Legion Metals Corp.

Condensed Interim Financial Statements
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
June 30, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Legion Metals Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimate and judgements based on information currently available.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review on interim financial statements by an entity’s auditor.

Legion Metals Corp.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	As at June 30, 2018 (Unaudited) $	As at March 31, 2018 (Audited) $
Assets		
Current		
Cash	167,745	188,763
Restricted cash (Note 4)	26,315	10,237
Receivables	11,531	10,692
	205,591	209,692
Exploration and evaluation properties (Note 5)	150,000	150,000
Equipment (Note 6)	120,042	132,046
	475,633	491,738
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	30,497	27,606
	30,496	27,606
Shareholders' Equity		
Share capital (Note 7)	698,045	698,045
Reserves (Note 7)	60,901	60,901
Deficit	(313,810)	(294,814)
	445,136	464,132
	475,633	491,738

Nature and Continuance of Operations (Note 1)

Approved and Authorized by the Board on August 24, 2018:

"Peter Smith" Director *"Paul Pedersen"* Director

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

Legion Metals Corp.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended June 30, 2018 (Unaudited)	**Three months ended June 30, 2017 (Unaudited)**
	$	**$**
Digital assets sold	16,159	**-**
Cost of digital assets sold (Note 10)	21,265	-
	(5,106)	-
Expenses		
General and administration	2,817	167
Filing fees	4,019	12,804
Professional fees (Note 8)	7,054	3,000
Share-based compensation (Note 7 and 8)	-	7,000
	(13,890)	(22,971)
Loss and comprehensive loss for the period	(18,996)	(22,971)
Loss and comprehensive loss per share, basic and diluted	(0.00)	(0.00)
Weighted average number of common shares outstanding	12,764,600	7,091,667

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

Legion Metals Corp.

Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended June 30, 2018 (Unaudited) $	**Three months ended June 30, 2017 (Unaudited) $**
Cash provided by (used in)		
Operating activities		
Loss for the period	(18,996)	(22,971)
Charges not involving cash		
Depreciation	12,004	-
Share-based compensation	-	7,000
Changes in operating assets and liabilities:		
Increase in restricted cash	(16,078)	-
Increase in receivables	(839)	-
Increase in prepaid expenses	-	(10,500)
Increase in accounts payable and accrued liabilities	2,891	6,107
Cash provided by (used in) operating activities	11,138	(20,364)
Financing activities		
Share subscription received	-	2,000
Cash provided by (used in) financing activities	-	2,000
Change in cash	(21,018)	(18,364)
Cash, beginning of period	188,763	121,866
Cash, end of period	167,745	103,502

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

Legion Metals Corp.

Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Common Shares	Share Capital $	Reserves $	Deficit $	Total Equity $
Balance at March 31, 2017	**6,225,000**	**124,500**	**-**	**(15,554)**	**108,946**
Share-based compensation			7,000		7,000
Common shares issued for exploration property	1,500,000	150,000	-	-	150,000
Loss for the period	-	-	-	(22,971)	(22,971)
Balance at June 30, 2017	**7,725,000**	**274,500**	**7,000**	**(38,525)**	**242,975**
Common shares issued for cash – IPO	4,039,600	403,960	-	-	403,960
Share issuance cost - IPO	-	(90,415)	20,901	-	(69,514)
Common shares issued for cryptocurrency mining equipment	1,000,000	110,000	-	-	110,000
Share options issued for cryptocurrency mining equipment	-	-	33,000	-	33,000
Loss for the period	-	-	-	(256,289)	(256,289)
Balance at March 31, 2018	**12,764,600**	**698,045**	**60,901**	**(294,814)**	**464,132**
Loss for the period	-	-	-	(18,996)	(18,996)
Balance at June 30, 2018	**12,764,600**	**698,045**	**60,901**	**(313,810)**	**445,136**

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

1. Nature and Continuance of Operations

Legion Metals Corp. (the "Company") was incorporated under the laws of the province of British Columbia on December 8, 2016. On December 12, 2017, the Company completed its initial public offering ("IPO") (Note 7) and is now publicly traded on the Canadian Securities Exchange ("CSE") under the ticker LEGN. The Company is a mining exploration company that is exploring for gold and other precious metals in Nova Scotia. In January 2018, the Company acquired assets for the purpose of generating digital assets (Note 6).

