NEPTUNE DASH TECHNOLOGIES CORP.

Condensed Consolidated Interim Financial Statements

For the Three and Six Month Periods Ended February 28, 2019

(Unaudited)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Neptune Dash Technologies Corp.
Condensed Consolidated Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
As at

	February 28, 2019	August 31, 2018
ASSETS		
Current		
Cash	$ 726,289	$ 1,062,306
Amounts receivable and prepaid expenses	96,830	73,363
Digital currencies (Note 4)	75,894	148,282
	899,013	1,283,951
Digital currencies (Note 4)	2,099,937	5,458,379
Office equipment (Note 5)	22,378	26,269
	$ 3,021,328	$ 6,768,599
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 118,977	$ 31,838
Due to related party	100,000	100,000
	218,977	131,838
Equity		
Share capital (Note 7)	24,611,377	24,353,044
Reserves (Note 7)	4,304,987	4,360,820
Deficit	(26,114,013)	(22,077,103)
	2,802,351	6,636,761
Total Liabilities and equity	$ 3,021,328	$ 6,768,599

Nature and continuance of operations (Note 1)

On behalf of the Board on April 26, 2019:

"Cale Moodie" Director *"Troy Wong"* Director

Neptune Dash Technologies Corp.
Condensed Consolidated Interim Statement of Loss and Other Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended February 28, 2019	Three months ended February 28, 2018	Six months ended February 28, 2019	Period from Incorporation on October 31, 2017 to February 28, 2018
Revenue	$ 32,459	$ 156,535	$ 102,278	$ 160,873
Cost of Sale				
Operating and maintenance costs	(4,196)	(11,413)	(4,196)	(11,413)
	28,263	145,122	98,082	149,460
Expenses				
Consulting fees (note 6)	129,585	80,224	251,261	218,958
Depreciation (note 5)	1,946	769	3,891	769
Directors fees	13,500	9,000	27,000	9,000
Listing fees (note 3)	-	3,512,337	-	3,512,337
Marketing	19,000	368,501	29,000	368,501
Office and miscellaneous	15,580	15,247	37,328	19,142
Professional fees	24,821	35,973	45,127	116,029
Share-based compensation (note 7)	81,806	2,267,028	202,500	2,861,028
Travel, road shows and conferences	1,978	59,952	5,777	64,367
	(288,216)	(6,349,031)	(601,884)	(7,170,131)
Net loss before other expenditures	(259,953)	(6,203,909)	(503,802)	(7,020,671)
Other expenditures				
Revaluation of digital currencies (note 4)	(301,464)	(6,607,597)	(3,533,108)	(4,999,107)
Net loss before tax	(561,417)	(12,811,506)	(4,036,910)	(12,019,778)
Deferred income recovery	-	331,942	-	-
Net loss and comprehensive loss	$ (561,417)	$ (12,479,564)	$ (4,036,910)	$ (12,019,778)
Weighted Average Number of Common Shares Outstanding				
Basic and Diluted	80,405,736	53,791,405	80,298,946	46,511,693
Loss per Common Share				
Basic and diluted	$ (0.01)	$ (0.23)	$ (0.05)	$ (0.26)

Neptune Dash Technologies Corp.
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital		Reserves				
	Number of Common Shares	Share Capital	Share-based payments	Warrant reserve	Subscriptions receivable	Deficit	Total
		$	$	$	$	$	$
Balance on incorporation, October 30, 2017	-	-	-	-	-	-	-
Seed shares	12,000,000	600,000	-	-	(6,000)	-	594,000
Private placements	18,000,000	2,400,000	-	-	-	-	2,400,000
Convertible Debenture Financing	41,400,000	20,700,000	-	-	-	-	20,700,000
Finders fees	1,200,000	180,000	-	-	-	-	180,000
Share issue costs	-	(2,695,933)	-	667,370	-	-	(2,028,563)
Shares issued for services	500,000	100,000	-	-	-	-	100,000
Acquisition of Crossroads	7,093,329	3,546,665	-	-	-	-	3,546,665
Share-based compensation	-	-	2,267,028	-	-	-	2,267,028
Loss and comprehensive loss for the period	-	-	-	-	-	(12,019,778)	(12,019,778)
Balance at February 28, 2018	80,193,329	24,830,732	2,267,028	667,370	(6,000)	(12,019,778)	15,739,352
Balance at August 31, 2018	80,193,329	24,353,044	3,228,544	1,132,276	-	(22,077,103)	6,636,761
Share-based payments	-	-	202,500	-	-	-	202,500
Restricted Share Units	516,666	258,333	(258,333)	-	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	(4,036,910)	(4,036,910)
Balance at February 28, 2019	80,709,995	24,611,377	3,172,711	1,132,276	-	(26,114,013)	2,802,351

