not yet exercised.
FX reserve	Foreign exchange translation gains and losses arising on the translation of the Financial Statements from the functional to the presentational currency, including translation gains and losses arising on the translation of net investments in foreign subsidiaries.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Other reserve	Reserve to reflect the difference between the share capital of the legal parent (Hydro66 Holdings Corp, formerly Caza Gold Corp) and the share capital of the legal subsidiary (Hydro66 UK Limited).

(a) Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid. All of the common shares are of the same class and, once issued rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up.

There are 127,000,000 shares in issue, all fully paid.

(b) Stock options

The Company has established a rolling Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant less an applicable discount. The options can be granted for a maximum of five years and vesting periods are determined by the Board.

Following is a summary of changes in stock options outstanding for the period ended March 31, 2019.

(Unaudited - Expressed in Canadian Dollars)

10. Equity (continued)

	Outstanding	Weighted average exercise price $
Balance, December 31, 2018	8,275,000	0.50
Granted	600,000	0.38
Cancelled	-	-
Exercised	-	-
Balance, March 31, 2019	8,875,000	0.49

The stock options outstanding and exercisable as at March 31, 2019 are as follows:

Outstanding	Exercisable	Exercise Price	Expiry date
8,050,000	8,050,000	0.50	April 30, 2021
225,000	225,000	0.50	June 12, 2021
600,000	600,000	0.38	January 9, 2022
8,875,000	8,875,000		

Of the 600,000 options granted during the period ended March 31, 2019, 600,000 options were granted to employees.

Share-based compensation
During the period ended March 31, 2019 the Company:

- granted 600,000 stock options with an exercise price per share of $0.38 and an expiry date of January 9, 2022. One-third of these options granted in the period vested immediately, with a further third due to vest on January 9, 2020 and the final third on January 9, 2021.
- recognized stock-based compensation of $234,117.

(c) Warrants

Following is a summary of changes in warrants outstanding for the period ended March 31, 2019:

	Warrants outstanding	Weighted average exercise price $
Balance, December 31, 2018	50,096,000	0.72
Issued	-	-
Exercised	-	-
Balance, March 31, 2019	50,096,000	0.72

The warrants outstanding and exercisable as at March 31, 2019, are as follows:

Outstanding	Exercise price $	Expiry date
5,000,000	0.50	June 8, 2019
96,000	0.50	June 8, 2020
20,000,000	0.75	June 8, 2020
25,000,000	0.75	June 8, 2020
50,096,000		

(Unaudited - Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management

General Objectives, Policies and Processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The Board reviews its monthly reports through which it assesses the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

i) Categories of financial assets and liabilities

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings and convertible loan notes

Trade and other receivables are initially measured at the amount of consideration that is unconditional. The Group holds trade receivables with the objective of collecting the contractual cash flows so is subsequently measured at amortized cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated Statement of Comprehensive Income in the relevant period.

Trade and other payables are measured at book value. The book value of financial assets and liabilities equates to their fair value.

The Group holds the following financial instruments:

Financial assets	March 31, 2019 $	December 31, 2018 $
Cash and cash equivalents	242,218	2,304,416
Trade receivables due at reporting date	187,762	365,392
Other receivables	-	-
Total	429,980	2,669,808

Trade receivables principally comprise amounts outstanding for sales to customers and are net of expected credit loss. Trade receivables that are due at the reporting date have been reviewed and impaired when the collectability is considered unlikely.

