SKYCHAIN TECHNOLOGIES INC.

(FORMERLY GREEN VALLEY MINE INCORPORATED)

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

For the Six Months ended September 30, 2018

(Unaudited)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review on interim financial statements by an entity's auditor.

SKYCHAIN TECHNOLOGIES INC.
(FORMERLY GREEN VALLEY MINE INCORPORATED)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	September 30, 2018	March 31, 2018
ASSETS		
Current		
Cash	$ 1,079,521	$ 1,568,470
Receivables (Note 8)	152,419	5,017
Prepaid expenses (Note 9)	192,071	3,900
Total current assets	1,424,011	1,577,387
Goodwill (Note 5)	1,851,483	-
Reclamation deposits (Note 6)	15,000	15,000
Prepaid acquisition cost (Note 5)	-	20,000
Property and equipment (Note 10)	1,520,733	-
Total assets	$ 4,811,227	$ 1,612,387
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 722,520	$ 31,184
Due to related parties (Note 14)	293,219	-
Payable to MiningSky (Note 5)	-	147,290
Unearned revenue (Note 11)	43,528	-
Total current liabilities	1,059,267	178,474
Customer deposits (Note 12)	245,746	-
Total liabilities	1,305,013	178,474
Equity		
Share capital (Note 13)	7,759,832	3,942,196
Reserves	175,458	175,458
Share subscriptions (Note 13)	-	1,413,050
Accumulated other comprehensive loss	2	-
Deficit	(4,429,078)	(4,096,791)
	3,506,214	1,433,913
Total liabilities and equity	$ 4,811,227	$ 1,612,387

NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS (Note 1)
COMMITMENT (Note 18)
EVENTS SUBSEQUENT TO THE REPORTING PERIOD (Note 19)

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

SKYCHAIN TECHNOLOGIES INC.
(FORMERLY GREEN VALLEY MINE INCORPORATED)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2017
REVENUE				
Hosting services	$ 86,618	$ -	$ 86,618	$ -
COSTS OF GOODS SOLD				
Amortization (Note 10)	(14,781)	-	(14,781)	-
Hosting operation costs	(57,699)	-	(57,699)	-
Gross profit	14,138	-	14,138	-
EXPENSES				
Accounting fees (Note 14)	19,350	1,550	28,250	2,775
Amortization (Note 10)	199	-	199	-
Consulting	7,219	1,005	10,144	4,517
Legal fees	41,653	879	67,995	879
Marketing and corporate communication (Note 14)	20,043	4,500	39,693	9,000
Office and miscellaneous	2,168	7,449	2,168	2,243
Rent	120,000	1,200	120,000	2,400
Registration and filing fee	21,531	1,779	33,031	4,279
Salary and benefits (Note 14)	37,966	-	37,966	-
Transfer agent	2,684	928	4,673	6,788
Travel	2,306	-	2,306	-
	(275,119)	(19,290)	(346,425)	(32,881)
Loss before other items	(260,981)	(19,290)	(332,287)	(32,881)
OTHER ITEMS:				
BC Mining Exploration tax credit	-	24,519	-	24,519
Write-off equipment	-	(847)	-	(847)
Net income (loss) for the period	(260,981)	4,382	(332,286)	(9,209)
Other comprehensive loss				
Item that may be reclassified subsequently to loss				
Unrealized foreign exchange translation	2	-	2	-
Comprehensive (loss) income for the period	$ (260,979)	$ 4,382	$ (332,285)	$ (9,209)
(Loss) income per share – basic and diluted	$ (0.02)	$ 0.00	$ (0.02)	$ (0.00)
Weighted average number of shares outstanding	21,192,423	18,440,383	20,022,824	18,440,383