Neptune Dash Technologies Corp.
Condensed Consolidated Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the six months ended February 28, 2019	Period from Incorporation on October 30, 2017 to February 28, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (4,036,910)	$ (12,019,778)
Items not affecting cash:		
Depreciation (Note 5)	3,891	769
Listing fee	-	3,336,984
Revaluation of digital currencies (Note 4)	3,533,108	4,999,107
Revenue from digital currencies (Note 4)	(102,278)	(160,873)
Share-based compensation (Note 7)	202,500	2,961,028
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(23,467)	(78,625)
Digital currencies	-	(18,626,957)
Accounts payable	87,139	264,934
	(336,017)	(19,323,411)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Crossroad (note 3)	-	218,139
Purchase of equipment	-	(27,394)
	-	190,745
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance (Note 7)	-	23,100,000
Share issuance costs	-	(1,848,563)
Shareholder loan (note6)		100,000
	-	21,351,437
Net change in cash	(336,017)	2,218,771
Cash, beginning of period	1,062,306	-
Cash, end of period	$ 726,289	$ 2,218,771

Non-cash Financing Transactions		
Common shares and warrants issued for share issue costs	$ -	$ 667,370
Common shares issued for services	$ -	$ 100,000

1. NATURE AND CONTINUANCE OF OPERATIONS

Neptune Dash Technologies Corp. (the "Company" or "Neptune") (formerly Crossroad Ventures Inc.) was incorporated on March 15, 2000 under the under the laws of the province of British Columbia. The Company's shares are listed on the TSX Venture Exchange (TSX-V) under the symbol DASH. The head office, registered and records office of the Company is located at 620 – 1155 West Pender Street, Vancouver, BC, V6E 2P4.

Neptune is engaged in the business that builds, owns and operates digital currency infrastructure assets. Its core assets and primary business model is to build, operate and own masternodes on the Dash blockchain network.

On February 16, 2018 the Company incorporated a wholly owned subsidiary, Neptune Stake Technologies Corp. ("Neptune Stake") which holds a portfolio of digital currencies.

During the year ended August 31, 2018 the Board of Directors authorized a 20-for-1 share split. The number of issued and outstanding shares has been retrospectively restated for all periods unless otherwise stated.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is subject to risks and uncertainties common to digital currency companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

REVERSE TAKEOVER

On December 1, 2017, the Company and Neptune Dash Nodes Corp. ("Dash"), entered in to an Amalgamation Agreement whereby the Company acquired all of the outstanding shares of Dash, being 31,700,000 shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Amalgamation Agreement, the shareholders of Dash held approximately 81.72% of the Company. Accordingly, Dash is considered to have acquired the Company with the transaction being accounted for as a reverse takeover of the Company by Dash shareholders (the "RTO").

As Dash is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on October 30, 2017 are included in the consolidated financial statements at their historical carrying value. The Company's results of operations are included from December 1, 2017 onwards. Concurrent with the RTO, the Company converted the $20,700,000 financing and issued an additional 41,400,000 common shares (Note 7). On completion of the RTO the company changed its name to Neptune Dash Technologies Corp.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION (continued)

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its subsidiaries.

The accounting policies applied in preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the period ended August 31, 2018, except for the following:

<u>Financial instruments</u>

On May 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC (International Financial Reporting Interpretations Committee) that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Standard is effective for annual periods beginning on or after January 1, 2019:

2. BASIS OF PREPARATION (continued)

Accounting standards issued but not yet effective (continued)

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The Company does not expect the adoption of this new standard to have a material impact on the Company's financial statements.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Significant estimates include the valuation and impairment of Dash digital tokens and other digital currencies, and share-based payment calculations.

Significant judgements

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the evaluation of the Company's ability to continue as a going concern

(i) Going concern

The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgement. Management closely monitors the operations and cash flows in the Company. Further information regarding going concern is outlined in Note 1.

(ii) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

(iii) Functional currency

The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

2. BASIS OF PREPARATION (continued)

Significant judgements (continued)

(iv) Digital currencies

Digital currencies are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital currencies are treated as intangible asset in accordance with IAS 38 "Intangible Assets".

