

**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the nine months ended February 29, 2020**

(Stated in Canadian Dollars)

(Unaudited)

The accompanying notes form an integral part of these financial statements

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

The unaudited condensed interim financial statements for the period ended February 29, 2020 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

The accompanying notes form an integral part of these financial statements

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

As at	February 29, 2020	May 31, 2019
<b><u>ASSETS</u></b>		
Current assets		
Cash	\$ 1,385	\$ 169,062
Amounts receivable – Note 4	12,774	8,518
Prepaid expenses – Note 5	98,062	14,197
	112,221	191,777
Non-current assets		
Data centre equipment – Note 6	1	1
Equipment	2,119	4,402
Intangible assets – Note 3	610,000	610,000
	612,120	614,403
<b>Total Assets</b>	<b>\$ 724,341</b>	<b>\$ 806,180</b>
<b><u>LIABILITIES</u></b>		
Current liabilities		
Trade and other payables – Note 8	\$ 237,372	\$ 196,936
<b><u>EQUITY</u></b>		
Share capital – Note 7	8,199,713	8,199,713
Equity reserve – Note 7	796,366	796,366
Accumulated deficit	(8,509,110)	(8,386,835)
	486,969	609,244
<b>Total Liabilities and Equity</b>	<b>\$ 724,341</b>	<b>\$ 806,180</b>

Commitments – Note 12

APPROVED ON BEHALF OF THE BOARD:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
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**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**  
**CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME**  
**(LOSS)**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

	For the three months ended February 29,		For the nine months ended February 29,	
	2020	2019	2020	2019
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ 304,420
<b>Cost of revenue</b>				
Operating and maintenance cost	-	-	-	(289,973)
Depreciation	-	(902,150)	-	(2,706,450)
<b>Gross loss</b>	-	(902,150)	-	(2,692,003)
<b>Revaluation of digital currencies – loss</b>	-	(12,330)	-	(94,387)
<b>Expenses:</b>				
Accounting and audit fees – Note 8	\$ 1,500	\$ 1,500	\$ 13,208	\$ 4,800
Foreign exchange (loss) / gain	2,042	2,655	2,913	(4,955)
Legal and corporate services – Note 8	1,500	2,125	18,182	20,888
Finance costs / (revenue)	167	145	481	128
Management services – Note 8	15,175	15,000	49,157	53,181
Consulting expense	-	5,000	1,124	31,500
Office, rent and administration – Note 8	3,785	31,164	16,216	124,590
Shareholder communications – Note 8	473	393	4,072	66,719
Transfer agent and filing fees	6,306	6,025	16,922	7,006
<b>Total expenses</b>	<b>(30,948)</b>	(64,007)	<b>(122,275)</b>	(303,857)
<b>Other gains:</b>				
Income tax credit	-	-	-	2,543
Write off data centre equipment – Note 6	-	(899,079)	-	(899,079)
<b>Total other gains</b>	-	(899,079)	-	(896,536)
<b>Loss for the period</b>	<b>(30,948)</b>	(1,877,566)	<b>(122,275)</b>	(3,986,783)
<b>Total comprehensive loss for the period</b>	<b>\$ (30,948)</b>	\$(1,877,566)	<b>\$ (122,275)</b>	\$ (3,986,783)
Basic and diluted loss per share – Note 9	\$ (0.00)	\$ (0.06)	\$ (0.00)	\$ (0.14)

The accompanying notes form an integral part of these financial statements

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

<b>For the nine months ended February 29,</b>	<b>2020</b>	<b>2019</b>
Operating Activities:		
Net loss for the year	\$ (122,275)	\$ (3,986,783)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	2,283	2,708,173
Write off data centre equipment – Note 6	-	899,079
Changes in non-cash working capital items:		
Prepaid expenses	(83,865)	210,953
Amounts receivable	(4,256)	94,428
Digital currencies	-	(67,313)
Trade and other payables	40,436	61,107
Cash outflows from operating activities	<b>(167,677)</b>	<b>(80,356)</b>
Investing Activities:		
Equipment additions	-	(3,322)
Total decrease in cash during the period	<b>(167,677)</b>	<b>(83,678)</b>
Cash, beginning of the period	<b>169,062</b>	<b>124,774</b>
Cash, end of the period	<b>\$ 1,385</b>	<b>\$ 41,096</b>