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

SKYCHAIN TECHNOLOGIES INC.
(FORMERLY GREEN VALLEY MINE INCORPORATED)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share capital		Share subscription received	Reserves	Accumulated other Comprehensive Income	Deficit	Total
	Number of shares	Amount					
Balance at March 31, 2017	**18,440,383**	**$ 3,942,196**	**$ -**	**$ 175,458**	**$ -**	**$ (4,081,914)**	**$ 35,740**
Net loss for the period	-	-	-	-	-	(9,209)	(9,209)
Balance at September 30, 2017	**18,440,383**	**3,942,196**	**-**	**175,458**	**-**	**(4,091,123)**	**26,531**
Share subscription received	-	-	1,413,050	-	-	-	1,413,050
Net loss for the period	-	-	-	-	-	(5,618)	(5,618)
Balance at March 31, 2018	**18,440,383**	**3,942,196**	**1,413,050**	**175,458**	**-**	**(4,096,791)**	**1,433,913**
Private placement	8,549,833	2,564,950	(1,413,050)	-	-	-	1,151,900
Shares issued to acquire MiningSky	4,181,132	1,254,340	-	-	-	-	1,254,340
Share issuance cost	779,677	(1,654)	-	-	-	-	(1,654)
Accumulated other comprehensive income	-	-	-	-	2	-	2
Net loss for the period	-	-	-	-	-	(332,287)	(332,287)
Balance at September 30, 2018	**31,951,025**	**$ 7,759,832**	**$ -**	**$ 175,458**	**$ 2**	**$ (4,429,078)**	**$ 3,506,214**

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

SKYCHAIN TECHNOLOGIES INC.
(FORMERLY GREEN VALLEY MINE INCORPORATED)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six months ended September 30, 2018	Six months ended September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (332,287)	$ (9,209)
Item not involving cash:		
Amortization	199	847
Amortization in costs	14,781	-
Changes in non-cash working capital items:		
Receivables	1,482	(254)
Prepaid expenses	9,525	-
Unearned revenue	(8,543)	-
Accounts payable and accrued liabilities	45,848	2,300
Due to related parties	12,973	8,890
Net cash used in operating activities	(256,022)	2,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from MiningSky	320,147	-
Cash advanced to MiningSky	(1,703,000)	-
Net cash used in investing activities	(1,382,853)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share subscriptions	1,151,900	-
Share issue costs	(1,654)	-
Net cash provided by financing activities	1,150,246	-
Change in cash for the period	(488,629)	2,574
Effect of exchange rate changes on balance of cash held in foreign currencies	(320)	-
Cash, beginning of period	1,568,470	42,259
Cash, end of period	$ 1,079,521	$ 44,833
Non-cash transaction in the investing and financing activities		
Issuance of common share to acquire MiningSky	$ 1,254,340	$ -
Supplemental disclosures		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Skychain Technologies Inc. (formerly Green Valley Mine Incorporated) (‘Skychain” or the “Company”) was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange. The Company’s registered office and principal business address is 415 – 1112 West Pender Street, BC.

On September 18, 2018, the Company completed the acquisition of MiningSky Technology Ltd. (“MiningSky”) and the change of business process. MiningSky was incorporated under the Business Corporations Act (British Columbia) on November 10, 2017. On March 7, 2018 MiningSky incorporated a wholly-owned subsidiary MiningSky USA, Inc. (“MiningSky USA”) in Washington, United States. MiningSky was involved in the business of providing services to cryptominers all-in-one solution by offering warehouse space, low-cost electricity, and maintenance and hosting services. The Company also markets and sells its MiningSky 8-GPU Mining Rig (“M8 Rig”), a GPU-based miner to mine Ethereum (“ETH”) and other cryptocurrencies.

The Company was in the junior exploration industry and its principal business activity was the sourcing and exploration of mineral properties. After the acquisition of MiningSky and the change of business, the Company became a Tier 2 Technology Issuer.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

At September 30, 2018 the Company had accumulated a deficit of $4,429,078 which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance

These unaudited condensed consolidated interim financial statements ("Financial Statements") have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the IASB have been condensed or omitted and therefore, these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2018.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 30, 2018.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

The Company's condensed consolidated interim financial statements are presented in Canadian dollars. The Company and MiningSky's functional currency is the Canadian dollar. The functional currency of the United States subsidiary, MiningSky USA, is the United States dollar. These consolidated financial statements have been translated to the presentation currency in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items be translated using the rate that approximates the exchange rates at the dates of the transactions. All exchange differences are reported as a separate component of other comprehensive income (loss).

Consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries, MiningSky and MiningSky USA. All inter-company transactions and balances have been eliminated.