Significant estimates

(i) Digital currency valuation

Digital currencies consist of cryptocurrency denominated assets (Note 4) and are included in both current and long-term assets. Digital currencies are carried at their fair market value determined by the spot rate based on the hourly volume weighted average from www.cryptocompare.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital currencies.

(ii) Share based compensation

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, employees, and consultants. The use of Black Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share based compensation calculation value, however the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has had limited history and is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

(Expressed in Canadian Dollars)

3. ACQUISITION OF CROSSROAD VENTURES INC

On December 1, 2017, the Company and Neptune Dash Nodes Corp. ("Dash"), entered in to an Amalgamation Agreement whereby the Company acquired all of the outstanding shares of Dash, being 31,700,000 shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Amalgamation Agreement, the shareholders of Dash held approximately 81.72% of the Company. Accordingly, Dash is considered to have acquired the Company with the transaction being accounted as a reverse takeover of the Company by Dash shareholders.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 – *Business Combinations* ("IFRS 3") since Crossroad Ventures Inc. ("Crossroad"), prior to acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 – *Share-based Payments* whereby the Company is deemed to have issued shares in exchange for the net assets of Crossroad together with its listing status at the fair value of the consideration received.

As a result of this transaction, a listing expense of $3,533,309 has been recorded. This reflects the difference between the estimated fair value of the Dash's shares deemed to have been issued to the Company's shareholders, plus transaction costs incurred, less the net fair value of the assets of the Company acquired.

In accordance with reverse acquisition accounting:

i) The assets and liabilities of Dash are included in the statement of financial position at their carrying values.
ii) The net assets of the Company are included at their fair value of $209,681.

Net assets acquired:		
Cash	$	218,139
Accounts payable		(8,458)
Fair value of net assets	$	209,681

iii) The listing expense of $3,533,309 was determined as follows:
   a. The number of Company common shares held by former Dash shareholders outstanding was 31,700,000 or 81.72% of the combined entity.
   b. The fair value of Dash is $15,850,000, which is based on the concurrent financing price of $0.50 per common share.
   c. The fair value of the shares issued to acquire the Company under the reverse acquisition accounting was $3,546,664 calculated as 7,093,329 common shares at approximately $0.50 per share.
   d. The difference between the fair value of $3,546,664 being the consideration paid, and the fair value of the net assets of the Company of $209,681, plus transaction costs of $196,326 amounted to a net listing expense of $3,533,309.

(Expressed in Canadian Dollars)

4. DIGITAL CURRENCIES

Digital currencies are recorded at their fair value on the acquisition date or when they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined from digital currency exchanges which list Dash.

Dash

As at February 28, 2019, the Company has 19,453 units of Dash digital tokens with a fair value of $2,099,937.

The Company has setup and operates 18 masternodes which require 1,000 Dash digital tokens each in order to operate on the Dash blockchain network. The remaining 1,943 Dash digital tokens are being used as working capital to fund the Neptune Pooling shared masternode service, or being kept in reserve to build future Dash masternodes. All 18 of the Company's Dash masternodes are operational and processing transactions on the Dash blockchain network.

During the six months ended February 28, 2019 the Company earned 628 (2018 – 175) Dash digital tokens with a fair value of $102,278 (2018 - $160,873). The amounts have been recorded as revenue in the current period and are inclusive of fees charged and rewards earned within Neptune Pooling.

As at February 28, 2019 the fair value of the 19,453 Dash digital tokens is as follows:

	Number		Amount
Balance on incorporation	-	$	-
Purchases	18,000		18,676,384
Dash earned	825		423,416
Balance at book value, August 31, 2018	18,825		19,099,800
Revaluation of Dash digital tokens	-		(13,641,421)
Balance, August 31, 2018	18,825		5,458,379
Dash earned	628		102,278
Balance at book value, February 28, 2019	19,453		5,560,657
Revaluation of Dash digital tokens	-		(3,460,720)
Balance, February 28, 2019	19,453	$	2,099,937

The fair value of the Dash digital tokens held as at February 28, 2019 is based on the quoted value of Dash digital tokens on February 28, 2019.

