HIVE Blockchain Technologies Ltd.

(formerly Leeta Gold Corp.)

Condensed Interim Consolidated Financial Statements

Three and nine months ended December 31, 2017 and 2016

(Expressed in US dollars)

(Unaudited)

HIVE Blockchain Technologies Ltd. (formerly Leeta Gold Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in US dollars)
(Unaudited)

	December 31 2017	March 31, 2017 *Restated - Note 2*	March 31, 2016 *Restated - Note 2*
Assets			
Current assets			
Cash	**$ 99,082,749**	$ 30,912	$ 1,685
Amounts receivable and prepaids (Note 7)	**11,825,275**	1,251	2,945
Digital currencies (Note 8)	**5,827,805**	-	-
	116,735,829	32,163	4,630
Data centre equipment (Note 9)	**15,250,404**	-	-
Deposit (Note 9)	**32,000,000**	-	-
Exploration and evaluation assets (Note 10)	**-**	446,752	144,592
Total assets	**$ 163,986,233**	$ 478,915	$ 149,222
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities (Note 11)	**$ 8,762,973**	$ 2,559,199	$ 2,516,488
Loans payable (Note 12)	**-**	117,180	492,729
	8,762,973	2,676,379	3,009,217
Deferred income tax liability (Note 14)	**485,000**	-	-
Total liabilities	**9,247,973**	**2,676,379**	**3,009,217**
Equity (deficiency)			
Share capital (Note 15)	**177,364,269**	6,360,537	5,228,837
Share subscriptions received (Note 15)	**-**	11,935	11,935
Reserves and accumulated other comprehensive income	**4,970,804**	255,885	189,920
Deficit	**(27,596,813)**	(8,825,821)	(8,290,687)
Total equity (deficiency)	**154,738,260**	(2,197,464)	(2,859,995)
Total liabilities and equity	**$ 163,986,233**	**$ 478,915**	**$ 149,222**

Nature of operations and change of business (Note 1)
Subsequent events (Note 9, 15)

Approved by the Board of Directors and authorized for issue on February 26, 2018:

"Harry Pokrandt" Director

"Frank Holmes" Director

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

HIVE Blockchain Technologies Ltd. (formerly Leeta Gold Corp.)
Condensed Interim Consolidated Statements of Income (Loss)
and Comprehensive Income (Loss)
(Expressed in US dollars)
(Unaudited)

	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
		Restated - Note 2		*Restated - Note 2*
Revenues	**$ 3,274,186**	$ -	**$ 3,445,005**	$ -
Cost of sales				
Operating and maintainance costs	**(891,499)**	-	**(949,359)**	-
Depreciation (Note 9)	**(954,149)**	-	**(1,034,286)**	-
	1,428,538	**-**	**1,461,360**	**-**
Revaluation of digital currencies	**2,373,508**	-	**2,382,801**	-
General and administrative expenses				
Advisory and consulting	**113,779**	-	**163,983**	2,217
Foreign exchange	**35,021**	-	**35,021**	-
Interest and bank charges	**1,071**	164,583	**45,425**	475,049
Management fees, salaries and wages (Note 13)	**65,299**	562	**83,311**	12,131
Marketing	**302,646**	-	**805,994**	-
Office and administration	**56,778**	596	**99,057**	9,837
Professional fees	**419,167**	(2,747)	**554,939**	12,360
Regulatory and transfer agent	**44,103**	3,380	**85,833**	7,312
Share based compensation (Note 15)	**1,827,024**	-	**4,533,663**	-
Travel	**418,945**	-	**418,945**	-
	(3,283,833)	(166,374)	**(6,826,171)**	(518,906)
Finance income	**116,511**	-	**117,219**	-
Transaction costs - Future Acquisition Rights (Note 6)	**-**	-	**(16,340,247)**	-
Net income (loss) from continuing operations before tax	**634,724**	**(166,374)**	**(19,205,038)**	**(518,906)**
Income tax expense (Note 14)	**(485,000)**	-	**(485,000)**	-
Net income (loss) from continuing operations	**149,724**	(166,374)	**(19,690,038)**	(518,906)
Loss from discontinued operations (Note 10)	**-**	-	**(446,752)**	-
Net income (loss) for the period	**$ 149,724**	$ (166,374)	**$ (20,136,790)**	$ (518,906)
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Translation adjustment	**71,354**	-	**151,505**	-
Other comprehensive income	**71,354**	-	**151,505**	-
Net income (loss) and comprehensive income (loss) for the period	**$ 221,078**	$ (166,374)	**$ (19,985,285)**	$ (518,906)
Basic & diluted loss per share - continuing operations	**$ 0.00**	$ (0.00)	**$ (0.12)**	$ (0.01)
Basic loss per share	**0.00**	(0.00)	**(0.13)**	(0.01)
Diluted loss per share	**0.00**	(0.00)	**(0.12)**	(0.01)
Weighted average number of common shares outstanding				
Basic (Note 16)	**259,485,921**	61,026,888	**153,141,619**	41,399,300
Diluted (Note 16)	**281,725,275**	61,026,888	**171,172,814**	41,399,300

