

**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the nine months ended February 28, 2021**

(Stated in Canadian Dollars)

(Unaudited)

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

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

The unaudited condensed interim financial statements for the period ended February 28, 2021 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 condensed interim financial statements

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

As at	February 28, 2021	May 31, 2020
<b><u>ASSETS</u></b>		
Current assets		
Cash	\$ 130,064	\$ 1,217
Amounts receivable – Note 4	21,218	13,435
Prepaid and advances	1,903	-
	153,185	14,652
Non-current assets		
Equipment and intangible assets – Note 3	2	1,360
<b>Total Assets</b>	<b>\$ 153,187</b>	<b>\$ 16,012</b>
<b><u>LIABILITIES</u></b>		
Current liabilities		
Trade and other payables – Note 6	\$ 88,745	\$ 268,749
<b><u>EQUITY (DEFICIENCY)</u></b>		
Share capital – Note 5	8,622,428	8,199,713
Share subscription received – Note 5	113,750	-
Equity reserve – Note 5	807,063	796,366
Accumulated deficit	(9,478,799)	(9,248,816)
	64,442	(252,737)
<b>Total Liabilities and Equity</b>	<b>\$ 153,187</b>	<b>\$ 16,012</b>

Going concern – Note 2  
Subsequent Events – Notes 5 and 10

APPROVED ON BEHALF OF THE BOARD:

<i>“Robert Eadie”</i>	Director	<i>“Gary Arca”</i>	Director
Robert Eadie		Gary Arca	

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

	For the three months ended February 28,		For the nine months ended February 28,	
	2021	2020	2021	2020
<b>Expenses:</b>				
Accounting and audit fees – Note 6	\$ 4,000	\$ 1,500	\$ 16,159	\$ 13,208
Foreign exchange loss	-	2,042	47	2,913
Legal and corporate services	22,745	1,500	42,835	18,182
Finance costs	246	167	580	481
Management services – Note 6	65,060	15,175	94,139	49,157
Consulting expense	37,300	-	41,885	1,124
Office, rent and administration – Note 6	3,450	3,785	10,524	16,216
Shareholder communications	775	473	6,623	4,072
Transfer agent and filing fees	7,605	6,306	17,191	16,922
<b>Total expenses</b>	<b>(141,181)</b>	<b>(30,948)</b>	<b>(229,983)</b>	<b>(122,275)</b>
<b>Total comprehensive loss for the period</b>	<b>\$ (141,181)</b>	<b>\$ (30,948)</b>	<b>\$ (229,983)</b>	<b>\$ (122,275)</b>
Basic and diluted loss per share – Note 7	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)

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

<b>For the nine months ended February 28,</b>	<b>2021</b>	<b>2020</b>
Operating Activities:		
Net loss for the period	\$ (229,983)	\$ (122,275)
Items not affecting cash:		
Depreciation	1,358	2,283
Changes in non-cash working capital items:		
Amounts receivable	(7,783)	(4,256)
Prepaid expenses	(1,903)	(83,865)
Debt forgiven – Note 6	18,375	-
Trade and other payables	(198,379)	40,436
Cash outflows from operating activities	<b>(418,315)</b>	<b>(167,677)</b>
Financing Activities:		
Share issuances	468,600	-
Share subscription received	113,750	-
Share issuance costs	(35,188)	-
Cash inflows from financing activities	<b>547,162</b>	<b>-</b>
Total increase (decrease) in cash during the period	<b>128,847</b>	<b>(167,677)</b>
Cash, beginning of the period	<b>1,217</b>	<b>169,062</b>
Cash, end of the period	<b>\$ 130,064</b>	<b>\$ 1,385</b>

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**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**  
For the periods ended February 28, 2021, and February 28, 2020  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>Number of shares outstanding</b>	<b>Share capital</b>	<b>Equity Reserve</b>	<b>Share subscription received</b>	<b>Accumulated deficit</b>	<b>Total Equity (Deficiency)</b>
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)
Balance – February 28, 2020	29,086,265	8,199,713	796,366	-	(8,509,110)	486,969
Net loss for the period	-	-	-	-	(739,706)	(739,706)
Balance – May 31, 2020	29,086,265	8,199,713	796,366	-	(9,248,816)	(252,737)
Private Placement – at \$0.05 per unit	9,372,000	468,600	-	-	-	468,600
Share issue costs	-	(45,885)	10,697	-	-	(35,188)
Share subscriptions received	-	-	-	113,750	-	113,750
Net loss for the period	-	-	-	-	(229,983)	(229,983)
<b>Balance – February 28, 2021</b>	<b>38,458,265</b>	<b>\$8,622,428</b>	<b>\$ 807,063</b>	<b>\$ 113,750</b>	<b>\$ (9,478,799)</b>	<b>\$ 64,442</b>