(Expressed in Canadian Dollars)

4. DIGITAL CURRENCIES (continued)

Other

During the period ended August 31, 2018 the Company acquired holdings in a portfolio of digital currencies, including Bitcoin, Ethereum, Litecoin, Stellar, NEO, Dash, Omisego, and QTUM. The holdings are weighted based on the various digital currency market capitalizations. The Company intends to stake these assets and earn income subject to protocol upgrades in the future. The Company invested an initial $200,000, which was rebalanced based on the market capitalizations on June 1, 2018. The transactions are summarized as follows:

		Amount
Balance on incorporation	$	-
Purchases		200,000
Exchange of digital currencies - disposals		(43,607)
Exchange of digital currencies – acquisitions		43,607
Realized loss on exchanges		(2,291)
Revaluation of digital currencies		(49,427)
Balance, August 31, 2018		148,282
Revaluation of digital currencies		(72,388)
Balance, February 28, 2019	$	75,894

5. OFFICE EQUIPMENT

		Office Equipment
Cost		
Balance, October 30, 2017	$	-
Acquisitions for the period		31,128
Balance, August 31, 2018 and February 28, 2019	$	31,128
Accumulated depreciation		
Balance, October 30, 2017	$	-
Depreciation for the period		4,859
Balance, August 31, 2018		4,859
Depreciation for the period		3,891
Balance, February 28, 2019	$	8,750
Carrying amounts		
As at October 30, 2017	$	-
As at August 31, 2018	$	26,269
As at February 28, 2019	$	22,378

(Expressed in Canadian Dollars)

6. RELATED PARTY BALANCES AND TRANSACTIONS

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

During the period ended February 28, 2019 the Company incurred the following related party transactions:

	February 28, 2019	February 28, 2018
Consulting fees	$ 212,499	$ 121,251
Directors fees	27,000	9,000
Share-based compensation	208,102	2,049,431

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The Company has the right to terminate the agreements with the officers of the Company by providing 12 months' notice or paying the equivalent of 12 months in fees to each officer.

In addition to the transactions above the Company had entered into the following related party transactions during the period ended February 28, 2019 and during the period from incorporation on October 30, 2017 to August 31, 2018:

- On October 30, 2017 the Company entered into a shareholders rights agreement where a shareholder of the Company provided a non-interest bearing demand promissory note of $100,000. The note is unsecured and due on demand or in any event within 10 years from the date the funds were advanced.

- During the period ended August 31, 2018 the Company agreed to pay $50,000 as bonuses to two officers if the Company is able to raise $2.0 million in equity prior to the public listing. The Company issued 500,000 common shares to the officers as bonus payments in accordance to their consulting agreements. The common shares were valued at $0.20 per share based on the concurrent private placement. As a result, $100,000 share-based compensation was recorded and included in consulting fees.

- During the period ended August 31, 2018 the Company granted 1,550,000 restricted share units to directors, officers and consultants of the Company. The Company recognized $202,500 in share-based compensation expense during the current period (Note 7). During the period ended August 31, 2018 the Company recognized $295,030.

- During the period ended August 31, 2018 the Company granted 5,625,000 stock options to directors and officers of the Company and recognized $2,728,168 in share-based compensation expense.

As at February 28, 2019 there was $39,743 (August 31, 2018 - $332) due to directors and officers of the Company and $nil (August 31, 2018 - $27,183) in consulting fees to officers that have been prepaid. The balances to related parties are unsecured, non-interest bearing and without fixed repayment terms.

7. SHARE CAPITAL

Authorized Capital

Unlimited common shares without par value

Shares issued

The Company issued 516,666 common shares due to the vesting of restricted share units during the period, there were no other shares issued during the period ended February 28, 2019

During the period ended August 31, 2018 the Company:

a) Issued 12,000,000 common shares at $0.01 per share for a total of $6,000. Share-based compensation of $594,000, being the difference between the share subscription price and the market price of 12,000,000 common shares issued to the shareholder of the Company, was charged to the statement of comprehensive income as share-based compensation.

b) Completed a non-brokered private placement and issued 8,000,000 common shares for gross proceeds of $400,000. In connection with the private placement, the Company issued 400,000 common shares of Finder's fees at fair value of $20,000.

c) Completed a non-brokered private placement and issued 10,000,000 common shares for gross proceeds of $2,000,000. In connection with the private placement, the Company issued 800,000 common shares and 800,000 warrants as Finder's fees, with a fair value of $160,000 and $76,313 respectively. Each agent warrant entitles the holder to purchase a share at a price of CAD$0.20 per share expiring November 10, 2019. The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Risk-free interest rate – 1.27%; Expected volatility – 89%; Expected dividend yield – nil; Expected life – 2 years; forfeiture rate – 0%.

d) Issued 500,000 common shares as bonus payment with a fair value of $100,000, pursuant to the consulting agreements described in Note 6.