Financial liabilities	March 31, 2019 $	December 31, 2018 $
Trade payables	455,650	1,432,005
Other accruals	188,951	1,201,169
Debt financing – loans payable	1,706,895	1,706,895
Total	2,351,496	4,340,069

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

As at March 31, 2019, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

11. Financial Instruments and Risk Management (continued)

March 31, 2019	Current Within 6 months	6 to 12 months	Non-current 1 to 5 years	Later than 5 years
Promissory loan notes	-	-	685,044	2,648,098
Trade and other payables	644,601	-	-	-
Total	644,401	-	-	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

December 31, 2018	Current Within 6 months	6 to 12 months	Non-current 1 to 5 years	Later than 5 years
Promissory loan notes	-	-	685,492	2,649,829
Trade and other payables	2,917,239	-	-	
Total	2,917,239	-	685,492	2,649,829

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Cash and cash equivalents
Cash and cash equivalents are held in Canadian Dollars ($), United States Dollars (USD), Swedish Krona (SEK) and Sterling (GBP) and placed on deposit in Canadian, Swedish and UK banks.

(ii) Risk exposures

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

The credit risk in respect of cash balances held with banks is remote as they are held only with major reputable financial institutions.

The Group is mainly exposed to credit risk from credit sales. At March 31, 2019 the Group had net trade receivables of $187,672 (Dec 31, 2018: $365,392).

The average credit period on the sales of services in the period is 41 days (2018: 23 days).

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables, including certain trade receivables not yet due, were not considered recoverable and a provision of $106,625 (Dec 31,2018: $113.849) has been recorded accordingly. The trade receivables considered irrecoverable relate to customers which are experiencing trading difficulties. In addition, some of the recoverable trade receivables are past due as at the reporting date. The extent of the financial assets past due but not impaired is as follows:

Trade receivables days past due but not impaired:

Current	0-30 days	More than 30 days	More than 60 days	More than 90 days	Total
166,992	-	-	-	20,770	187,762

This compares to the previous reporting period (Dec 31, 2018) of:

Current	0-30 days	More than 30 days	More than 60 days	More than 90 days	Total
302,098	41,223	11,063	11,008	-	365,392

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

11. Financial Instruments and Risk Management (continued)

Impairment losses on trade receivables are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customer with agreed credit terms. The Group also mitigates the credit risk by requesting payment in advance.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Group manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations.

Short-term liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days.

Longer-term liquidity risk is the ability of the Group to continue as a going concern. This risk is managed by the preparation by the Directors of cash flow forecasts and the strict management of expenditure.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian Dollars, US Dollars, Pounds Sterling and Swedish Krona. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At March 31, 2019 1 Canadian Dollar was equal to 0.749 US Dollar, 0.575 Pounds Sterling and 6.959 Swedish Krona.

Balances are as follows:

	US Dollars	Pounds Sterling	Swedish Krona	CAD equivalent
Cash	75	5,680	699,788	110,537
Accounts receivable and other debtors	-	219,253	5,334,751	1,147,907
Accounts payable and accrued liabilities	-	(91,031)	(5,234,730)	(910,539)
	75	133,902	799,809	347,905

Based on the net exposures as of March 31, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar, Pound Sterling and Swedish Krona would result in the Company's comprehensive loss being approximately $35,000 higher (or lower).

(Unaudited - Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

(c) Commodity Price Risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to there being sufficient demand colocation within the Data Centre.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the expansion of the Data Center and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders.

12. Segmented Information

The Company's operations are centred on providing data centre services and digital currency transaction verification services. Management therefore considers there are two reporting segments for the Company.

The geographical split of revenue by customer location is as follows:

	Three months ended March 31,					
	2019	2019	2019	2018	2018	2018
	$	$	$	$	$	$
	Data Center Services	Digital Currency Services	Total	Data Center Services	Digital Currency Services	Total
United Kingdom	6,492	-	6,492	53,917	-	53,917
USA & Canada	-	8,809	8,809	-	93,298	93,298
Rest of Europe	319,071	247,288	566,359	728,208	-	728,208
	325,563	256,097	581,660	782,125	93,298	875,423

13. Commitments

13(a) Non-cancellable leases

The Group leases office space under non-cancellable leases expiring with three years. The group also has a three year contract with a supplier to provide security services. The Group leases transformers under non-cancellable leases expiring within seven years. Commitments for minimum lease payments in relations to non-cancellable leases are payable as follows:

	Three months ended March 31, 2019	Year ended December 31, 2018
	$	$
Within one year	1,012,835	1,077,613
Later than one year but not later than five years	2,363,293	2,650,933
Later than five years	413,382	560,073
	3,789,510	4,288,619

The Company has various commercial agreements with vendors. The Company does not have any contingencies as of March 31, 2019 (December 31, 2018: none).