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**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the periods ended February 29, 2020, and February 29, 2019  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>Number of shares outstanding</b>	<b>Share capital</b>	<b>Equity Reserve</b>	<b>Accumulated deficit</b>	<b>Total equity</b>
Balance – May 31, 2018	29,086,265	\$8,199,713	\$ 796,366	\$ (4,401,388)	\$ 4,594,691
Net loss for the period	-	-	-	(3,986,783)	(3,986,783)
Balance – February 29, 2019	29,086,265	8,199,713	796,366	\$ (8,388,171)	607,908
Net loss for the period	-	-	-	1,336	1,336
Balance – May 31, 2019	29,086,265	8,199,713	796,366	(8,386,835)	609,244
Net loss for the period	-	-	-	(122,275)	(122,275)
<b>Balance – February 29, 2020</b>	<b>29,086,265</b>	<b>\$8,199,713</b>	<b>\$ 796,366</b>	<b>\$ (8,509,110)</b>	<b>\$ 486,969</b>

**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
February 29, 2020 and 2019  
(Stated in Canadian Dollars)  
(Unaudited)

**Note 1**     **Corporate Information**

iMining Blockchain and Cryptocurrency Inc. (the “Company” or “iMining”) was incorporated in the Province of British Columbia on June 1, 2007 under the Business Corporations Act of British Columbia. The Company completed a change of business transaction on the TSX Venture Exchange (the “Exchange”) (see Note 3) on April 17, 2018 and changed its name from Parlane Resource Corp. to iMining Blockchain and Cryptocurrency Inc. The Company is listed on the Exchange, having the symbol IMIN-V as a Tier 2 issuer and is a blockchain and cryptocurrency company.

The address of the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

**Note 2**     **Basis of Preparation**

a) **Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements, for the nine month period ended February 29, 2020, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, however, they do not include all of the information required for full annual financial statements.

These unaudited condensed interim financial statements should be read in conjunction with the Company’s 2019 annual financial statements.

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

b) **Basis of Measurement**

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 3 and 4 of the Company’s 2019 annual financial statements.

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 29, 2020  
(Stated in Canadian Dollars)  
(Unaudited)

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**Note 2**     **Basis of Preparation – (cont'd)**

c) Going Concern of Operations

The Company has generated revenue of \$nil from operations. The Company incurred a net loss of \$122,275 during the period ended February 29, 2020. As of February 29, 2020, the Company's accumulated deficit was \$8,509,110 and the Company had \$1,385 in cash, working capital deficit of \$125,151 and no long-term debt.

The recoverability of the costs incurred to date is dependent on the ability of the Company to obtain the necessary financing to complete the development of its business, and upon future profitable operations. The Company continues to pursue opportunities in the blockchain and cryptocurrency sector and intends to raise funds to develop that business. While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those recorded in the financial statements.

**Note 3**     **Mining of Cryptocurrency**

On January 9, 2018, the Company entered into a binding letter agreement to purchase cryptocurrency mining rigs and engaged a third party to host cryptocurrency mining activities on behalf of the Company. Pursuant to the agreement, the Company acquired 500 S9 Antminer rigs at a cost of US\$2,000,000 and engaged a company (the "Provider") to set-up, host and operate the cryptocurrency mining activities. The Provider received (i) 6,000,000 shares of the Company (the "Payment Shares"), and (ii) 10% of net profits generated by the mining activities. The Company will be responsible for all operating costs, to be at an all-in cost of US\$0.10 per kilowatt hour per mining rig. The Company may add additional mining rigs from time to time.

During the year ended May 31, 2019, the Company suspended operation of its 500 S9 Antminer mining rigs due to the market downturn in cryptocurrency values. Management will assess whether reactivation of the mining rigs is warranted based on market conditions in the future, with the cooperation of the Provider.

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 29, 2020  
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**Note 3**     **Mining of Cryptocurrency- (cont'd)**

The Company also acquired the intellectual property rights to the “iMining” brand, including worldwide tradename, trademarks, and URL site. The cost to acquire these rights was \$610,000, \$250,000 in cash and 2,000,000 shares of the Company at a fair value of \$0.18 per share.

**Future Farm Letter of Intent**

During the period ended February 29, 2020 the Company entered into a non-binding Letter of Intent (“LOI”) with Future Farm Developments Ltd., (“Future Farm”) for iMining to acquire all of Future Farm’s interests in its crypto-mining facility near Merritt, British Columbia, in consideration of iMining paying US\$75,000 and issuing 10,000,000 common shares. Due to current market conditions which have posed difficulties in closing the financing that was part and parcel of the proposed acquisition, the Company and Future Farms have mutually agreed to terminate the LOI. In accordance with the terms of the LOI, the initial payment of US\$75,000 to Future Farms is refundable.