The Company's registered and records office is 1090 West Georgia Street, Suite 600, Vancouver, British Columbia, V6E 3V7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the Company will obtain the necessary financing to complete the exploration and development of mineral property interests, or that the current or future exploration and development programs of the Company will result in profitable mining operations. In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments, including conducting minimum exploration and evaluation programs and paying for general and administrative expenses. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. Statement of compliance and basis of presentation

The condensed interim financial statements of the Company were approved and authorized for issue by the Board of Directors on August 24, 2018.

The Company's condensed interim financial statements have been prepared on the historical cost basis except for certain financial statements which are measured at fair value, as explained in Note 3, and are presented in Canadian dollars except where otherwise indicated.

The condensed interim financial statements of the Company, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

3. Summary of Significant Accounting Policies

Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of judgement include the assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding available for its operations and working capital requirements. The selection of appropriate accounting policy related digital assets inventory and the sale of digital assets requires significant judgement as currently no specific IFRS directly addresses digital assets.

Areas requiring a significant degree of estimation include the fair value measurements for financial instruments and share-based payments, the valuation of all liability and equity instruments, the valuation and recognition of digital asset inventories and the value and useful life of equipment. Actual results may differ from those estimates.

These condensed interim financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

Cash

Cash is defined as cash on hand, cash held in trust and in bank.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. A prorated amount of depreciation is recorded in the year of acquisition or disposition, based on the number of months the equipment is in use.

The Company's equipment is depreciated on a straight-line basis over three years. Estimated useful lives are reviewed by management and adjusted if necessary.

3. Summary of Significant Accounting Policies (Continued)

Significant accounting judgements, estimates and assumptions (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Exploration and evaluation properties

Acquisition costs for exploration and evaluation assets include the cash consideration and the fair value of equity instruments issued for exploration and evaluation assets pursuant to agreement terms. Exploration and evaluation expenditures are expensed. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use at that time.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

3. Summary of Significant Accounting Policies (Continued)

Significant accounting judgements, estimates and assumptions (continued)

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

Digital assets

Digital assets consist of cryptocurrency denominated assets. Digital assets are recognized in accordance with IAS 2 as inventory measured at the lower of cost and net realizable value ("NRV"). The cost consists of direct costs attributable to mining the digital asset. Upon conversion of digital assets for other currencies, proceeds are recognized as a sale for the period. As at this reporting date, there is no formal IFRS standard for digital assets; however, digital assets meet specific accounting criteria to be held as inventories.

The digital asset 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 assets would have an impact on the Company's earnings and financial position.

Recognition of digital asset sales

The Company recognizes sales in accordance with IAS 18, based on consideration received on digital asset inventory, which it receives from providing transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital assets from each specific network in which it participates ("coins") and the cost of mining these digital assets are recorded as inventory. A sale is recognized upon conversion of the digital asset to another currency such as cash.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

3. Summary of Significant Accounting Policies (Continued)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that (i) net earnings (loss) attributable to common shareholders are adjusted for fair value gains or losses of warrants (if dilutive) and (ii) the weighted average number of common shares outstanding is adjusted for the number of shares that are potentially issuable in connection with stock options and warrants (if dilutive). Under this method, the Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common stock at the average market price during the reporting periods. For the period presented, this calculation proved to be anti-dilutive.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided for, based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Summary of Significant Accounting Policies (Continued)

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash is included in this category of financial assets.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Receivables are included and loans and receivables.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

3. Summary of Significant Accounting Policies (Continued)

Financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Accounts payables and accrued liabilities are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

3. Summary of Significant Accounting Policies (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3. Summary of Significant Accounting Policies (Continued)

Share capital

Common shares are included as shareholders' equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from shareholders' equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as warrant reserve.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments on the date of grant. Fair value is measured using the Black-Scholes option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Corporation's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. For share-based payment awards with non-market vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

3. Summary of Significant Accounting Policies (Continued)

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The Company is in the process of determining the impact of this standard on the financial statements.

(Expressed in Canadian Dollars)

4. Financial Instruments

Categories of financial instruments

The fair value of financial assets and financial liabilities at amortized cost is based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

FINANCIAL ASSETS		
FVTPL, at fair value		
Cash	167,745	188,763
Restricted cash	26,315	10,237
Loans and receivables		
Receivables	11,531	10,692
Total financial assets	205,591	209,692
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Accounts payable and accrued liabilities	30,497	27,606
Total financial liabilities	30,497	27,606

Restricted cash consists of amounts held by a cryptocurrency exchange awaiting transfer to a chartered bank account.