(Unaudited - Expressed in Canadian Dollars)

13. Commitments (continued)

13(b) Power purchase commitments

The company has committed to purchase 2 MW of power for 2019 and 2 MW of power for 2020 as follows:

Year	Commitment	Price SEK / MWh	Price CAD / MWh
2019	2 MW (17,520 MWh)	298.06	45.51
2020	2 MW (17,568 MWh)	335.57	51.24

14. Related Party Transactions

The Group's related parties include key management and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

During the period ended March 31, 2019, Croft Legal Services Ltd, of which Richard Croft is a Director, provided legal services to Megamining Ltd of $31,252 (period ended March 31, 2018: $31,686).

During the period ended March 31, 2019, Black Green Capital Ltd, of which David Rowe and Richard Croft are Directors, bought services from Megamining Ltd of $6,492 (period ended March 31, 2018: nil).

During the period ended March 31, 2019, Kurchakee Ltd, of which David Rowe is a Director, bought services from Megamining Ltd of nil (period ended March 31, 2018: $38,727).

During the period ended March 31, 2019, Moiety AB, of which Anne Graf is a Director, provided consultancy services to Hydro66 Svenska AB of nil (period ended March 31, 2018: $7,417).

During the period ended March 31, 2019, 0920 Media AB (brand name Meramedia), of which Anne Graf is a director, provided marketing services to Hydro66 Svenska AB of nil (period ended March 31, 2018: $16,829).

During the period ended March 31, 2019, Hydro66 Services AB, provided colocation services to B-chain e-services AB, of which Anne Graf was a director, of nil (period ended March 31, 2018: $262,603). Anne Graf resigned as a director from B-chain e-services AB on June 21, 2018.

During the period ended March 31, 2019, the Group bought services from Chase Management Limited of which Nick DeMare is a director, for $3,950 (period ended March 31, 2018: $7,350).

No funding was raised during the period ended March 31, 2019. During the period ended March 31, 2018, in February 2018 Arctic Blockchain Limited raised funding via a convertible debenture. The directors and related parties participated in the funding as follows:

Name of related party	Nature of related party to Hydro66 Holdings Corp	Participation in Arctic Blockchain Limited convertible debenture
Michael Hudson ***through Elmwood Partners Discretionary Trust***	**Director**	**$400,000**
Richard Patricio ***through Totus Inc***	**Director**	**$475,000**
Nick DeMare	**Company Secretary**	**$124,800**

The Group has allowed its employees to take up limited loans to cover personal income tax liabilities arising from the exercise of share options in Hydro66 UK Limited prior to the transaction between Arctic Blockchain Limited and Hydro66 UK Limited. The loans were paid in January 2019. This facility was also available to the Group's key management personnel. In January 2019, $52,050 was lent to a member of key management personnel.

15. Post Balance Sheet Events

On April 4, 2019 the Company requested and received additional advances of USD$525,000 and CDN$150,000 pursuant to a secured convertible loan agreement with certain shareholders and directors of the Company dated December 19, 2018 (the "Loan Agreement"). In connection with the initial advances made pursuant to the Loan Agreement the Company issued secured convertible promissory notes in favour of each lender (the "Notes"). The maturity date of the principal amount, interest and any fees under the Notes is seven years from the date of the initial advances and the rate of interest is 10% per annum. The interest for the initial two years under the Notes shall not be payable until such time as the principal is repaid in full. For further details refer to note 9.