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred out of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Going Concern
As discussed in note 1, these unaudited condensed consolidated interim financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

b) Functional currencies
Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiaries, management considered the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. When no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

c) Inventories
The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) Principal versus agent
The Company sells M8 Rig as a principal and also facilitates sales of cryptocurrency mining machined for its customer. The Company applies judgment when assessing the indicators to determine the appropriate accounting for a particular arrangement.

e) Valuation of deferred tax assets and liabilities
Deferred tax assets and liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied. Deferred tax assets are estimated with consideration given to the timing, sources and amounts of future taxable income.

f) Valuation and useful lives of property and equipment
Changes in technology or the intended use of these assets as well as changes in economic or industry factors may create indicators of impairment or cause the estimated useful lives of these assets to change. Where impairment is indicated, the Company estimates the fair value of the assets and charges the difference between the fair value and the carrying amount, if any, to impairment expense. The estimates of the useful lives of property and equipment are reviewed on an annual basis. Depreciation or amortization is adjusted on a prospective basis, if and when required.

4. SIGNIFICANT ACCOUNTING POLICIES

Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company measures goodwill as the fair value for the consideration transferred including the recognized amount of any non-controlling interest in the acquiree less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. If this consideration is lower than the fair value of the net assets of the business acquired, the difference is recognized immediately in income as a gain from a bargain purchase. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Any contingent consideration and related indemnification rights are recognized at fair value at the acquisition date. Subsequent changes in fair value of contingent consideration and related indemnification rights classified as a financial liability and financial asset are recognized in income. Restructuring, transaction costs and other direct costs of a business combination are not considered part of the business acquisition transaction. Instead, such costs are expensed as incurred, unless they constitute the costs associated with issuing debt or equity securities.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

Transactions and balances
In preparing the consolidated financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Inventories

Inventories, comprising of goods for sale and materials for its own use, mainly include containers and computer and electronic supplies. Inventory is stated at the lower of cost and net realizable value. Costs are determined on a first-in, first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. As at September 30, 2018, there was no inventory.

Revenue recognition

The Company has adopted IFRS 15 Revenue from Contracts with Clients. The standard establishes a comprehensive framework for determining whether, how much, and when revenue is recognized.

According to IFRS 15, revenue is recognized when a client obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is measured based on the consideration specified in the contract with a client and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a client.

The Company has the following services from which it generates revenue:

(i) Sale of goods
Revenue from the sale of cryptocurrency mining rigs is measured at the fair value of the consideration received or receivable, net of returns. Revenue from the sale of mining rigs is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the control of goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Hosting service revenue
The Company provides cryptominers all-in-one solution by offering warehouse space, low-cost electricity, and maintenance and hosting services.

Revenue from the hosting services is recognized when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred for the transaction and costs to complete the transaction can be measured reliably.

Monthly access and maintenance revenue is recognized over the term of the related agreement on a straight-line basis. Deferred revenues represent amounts invoiced in excess of revenues recognized.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

(iii) Commission income
The Company records the net proceeds as commission income when it acts as agent to facilitate the transfer of goods or sales and its performance obligation is satisfied.

When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate unit of account is based on the relative fair values of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

Warranty costs

Warranty costs that are not otherwise covered by suppliers are accrued upon the recognition of the related revenue, based on the Company's best estimate, with reference to past experience.

The accounting for warranties requires management to make assumptions and apply judgments when estimating product failure rates and expected costs. As of September 30, 2018, no warranty liabilities are accrued.

Property and equipment

Recognition and Measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent Costs

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 of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Major Maintenance and Repairs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment *(continued)*

Gains and Losses

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, that are recognized net within other income in profit or loss.

Amortization

Amortization is recognized in profit or loss and property and equipment are amortized using the straight-line method over their estimated useful lives:

Equipment and tools	36 months
Vehicles	36 months
Containers	24 months
Transformers	24 months
Leasehold improvement	24 months

Leases

Leases meeting certain criteria are accounted for as capital leases. The imputed interest is charged against income. If the lease contains a term that allows ownership to pass to the Company, or there is a bargain purchase option, the capitalized value is depreciated over the estimated useful life of the related asset. Otherwise, the capitalized value is depreciated on a straight-line basis over the lesser of the lease term and its estimated useful life. Capital lease obligations are included in the long-term debt of the Company and are reduced by rental payments net of imputed interest. All other leases are accounted for as operating leases.

Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-financial Assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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 or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to the ordinary shareholders by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be anti-dilutive and therefore basic and diluted loss per share are the same.

Share-based payments

The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in share option reserve. When the options are exercised, share capital is credited for the consideration received and the related share option reserve is decreased.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received in the statement of comprehensive loss. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service. Amounts related to the issuance of shares are recorded as a reduction of share capital.

Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Financial instruments

The Company uses IFRS 9, Financial Instruments ("IFRS 9")

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets
The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company financial assets comprise of cash and receivables. Cash and receivable are measured at amortized cost.

Financial liabilities
The Company's liabilities include accounts payable, due to related parties and capital lease obligation. Accounts payable and due to related parties are measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Impairment
The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2018 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these financial statements.

(a) IFRS 16, Leases
The new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

(Expressed in Canadian dollars)

5. BUSINESS COMBINATION

On February 9, 2018, the Company entered into a share purchase agreement ("SPA") with 1151152 BC Ltd. ("1151152"), the only voting common shareholder of MiningSky Technology Ltd. ("MiningSky"). Pursuant to the SPA, the Company will purchase 100% of the issued and outstanding common shares of MiningSky from 1151152 by paying $20,000 in cash (paid).

On September 10, 2018, the Company entered into a share exchange agreement (the "SEA") with MiningSky and all of the Class A common shareholders of MiningSky. In June 2018, MiningSky completed a non-brokered private placement by issuing 4,181,132 Class A common shares at $0.30 per share for total proceeds of $1,254,340. To acquire all of the issued and outstanding Class A common shares of MiningSky, the Company will issue one common share in exchange for each one Class A common shares of MiningSky. All of the Class A common shareholders of MiningSky will become shareholders of the Company under the transaction.

On September 18, 2018, both the SPA and the SEA transactions were completed and MiningSky became e a wholly-owned subsidiary of the Company.

In total, as consideration for acquiring 100% interest in MiningSky, the Company paid $20,000 in cash to acquire the 1 voting shares and issued 4,181,132 common shares of the Company to the members of MinnigSky to exchange for the non-voting shares on a 1:1 base. The fair value of the shares issued is assumed to be $0.30 per share, for total consideration of $1,254,340.

The acquisition is accounted for as a business as defined under IFRS 3 Business Combination.

The assets and liabilities of MiningSky assumed on the acquisition are as follows:

Assets acquired		
Cash	$	320,147
Receivables and prepaids		346,671
Fixed assets		1,535,713
Liabilities assumed		
Accounts payable and accrued liabilities		(645,901)
Due to related parties		(280,246)
Due to Skychain		(1,555,710)
Unearned revenue		(52,071)
Customer deposits		(245,746)
Net liabilities assumed	$	(577,143)
Consideration paid		
Cash	$	20,000
Shares		1,254,340
Total consideration	$	1,274,340

The net liabilities of MiningSky of $577,143 assumed on the acquisition, are recognized initially at fair value. It is assumed the carrying amounts of MiningSky' net liabilities approximate fair value. The $1,851,483 of difference between the purchase consideration and the net liabilities assumed is recorded as goodwill on the statement of financial position.

(Expressed in Canadian dollars)

6. RECLAMATION DEPOSITS

As at September 30, 2018, the Company has $15,000 (March 31, 2018 - $15,000) in term deposits, recorded at cost, which is held as security for the Provincial Government of British Columbia related to certain exploration and evaluation assets (See Note 7).

7. EXPLRATION AND EVALUATION ASSETS

Wood Mining Group, Kamloops, British Columbia

During the year ended March 31, 2018, the Company received a British Columbia Mining Exploration tax credit of $24,519 related to exploration undertaken in a prior year.

During the year ended March 31, 2018, the Company sold certain claims in the northern portion of the Wood Mining Group claims to New Gold Inc. for $75,000. As the carrying value was written down in a prior year due to impairment, the Company recorded a reversal of impairment on exploration and evaluation assets of $75,000.

During the year ended March 31, 2018, the Company wrote the remaining Wood Mining Group claims down to $nil to reflect the uncertainty related to its economic value.