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**IMINING BLOCKCHAIN AND CRYPTOCURRENCY INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
February 28, 2021 and 2020  
(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”) 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 condensed interim 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 28, 2021, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and 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 May 31, 2020 annual financial statements.

The financial statements were authorized for issue by the Board of Directors on April 23, 2021.

b) **Basis of Measurement**

The condensed interim financial statements have been prepared on a historical cost basis. The condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of condensed interim 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.

c) **Going Concern of Operations**

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an

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

c) Going Concern of Operations – (cont'd)

economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The Company has generated revenue of \$nil from operations. The Company incurred a net loss of \$229,983 during the period ended February 28, 2021. As of February 28, 2021, the Company's accumulated deficit was \$9,478,799 and the Company had \$130,064 in cash, working capital of \$64,440 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 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 events 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 condensed interim financial statements.

**Note 3**     **Equipment and intangible assets**

During the year ended May 31, 2018, the Company acquired 500 S9 Antminer rigs (the "Rigs") at a cost of US\$2,000,000 and engaged a Provider to set-up, host and operate the cryptocurrency mining activities for 24 months to May 2020. In November, 2018, the Company suspended operation of its Rigs due to the market downturn in cryptocurrency values and, subsequently, the Rigs were determined to have no economic value and were written down to \$1. The Company subsequently abandoned the Rigs in the period ended February 28, 2021 and, as a result, believes there are no further commitments owing by the Company to the operator.

The Company also acquired the intellectual property rights to the "iMining" brand, including worldwide tradename, trademarks, and URL site for a cost of \$610,000,

\$250,000 in cash and 2,000,000 shares of the Company at a fair value of \$0.18 per share. During the year ended May 31, 2020, management determined that, as operations had not re-commenced for over 18 months, the intellectual property would be written down to \$1 and the write-down of \$609,999 has been recorded in profit or loss for the year ended May 31, 2020.

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 28, 2021  
(Stated in Canadian Dollars)  
(Unaudited)

**Note 4**     **Amounts Receivable**

	<b>February 28, 2021</b>	May 31, 2020
Taxes receivable	<b>\$ 21,218</b>	\$ 13,435

**Note 5**     **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.

The Company completed a non-brokered private placement in August 2020, in two tranches. The Company issued 9,372,000 units at \$0.05 per unit for gross proceeds of \$468,600. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant ("unit warrant") entitles the holder to purchase one common share of the Company at a price of \$0.10 per share for a period of 2 years. The Company incurred finders' fees in connection with the non-brokered private placement. The Company paid \$35,088 and issued 350,880 finders' warrants, which were valued at \$10,697 using the Black Scholes model. Finders' warrants have the same exercise terms as the unit warrants.

During the period ending February 28, 2021, subscriptions received of \$113,750 were held in trust pending the completion of the Financing and Acquisition (see Note 10).

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at May 31, 2019	902,700	\$ 0.26
Warrants Expired	(382,700)	0.20
Outstanding at May 31, 2020	520,000	0.30
Warrants Issued	5,036,880	0.10
<b>Outstanding at February 28, 2021</b>	<b>5,556,880</b>	<b>\$ 0.12</b>

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 28, 2021  
(Stated in Canadian Dollars)  
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**Note 5**     **Share Capital – (cont’d)**

b) Share Purchase Warrants

At February 28, 2021, there were 5,556,880 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
4,736,880	\$0.10	August 17, 2022
300,000	\$0.10	August 20, 2022

Subsequent to February 28, 2021, 400,000 warrants were exercised at \$0.30 per share and 338,000 warrants were exercised at \$0.10 per share for proceeds of \$153,800 to the Company.

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. There are no options outstanding as at February 28, 2021, however, subsequent to February 28, 2021, 8,000,000 stock options were granted to directors, officers and consultants at an exercise price of 43 cents per share. The options are exercisable for a period of five years to April 12, 2026.