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

HIVE Blockchain Technologies Ltd. (formerly Leeta Gold Corp.)
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in US dollars)
(Unaudited)

	Share capital		Share subscriptions received	Equity reserve	Cumulative translation adjustment	Deficit	Total equity (deficiency)
	Shares issued December 31	Amount $	$	$	$	$	$
At March 31, 2016 *restated (* Note 2)	31,639,133	5,228,837	11,935	39,883	150,037	(8,290,687)	(2,859,995)
Share subscriptions received	-	-	737,451	-	-	-	737,451
Shares issued	34,285,714	1,131,700	(737,451)	-	-	-	394,249
Net loss for the period	-	-	-	-	-	(518,906)	(518,906)
Translation adjustment	-	-	-	-	84,883	-	84,883
At December 31, 2016 *restated* (Note 2)	65,924,847	6,360,537	11,935	39,883	234,920	(8,809,593)	(2,162,318)
At March 31, 2017 *restated* (Note 2)	65,924,847	6,360,537	11,935	39,883	216,002	(8,825,821)	(2,197,464)
Private placements	128,496,817	160,601,160	-	-	-	-	160,601,160
Share issuance costs	-	(11,317,198)	-	-	-	-	(11,317,198)
Settlement with shareholder (Note 10)	-	-	-	-	-	1,365,798	1,365,798
Repayment of share subscriptions	-	-	(11,935)	-	-	-	(11,935)
Shares issued on Genesis acquisition	71,374,199	17,157,259	-	-	-	-	17,157,259
Shares issued on second Iceland acquisition (Note 9)	2,040,000	3,166,587	-	-	-	-	3,166,587
Share based compensation	-	-	-	4,533,663	-	-	4,533,663
Interest expense settled through warrant issuance	-	-	-	40,094	-	-	40,094
Exercise of warrants	34,285,714	1,373,626	-	-	-	-	1,373,626
Exercise of options	50,000	22,298	-	(10,343)	-	-	11,955
Net loss for the period	-	-	-	-	-	(20,136,790)	(20,136,790)
Translation adjustment	-	-	-	-	151,505	-	151,505
At December 31, 2017	**302,171,577**	**177,364,269**	-	**4,603,297**	**367,507**	**(27,596,813)**	**154,738,260**

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

(Expressed in US dollars)

	For the nine months ended December 31, **2017**	2016 *Restated - Note 2*
Operating activities		
Loss from continuing operations	**$ (19,690,038)**	$ (518,906)
Adjusted for:		
Depreciation	**1,034,286**	-
Deferred income tax expense	**485,000**	-
Share based compensation	**4,533,663**	-
Interest expense settled through warrant issuance	**40,094**	-
Transaction costs - Future Acquisition Rights	**16,340,247**	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	**(11,811,908)**	1,622
Digital currencies	**(5,827,805)**	-
Accounts payable and accrued liabilities	**7,559,977**	20,200
Cash used in operating activities	**(7,336,484)**	**(497,084)**
Investing activities		
Acquisition of data centre equipment	**(4,118,103)**	-
Cash consideration paid in Genesis transaction	**(9,000,000)**	-
Deposit for data centre equipment	**(32,000,000)**	-
Exploration and evaluation asset expenditures	-	(273,473)
Cash used in investing activities	**(45,118,103)**	(273,473)
Financing activities		
Exercise of warrants and options	**1,385,581**	-
Issuance of loans payable	**168,269**	-
Proceeds on private placements, net of share issuance costs	**150,100,974**	-
Repayment of loans payable	**(285,449)**	(248,793)
Repayment to related parties	-	(1,643)
Repayment of share subscriptions	**(11,935)**	-
Proceeds from subscriptions received and issuance of shares	**-**	1,131,700
Cash provided by financing activities	**151,357,440**	881,264
Effect of exchange rate changes on cash	**148,984**	(9,306)
Net increase in cash during the period	**99,051,837**	101,401
Cash, beginning of period	**30,912**	1,685
Cash, end of period	**$ 99,082,749**	$ 103,086
Supplemental cash flow information		
Share consideration issued for data centre equipment	**$ 3,166,587**	$ -
Share consideration issued for Genesis transaction	**16,340,247**	-

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

1. Nature of Operations and Change in Business

HIVE Blockchain Technologies Ltd. (the "Company") was incorporated in the province of British Columbia on June 24, 1987. In September 2017, the Company completed a change of business transaction on the TSX Venture Exchange ("TSXV") and changed its name from Leeta Gold Corp. to HIVE Blockchain Technologies Ltd. The Company is listed on the TSX Venture Exchange under the symbol "HIVE". The Company's registered address is 25th floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

In connection with to the Company's change of business filed in September 2017 ("Change of Business"), the Company acquired a digital currency mining data centre in Iceland (the "Genesis Transaction") from Genesis Mining Ltd. ("Genesis") (Note 6). The Company is in the business of providing infrastructure solutions in the blockchain industry, including the mining of digital currencies. Since the Change of Business, the Company has raised over C$200 million from equity financings (Note 15).