(Expressed in Canadian Dollars)

4. Financial Instruments (Continued)

	Fair value hierarchy	FVTPL, at fair value	Held-to-maturity and loans and receivables	Other liabilities, at amortized cost
As at June 30, 2018				
Cash	Level 1	167,745	-	-
Restricted cash		26,315	-	-
Receivables	N/A	-	11,531	-
Accounts payable and accrued liabilities	N/A	-	-	30,497

	Fair value hierarchy	FVTPL, at fair value	Held-to-maturity and loans and receivables	Other liabilities, at amortized cost
As at March 31, 2018				
Cash	Level 1	188,763	-	-
Restricted cash		10,237	-	-
Receivables	N/A	-	10,692	-
Accounts payable and accrued liabilities	N/A	-	-	27,606

There were no transfers between Level 1, 2 and 3 during the periods ended June 30, 2018 or March 31, 2018.

5. Exploration and Evaluation Properties

The Company's exploration and evaluation properties expenditures for the periods ended June 30, 2018 and March 31, 2018 were as follows:

	Millen Mountain $	Total $
ACQUISITION COSTS		
Balance, March 31, 2018	150,000	150,000
Additions	-	-
Balance, June 30, 2018	150,000	150,000

During the year ended March 31, 2018 the Company acquired a 100% interest in a mineral exploration license located in Nova Scotia (the "Millen Mountain Property") from Beja Resources Inc., a related party by way of common directors, in April 2017. As consideration the Company issued 1,500,000 common shares valued at $150,000 to Beja Resources Inc. on May 9, 2017 (Note 7).

(Expressed in Canadian Dollars)

5. Exploration and Evaluation Properties (Continued)

During the year ended March 31, 2018 the Company entered into an agreement, subsequently amended, with Probe Metals Inc. ("Probe") to grant the option to acquire 75% of the Millen Mountain Property. In order to exercise the option, Probe shall, within 18 months, incur expenditures on the property in the amount of $250,000, and thereafter Probe will have the right to earn an additional 25% interest in the Property (for an aggregate 75% interest) by incurring an additional $250,000 in exploration expenditures (for an aggregate of $500,000 in exploration expenditures) by October 2019. The property is subject to 2% net smelter royalty interest.

6. Equipment

	Equipment $
COST	
Balance, March 31, 2018	287,050
Additions	-
Balance, June 30, 2018	287,050
DEPRECIATION	
Balance, March 31, 2018	12,004
Depreciation	12,004
Balance, June 30, 2018	24,008
IMPAIRMENT	
Balance, March 31, 2018	143,000
Impairment	-
Balance, June 30, 2018	143,000
NET BOOK VALUE	
Balance, March 31, 2018	132,046
Balance, June 30, 2018	120,042

During the year ended March 31, 2018 the Company acquired computer equipment in exchange for cash of $144,050, 1,000,000 common shares valued at $110,000, and 400,000 stock options valued at $33,000 (Note 7). The equipment was acquired to enable the Company to earn digital assets.

As at March 31, 2018, $143,000 in equipment was written down due to uncertainties of economic benefit within the digital currency industry. The Company valued the equipment based on estimated fair value less cost to sell.

(Expressed in Canadian Dollars)

7. Share Capital

Authorized

The total authorized capital are an unlimited number of common shares with no par value.

Issued and Outstanding

As of June 30, 2018, 2,570,606 shares were held in escrow. The shares held in escrow are to be release according to the following schedule:

Date	Number of shares released
October 19, 2018	514,121
April 19, 2019	514,121
October 19, 2019	514,121
April 19, 2020	514,121
October 19, 2020	514,121
Total	**2,570,606**

On January 8, 2018, the Company issued 1,000,000 common shares of the Company at $0.11 per common share for a total value of $110,000 to acquire equipment (Note 6).

On September 14, 2017, the Company completed its IPO and issued 4,039,600 common shares of the Company at $0.10 per common share for gross proceeds of $403,960. In connection with this offering, the Company paid $69,514 in cash and issued 392,710 agent warrants valued at $20,901. Each agent warrant entitles the holder to purchase one common share of the Company at $0.10 per share for a period of 24 months.

On May 9, 2017, the Company issued 1,500,000 common shares of the Company at $0.10 per common share for a total value of $150,000 to acquire a 100% interest in a mineral exploration license, the Millen Mountain Property (Note 5).

On March 31, 2017, the Company issued 6,100,000 common shares of the Company at $0.02 per common share for total proceeds of $122,000 of which $2,000 was recorded as a subscription receivable and collected during the year ended March 31, 2018.

On March 31, 2017, the Company issued 125,000 common shares of the Company at $0.02 per common share for a total value of $2,500 for geological consulting services for the Millen Mountain Property.