As at September 30, 2018 and March 31, 2018, the Company holds 100% interest in the mineral claims which cover approximately 1,766 hectares.

8. RECEIVABLES

Receivables are comprised of the following:

	September 30, 2018	March 31, 2018
	$	$
Commission income receivable	9,929	-
Hosting service income receivable	44,791	-
Goods and sales tax receivable	97,699	5,017
	152,419	5,017

9. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	September 30, 2018	March 31, 2018
	$	$
Lease expenses	11,095	-
Power and power supply contract	32,000	-
Purchase of equipment	108,175	-
Rent deposit	6,937	-
Other prepaid expenses	33,864	3,900
	192,071	3,900

(Expressed in Canadian dollars)

10. PROPERTY AND EQUIPMENT

	Vehicles	Transformers	Containers	Forklift	Leasehold improvement	Parts and tools	Total
Cost							
Balance, March 31, 2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquired wth MiningSky	15,354	71,515	386,212	21,889	135,687	905,056	1,535,713
Balance, September 30, 2018	$ 15,354	$ 71,515	$ 386,212	$ 21,889	$ 135,687	$ 905,056	$ 1,535,713
Accumulated amortization							
Balance, March 31, 2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	199	1,744	9,420	308	3,309	-	14,980
Balance, September 30, 2018	$ 199	$ 1,744	$ 9,420	$ 308	$ 3,309	$ -	$ 14,980
Net book value							
As at March 31, 2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -
At September 30, 2018	$ 15,155	$ 69,771	$ 376,792	$ 21,581	$ 132,378	$ 905,056	$ 1,520,733

During the six months ended September 30, 2018, amortization expense of $14,781 (2017 - $Nil) was recorded as costs associated with hosting services and $199 (2017 - $Nil) was recorded in the general and administration expenses.

11. UNEARNED REVENUE

The Company invoices its customers one month in advance of providing services. The unearned revenue represents the portion of cash received exceeding the revenue recognized during the period.

12. CUSTOMER DEPOSITS

The Company usually requests a deposit equal to two months of services upon entering the host service agreements with the customers, of which 50% of deposit is usually applied to the first month of service, and the remaining will be held by the Company till the end of service agreement.

13. SHARE CAPITAL

Authorized

Unlimited common shares without par value

As at September 30, 2018, there were 31,951,025 (March 31, 2018 - 18,440,383) common shares issued and outstanding.

Share consolidation

On May 4, 2017, the Company completed a share consolidation on the basis of one new common share for every 4.5 old common shares. All share amounts have been retroactively restated in these financial statements.

Share issuance

There were no share issuances during the year ended March 31, 2018.

During the six months ended September 30, 2018, the Company

1) closed a non-brokered financing by issuing 847,000 shares at $0.30 per share for total proceeds of $254,100, of which $119,100 was received as of March 31, 2018. The Company issued 21,000 common shares as finder's fees and paid $1,654 filing fees.

2) closed a non-brokered financing by issuing 7,702,833 shares at $0.30 per share for total proceeds of $2,310,850, of which $1,293,950 was received as of March 31, 2018. The Company issued 758,677 common shares as finder's fees.

3) issued 4,181,132 shares to exchange for all of the issued and outstanding Class A common shares of MiningSky. The shares were valued at $0.30 per share. (Note 5)

Stock options

The Company has established a stock option plan for directors, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of 5 years. The vesting periods of stock options issued under the plan are determined at the discretion of the Board of Directors.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Stock options (continued)

During the six month period ended September 30, 2018, there were no options granted by the Company. As at March 31, 2018 and September 30, 2018, there were no stock options outstanding.