**Note 4**     **Amounts Receivable**

	<b>February 29, 2020</b>	May 31, 2019
Taxes receivable	<b>\$ 12,774</b>	\$ 8,518

**Note 5**     **Prepaid expenses**

	<b>February 29, 2020</b>	May 31, 2019
Deposit to Future Farm (Note 3)	<b>\$ 98,062</b>	\$ -
Rent	-	14,197
	<b>\$ 98,062</b>	\$ 14,197

**Note 6**     **Data centre equipment**

During the year ended May 31, 2018, the Company acquired 500 S9 Antminer rigs (Note 3) at a cost of \$2,528,600 (US\$2,000,000) and the issue of 6,000,000 shares of the Company, valued at \$0.18 per share for a total of \$1,080,000, and engaged a Provider to set-up, host and operate the cryptocurrency mining activities.

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 29, 2020  
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**Note 6     Data centre equipment – (cont'd)**

	<b>Total</b>
<b>Cost</b>	
Balance, May 31, 2018	\$3,608,600
Write-off of data centre equipment	(3,608,599)
<b>Balance, May 31, 2019 &amp; February 29, 2020</b>	<b>\$        1</b>
<b>Depreciation</b>	
Balance, May 31, 2018	\$    75,179
Depreciation for the year	2,706,450
Write-off of data centre equipment	(2,781,629)
<b>Balance, May 31, 2019 and February 29, 2020</b>	<b>\$        -</b>
<b>Carrying amounts</b>	
Balance, May 31, 2018	\$3,533,421
<b>Balance, May 31, 2019 and February 29, 2020</b>	<b>\$        1</b>

**Note 7     Share Capital**

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, without par value, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

b) Share Purchase Warrants

A summary of the Company's outstanding share purchase warrants is presented below:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at May 31, 2018	4,798,866	\$    0.24
Warrants Expired	(3,896,166)	0.24
Outstanding at May 31, 2019	902,700	\$    0.26
Warrants Expired	(382,700)	0.20
Outstanding at February 29, 2020	520,000	\$    0.30

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 29, 2020  
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**Note 7     Share Capital – (cont’d)**

b) Share Purchase Warrants – (cont’d)

At February 29, 2020, there were 520,000 warrants outstanding and exercisable to purchase one common share for each option held as follows.

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

During the period ended February 29, 2020, 382,700 warrants expired unexercised.

c) Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common shares then outstanding (the “Plan”). Under the Plan, options may be granted at no less than the closing market price of the Company’s shares on the day preceding the grant for a maximum term of 5 years.

No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months. No share purchase options were granted during the period ended February 29, 2020 and the year ended May 31, 2019. There are no options outstanding as at February 29, 2020.

**Note 8     Related Party Transactions**

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

<u>For the nine months ended February 29,</u>	<u>2020</u>	<u>2019</u>
Accounting fees	\$ 4,500	\$ 4,500
Legal fees	-	2,000
Management services	45,000	45,000
Office, rent and administration	9,000	11,000
Shareholder communication	-	2,000
<b>Total</b>	<b>\$ 58,500</b>	<b>\$ 64,500</b>

Included in accounts payable at February 29, 2020 is 199,571 (May 31, 2019: \$125,750) due to directors of the Company and to a company controlled by a director. These balances are in respect of management activities and reimbursable expenses.

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 29, 2020  
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**Note 9      Loss Per Share**

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>February 29,</b>		<b>February 29,</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
Issued and outstanding, beginning of the period	<b>29,086,265</b>	29,086,265	<b>29,086,265</b>	29,086,265
Weighted average shares issued during the period	-	-	-	-
Basic and diluted weighted average number of shares	<b>29,086,265</b>	29,086,265	<b>29,086,265</b>	29,086,265

**Note 10      Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the period ended February 29, 2020.

**Note 11      Financial Instruments**

a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of February 29, 2020. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

**Note 11**    **Financial Instruments** – (cont'd)

b) Interest Rate Risk – (cont'd)

- (i) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk. The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at February 29, 2020 is \$1,385 (May 31, 2019 - \$169,062) and amounts receivable balance of \$12,774 (May 31, 2019 - \$8,518). Cash is held at a chartered Canadian financial institution; accordingly, management believes credit risk is minimal.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at February 29, 2020, the Company was holding cash of \$1,385 (May 31, 2019 - \$169,062). The Company's trade and other payables are due in the short term. As at February 29, 2020, the Company had a working capital deficit of \$125,151.

**Note 12**    **Commitments**

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

During the year ended May 31, 2019, the Company suspended operation of its 500 S9 Antminer mining rigs due to the market downturn in cryptocurrency values with the cooperation of the Provider. Management will assess whether reactivation of the mining rigs is warranted based on market conditions in the future and based on the remaining term of the contract with the Provider as negotiated. Under the terms of the agreement, the Company was incurring approximately US\$55,000 per month in operating costs offset by the value of cryptocurrency mined for 24 months to May, 2020. The remaining term will be subject to negotiation with the Provider.