(Expressed in Canadian Dollars)

7. Share Capital (Continued)

Stock Options

The Company has adopted a stock option plan (the "Plan") pursuant to which it may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares of the Company and is the basis for the Company's long term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of 5 years from date of issue.

The following is a summary of the changes in the Company's stock option plan for the three months ended June 30, 2018 and the period ended March 31, 2018:

	Three months ended June 30, 2018		Year ended March 31, 2018	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding, beginning of period	1,100,000	0.10	-	-
Expired	-	-	-	-
Granted	-	-	1,100,000	0.10
Outstanding, end of period	1,100,000	0.10	1,100,000	0.10
Exercisable, end of period	1,100,000	0.10	1,100,000	0.10

On January 8, 2018 the Company granted stock options to purchase an aggregate of 400,000 common shares, valued at $33,000, at an exercise price of $0.11 for a term of 5 years (Note 6).

On May 1, 2017 the Company granted stock options to purchase an aggregate of 700,000 common shares, valued at $7,000, to directors and officers of the Company at an exercise price of $0.10 for a term of 5 years.

No options were granted during the three months ended June 30, 2018. The weighted average fair value of the options granted during the year ended March 31, 2018 was estimated at $0.04 per option at the grant date using the Black-Scholes Option Pricing Model using the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standard for comparable companies without a historical volatility; risk-free interest rate of 1.4%; and expected life of 5 years.

(Expressed in Canadian Dollars)

7. Share Capital (Continued)

Stock Options (Continued)

Exercise price	Expiry date	Number of options outstanding and exercisable $	Weighted-average remaining contractual life (years)
$0.10	May 1, 2022	700,000	2.44
$0.11	January 8, 2023	400,000	1.65
Total		1,100,000	4.09

Share Purchase Warrants

	Three months ended June 30, 2018		Year ended March 31, 2018	
	Number of share purchase warrants	Weighted average exercise price $	Number of share purchase warrants	Weighted average exercise price $
Outstanding, beginning of period	392,710	0.10	-	-
Issued - finders' warrants	-	-	392,710	0.10
Outstanding, end of period	392,710	0.10	392,710	0.10

No warrants were granted during the three months ended June 30, 2018. The weighted average fair value of the finders’ warrants granted during the year ended March 31, 2018 was estimated at $0.05 per warrant at the grant date using the Black-Scholes Pricing Model using the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standard for comparable companies without a historical volatility; risk-free interest rate of 2.45%; and expected life of 2 years.

Number of warrants outstanding	Weighted average exercise price	Expiry dates	Weighted average remaining life (years)
392,710	$0.10	September 14, 2019	1.21

(Expressed in Canadian Dollars)

8. Related Party Transactions

Key management personnel compensation

Key management personnel includes officers and directors of the Company and companies controlled by them. The remuneration of directors and other members of key management are as follows:

	For the three months ended June 30, 2018 $	For the three months ended June 30, 2017 $
Legal	3,754	-
Accounting	3,300	-
Share-based compensation	-	7,000
	7,054	7,000

As at June 30, 2018, the Company had $4,854 (March 31, 2018 - $1,074) in accounts payable and accruals owing to directors and officers.

9. a) Capital Management

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties and digital asset mining. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, and reserves.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended June 30, 2018. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

b) Financial Instrument Risk and Digital Asset Risk

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company manages its credit risk relating to cash by dealing primarily with high-rated financial institutions as determined by rating agencies. The Company also has cash held by an unregulated exchange where funds are unsecured and may be subject to limitation in transfers.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at June 30, 2018, the Company had working capital of $175,095 (March 31, 2018 – $182,086).

Digital asset risk

Digital assets are measured at the lower of cost and NRV. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is related to the current and future market price of digital assets; in addition, the Company may not be able liquidate its inventory of digital assets at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets. Digital assets have a limited history and the fair value historically has been very volatile. Historical performances of digital assets are not indicative of their future price performance.

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

(Expressed in Canadian Dollars)

10. Cost of Digital Asset Sales

Cost of digital asset sales comprises the following:

	Three months ended June 30, 2018 $	Three months ended June 30, 2017 $
Consulting related to digital asset mining	2,273	-
Depreciation of digital asset mining equipment	12,004	-
Rent expense	2,400	-
Utilities	4,588	-
	21,265	-

11. Segmented Information

The Company operates in two business segments being mining exploration of mineral interests and digital asset mining. All sales related to digital asset mining and all capital assets are located in Canada and are further described in Notes 5 and 6.

The Company considers equipment, inventory and sales and cost of sales of digital assets to be a separate cash generating unit.