e) Issued 41,400,000 common shares at $0.50 per share for gross proceeds of $20,700,000. The financing was raised via a convertible debenture, which as per the terms of the convertible debenture did not incur any interest and was automatically converted upon completion of the RTO (Note 3). In connection with the private placement, the Company issued 3,239,360 warrants as Finder's fees, with a fair value of $1,055,963. Each agent warrant entitles the holder to purchase a share at a price of CAD$0.50 per share expiring January 20, 2020. The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Risk-free interest rate – 1.80%; Expected volatility – 131%; Expected dividend yield – nil; Expected life – 2 years; forfeiture rate – 0%.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Escrowed Shares

In accordance with the policies of the TSXV as at February 28, 2019 an aggregate of:

a) 26,593,329 of the escrowed common shares are being released from escrow as follows: 25% (6,648,332) upon issuance of the Final Bulletin (released); 25% (6,648,332) on the date that is six months after the date of the Final Bulletin; 25% (6,648,332) on the date that is 12 months after the date of the Final Bulletin; and 25% (6,648,332) on the date that is 18 months after the date of the Final Bulletin. As of the date of this report 6,648,332 common shares remain in escrow.

Share Purchase Warrants and Stock Options

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, October 30, 2017	-	$ -	-	$ -
Granted	4,039,360	0.44	6,075,000	0.50
Outstanding, August 31, 2018 and February 28, 2019	4,039,360	$ 0.44	6,075,000	$ 0.50
Number currently exercisable	4,039,360	$ 0.44	6,075,000	$ 0.50

As at February 28, 2019 the following incentive stock options and share purchase warrants were outstanding:

	Number of Shares	Exercise Price	Remaining life (years)	Expiry Date
Stock options	6,075,000	$ 0.50	9.15	January 20, 2028
Agents warrants	800,000	0.20	0.6	November 10, 2019
	3,239,360	0.50	0.9	January 20, 2020

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common stock. 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 10 years and vest as determined by the board of directors.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Share-based payments (continued)

During the periods ended February 28, 2019 the Company did not grant any stock options. During the period ended February 28, 2018, the Company granted 6,075,000 options with a weighted-average fair value of CAD $0.36 per option to directors, officers and consultants. Total share-based payments recognized in the statement of operations for the period ended February 28, 2018 was $2,213,386 for incentive options granted and vested. This amount was also recorded as reserves on the statement of financial position.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	February 28, 2019	February 28, 2018
Risk-free interest rate	-	2.23%
Expected life of options	-	10 years
Expected annualized volatility	-	65%
Dividend yield	-	0.0%
Forfeiture rate	-	0.0%

Restricted share units

The Company has a long-term restricted share unit plan ("RSU's"). The RSU's entitle directors, officers or employees to common shares of the Company upon vesting, based on vesting terms determined by the Company's Board of Directors at the time of grant.

During the period ended August 31, 2018 the Company granted 1,580,000 RSU's which vest over the course of three years, such that 33.33% vest every 12 months. During the period ended February 28, 2019, 30,000 RSU's were forfeited. The net RSU share-based expense recognized in the consolidated statements of comprehensive loss for the period ended February 28, 2019 was $202,500 (2018 - $53,642). During the period ended February 28, 2019 the first tranche of RSU's vested and the Company issued 516,666 common shares. The RSU's had a fair value of $0.50 per unit on grant date based on the market price on the TSX-V for the Company's shares on the date the RSUs were granted.

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can 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 response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire more Dash and fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

9. FINANCIAL INSTRUMENTS

Classification

The Company's financial instruments consist of cash, accounts payable and due to related party. The Company classifies its cash as fair value through profit and loss, and accounts payable and due to related party as other financial liabilities. The carrying amount of cash, accounts payable and due to related party approximate their carrying values because of the short-term nature of these instruments.

9. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market date.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at February 28, 2019

	Level 1	Level 2	Level 3
	$	$	$
Financial assets			
Cash	726,289	-	-
Total financial assets	726,289	-	-

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. Financial instruments which are potentially subject to credit risk for the Company consist of cash and digital currencies.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at February 28, 2019 relating to cash of $726,289. All cash is held at a Canadian chartered bank, which minimizes credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates.

Interest risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

9. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Company incurs in the future in its operations as well as the currency in which the Company has historically raised capital. The Company is not currently exposed to significant currency risk as the Company's presentation currency is the Canadian dollar and major purchases and financings to date have been transacted in Canadian dollars.

10. SEGMENTED INFORMATION

The Company's sole operation is Canada. Accordingly, the chief decision makers consider the Company to currently have one segment and, therefore, segmented information is not presented.