Warrants

A summary of share purchase warrant activity is as follows:

	2018	
	Number of warrants	**Weighted average exercise price**
Issued and outstanding, March 31, 2017	-	$ -
Issued	2,555,556	$ 0.315
Issued and outstanding, March 31, 2018	2,555,556	$ 0.315
Expired	(2,555,556)	$ 0.315
Issued and outstanding, September 30, 2018	-	$ -

14. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2018, the Company had the following related party transactions and balances:

a) The Company incurred $6,000 (2017 - $Nil) as salaries to the Chief Executive Officer ("CEO"). As of September 30, 2018, an amount of $2,506 owing to the CEO is included in due to related parties.

b) The Company incurred $27,800 (2017 - $Nil) as accounting fees to a company controlled by the Chief Financial Officer ("CFO"). As of September 30, 2018, an amount of $12,600 is included in due to related parties.

c) The Company incurred $39,296 (2017 - $Nil) as marketing and corporate communication expenses to a company controlled by a director of the Company. As of September 30, 2018, $Nil is owed to this company.

d) The Company reimburse rent and internet service to Vling E Business ("Vling"), a company controlled by the CEO. As of September 30, 2018, an amount of $118,313 is included in due to related parties.

e) As of September 30, 2018, the Company owes $61,713 to a director of the Company.

f) As of September 30, 2018, the Company owes $98,087 to 1151152 BC Ltd., a significant shareholder controlled by the CEO and a director.

The amounts due to related parties are unsecured, non-interest bearing and no specific terms of repayment.

15. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and purse its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

16. FAIR VALUE OF FINANCIAL INSTRUCMENTS AND RISK MANAGEMENT

As at September 30, 2018, the Company's financial instruments comprised cash, receivables, accounts payable, due to related parties, and unearned revenue. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities.

Currency risk

A portion of the Company's expenses are incurred in United States dollars and financial instrument balances are held in these currencies. A change in the currency exchange rates between the Canadian dollar relative to the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows. However, as the Company does not maintain significant cash balances in foreign currencies and settles any transactions in foreign currencies quickly, its exposure to currency risk is considered insignificant as at September 30, 2018.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is limited to its cash. The Company limits exposure to credit risk by maintaining its cash with large Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2018, the Company had a cash balance of $1,079,521 to settle current liabilities of $1,059,267. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs to raise additional funds to sustain its operation for the next 12 months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

(Expressed in Canadian dollars)

16. FAIR VALUE OF FINANCIAL INSTRUCMENTS AND RISK MANAGEMENT (continued)

Price risk

The Company is providing hosting services to cryptocurrency miners and selling M8 Rigs. Although the Company does not mine cryptocurrency by itself, the fluctuation of cryptocurrency prices will affect the Company's customers and therefore the Company's operation indirectly.

17. SEGMENTED INFORMATION

The Company has two reportable segments: sales of mining rigs and machine, and hosting service for cryptominers. The Company has been focusing on providing hosting services.

Sales of mining rigs and machine

The Company markets and sells its M8 Rig, a GPU-based miner to mine ETH and other cryptocurrencies, and other mining machines.

Hosting service

The Company provides cryptominers all-in-one solution by offering warehouse space, low-cost electricity, and maintenance and hosting services.

The table below provides information regarding the Company's identified segments for the six months ended September 30, 2018:

	Sales of mining rigs and machine, and commission	Hosting service	Total
Revenue	$ -	$ 86,618	$ 86,618
Costs of goods sold	$ -	$ 72,480	$ 72,480
Operating loss	$ -	$ 332,287	$ 332,287
Property and equipment	$ -	$ 1,520,733	$ 1,520,733

18. COMMITMENT

MiningSky entered a lease arrangement in March 2018 for its facility in Houston, British Columbia for a period of 2 years with an option to renew for another 3 years. Pursuant to the terms and conditions of the lease agreement, MiningSky is required to make an annual lease payment of $162,000 plus operating costs.

19. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On October 17, 2018, the Company entered into a purchase agreement to acquire cryptocurrency mining assets ("RPC Assets") including the assignment of a lease for a property near Port Melon, BC from Renewable Power Corp. ("Renewable") valued at $650,000 in total. The Company has agreed to issue 2,166,666 common shares to Renewable at a deemed price of $0.30 per share.

On October 18, 2018, the Company has also entered into a non-arm's length purchase agreement to acquire cryptocurrency mining assets ("VEL Assets") from Vling E-Business Ltd. ("Vling"), which is a company controlled by Bill (Ningtao) Zhang, the President and CEO of the Company. The Company has agreed to issue 3,732,186 common shares to Vling at a deemed price of $0.30 per share for a total valuation of $1,119,656.

Both transactions are subject to regulatory approval.