**Note 6**     **Related Party Transactions**

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

<b>For the nine months ended February 28,</b>	<b>2021</b>	<b>2020</b>
Accounting fees	\$ 10,500	\$ 4,500
Management services	90,000	45,000
Office, rent and administration	9,000	9,000
<b>Total</b>	<b>\$ 109,500</b>	<b>\$ 58,500</b>

During the period ended February 28, 2021, the Company incurred expenses of \$109,500 (2020 - \$58,500) from companies controlled by officers of the Company.

**iMining Blockchain and Cryptocurrency Inc.**  
Notes to the Condensed Interim Financial Statements  
February 28, 2021  
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**Note 6**     **Related Party Transactions** – (cont'd)

Included in accounts payable at February 28, 2021 is \$23,625 (May 31, 2020 - \$219,671) due to officers of the Company and to a company controlled by an officer. These balances are in respect of management activities and reimbursable expenses.

During the period ended February 28, 2021, an officer and director forgave fees of \$18,375, including GST, which amounts have been net against Management services.

**Note 7**     **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 28,</b>		<b>February 28,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Issued and outstanding, beginning of the period	<b>38,458,265</b>	29,086,265	<b>29,086,265</b>	29,086,265
Weighted average shares issued during the period	-	-	<b>7,384,516</b>	-
Basic and diluted weighted average number of shares	<b>38,458,265</b>	29,086,265	<b>36,470,781</b>	29,086,265

**Note 8**     **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 ending February 28, 2021.

**Note 9      Financial Instruments**

The fair value of the Company's cash is categorized as Level 1 in the fair value hierarchy, established within *IFRS 7 – Financial Instruments: Disclosures*.

a) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's financial instruments are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's financial instruments, the Company is exposed to interest rate price risk. The Company's exposure to interest rate fluctuations is minimal.

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 28, 2021. Future cash flows from interest income on cash will be affected by interest rate fluctuations.

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 28, 2021 is \$130,064 (May 31, 2020 - \$1,217). Cash is held at a chartered Canadian financial institution and the Company has recognized an allowance against the full amount of the Future Farm advance, 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 28, 2021, the Company was holding cash of \$130,064 (May 31, 2020 - \$1,217). The Company's trade and other payables are due in the short term. As at February 28, 2021, the Company had working capital of \$64,440.

**Note 10**    **Acquisition and Private Placement**

The Company entered into a letter agreement dated February 2, 2021, with CanETH Staking Services Inc., a private Ontario corporation (“CanETH”), to acquire all the issued and outstanding securities of CanETH. The Exchange confirmed the Company has met the required filing requirements for the acquisition of CanETH and on March 22, 2021, The Company closed the acquisition and the accompanying private placement of \$2.155 million.

**Terms of the Agreement**

Effective March 22, 2021, the Company issued 28,000,000 common shares in the capital of the Company to the shareholders of CanETH, in exchange for acquiring all of the outstanding shares of CanETH, such that CanETH became a wholly owned subsidiary of iMining. No new control block was created as a result of the Acquisition. Shareholders of CanETH that held a minimum of 5% of the outstanding shares prior to the Acquisition, along with certain directors of the Company, have entered into voluntary lock-up agreements pursuant to which they will not sell, transfer or pledge 50% of their Shares prior to July 5, 2021, which affects approximately 8,870,000 Shares.

**Private Placement**

Prior to closing, the Company issued 17,240,000 subscription receipts at \$0.125 per receipt for proceeds of \$2,155,000, which were held in trust pursuant to the completion of the acquisition. Upon closing, the subscription receipts automatically converted into an equivalent number of units (Unit”), with each Unit being comprised of one common share and one-half of one common share purchase warrant (“Warrant”). Each whole Warrant entitles the holder to purchase one common share of the Company for \$0.245 for a period of two years following the closing date of the receipt of funds, provided that, if after four months and one day, the closing price of iMining’s Shares is equal to or greater than \$0.45 per Share for 20 consecutive trading days, the Company may, by notice to the Warrant holders, reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice. All securities issued in connection with the Receipts are subject to a hold period, expiring on July 5, 2021.

Aggregate compensations of \$135,187.50 and 1,081,500 finders’ warrants (having the same general terms as the Warrants forming part of the Units) were paid by the Company as finders’ fees and commissions for that portion of the Financing attributable to their efforts. The finders’ warrants are subject to a hold period, expiring on July 23, 2021.