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting of the International Financial Reporting Standards" ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company is in the business of digital currencies, many aspects of which are not specifically addressed by current IFRS guidance. The Company is required to make judgements as to its accounting policies under IAS 8. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgements, however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's earnings and financial position as presented.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 26, 2018.

(b) Consolidation

These unaudited interim condensed consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

As of December 31, 2017, the Company had three wholly owned subsidiaries, HIVE Blockchain Iceland ehf., HIVE Blockchain Switzerland AG and Boden Technologies AB.

2. Basis of Presentation (continued…)

(c) Presentation and functional currency

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. 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 in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

In September 2017, the Company completed its Change of Business and made a decision to change the Company's presentation currency from Canadian dollars to United States dollars so that investors can better understand the Company's financial results and financial position.

These condensed interim consolidated financial statements have been prepared in US dollars as if the US dollar had been the presentation currency since April 1, 2015 and all comparative prior-period financial statements have been restated to US dollars in accordance with IAS 21 "Effect of Changes in Foreign Exchange Rates". For the purposes of presentation of the comparative consolidated financial statements; all assets and liabilities have been converted to US dollars at the rate prevailing at the end of the reporting period. Equity transactions are converted at the date of the transaction or at the average exchange rate for the period depending on the nature of the underlying transaction. The functional currency for HIVE Blockchain Technologies Ltd. is the Canadian dollar, and is the US dollar for its wholly owned subsidiaries. The exchange rates used in converting Canadian dollars to US dollars were as follows:

	Three months ended December 31	
	2017	2016
Exchange rate comparisons at period end	US$1 = C$1.2545	US$1 = C$1.3427
Average exchange rate for the period	US$1 = C$1.2713	US$1 = C$1.3347
	Nine months ended December 31	
	2017	2016
Exchange rate comparisons at period end	US$1 = C$1.2545	US$1 = C$1.3427
Average exchange rate for the period	US$1 = C$1.2886	US$1 = C$1.3090

The exchange rate comparison at March 31, 2017 was US$1 = C$1.3310

3. Significant Judgements

(a) 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.

3. Significant Judgements (continued…)

(b) Asset acquisition

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. The Company completed the Genesis Transaction in September 2017 (Note 6) at which time, concluded that the transactions did not qualify as a business combination under IFRS 3, "Business Combinations", as management concluded that significant processes were not acquired. Accordingly, the Genesis Transaction has been accounted for as an asset acquisition.

(c) Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss. The Company records the revaluation gains and losses in profit and loss because this is considered to be the most fair and accurate presentation of the Company's operations to the users of the financial statements.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IAS 18, Revenues, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

4. Significant Estimates

(a) Determination of asset fair values and allocation of purchase consideration

Significant asset acquisitions require judgements and estimates to be made at the date of acquisition in relation to determining the relative fair value of computing equipment and Future Acquisition Rights and the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgements and estimates about future events, including but not limited to availability of hardware and expertise, future production opportunities, future digital currency prices and future operating costs.

(b) Carrying value of computing equipment

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal

4. Significant Estimates (continued…)

(b) Carrying value of computing equipment (continued…)

sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

(c) Depreciation

Depreciation of computing equipment is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

(d) Deferred taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

(e) Digital currency valuation

Digital currencies consist of cryptocurrency denominated assets (Note 8) and are included in current assets. Digital currencies are carried at their fair 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.

(f) 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, officers, employees consultants and charities. 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.

5. Significant Accounting Policies

(a) Revenue Recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured. The coins are recorded on the statement of financial position as digital currencies at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss.

(b) Computing equipment

Items of equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Computing equipment is amortized on a straight-line basis over a four year life.

(c) Reserves

Equity reserves includes consideration recognized pursuant to share based compensation.

(d) Share capital

For unit offerings, the proceeds from the issuance of units are allocated between common shares and share purchase warrants using the residual method, allocating fair value to the common shares and then share purchase warrants.

(e) Digital currencies

Digital currencies consist of cryptocurrency denominated assets (Note 8) and are included in current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through the statement of profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the US dollar.

(f) Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less cost to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm’s length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available,

5. Significant Accounting Policies (continued…)

(f) Impairment of non-financial assets (continued…)

fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. The following have not yet been adopted by the Company and are being evaluated to determine its impact:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard that replaced IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations on revenue, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, which replaces previous lease accounting guidance, effective for annual periods beginning on or after January 1, 2019.

6. Genesis Transaction

In September 2017, the Company completed its transaction with Genesis whereby the Company acquired digital currency mining equipment in Reykjanes, Iceland from Genesis, as well as entered into certain other agreements, collectively being the Genesis Transaction. The Genesis Transaction consisted of four agreements, with the Transaction Agreement encompassing the remaining three: the Investor Rights Agreement, the Master Data Centre Equipment Purchase Agreement and the Master Services Agreement, as well as supplementary purchase and service orders.

The Transaction Agreement describes the general terms under which the Company acquired the computing equipment for the digital currency mining centre and arranged the ongoing maintenance and operation of the equipment as well as the future acquisition framework ("Future Acquisition Rights") whereby Genesis would provide, on a best efforts basis, up to four additional data centre opportunities in Iceland or Sweden over a period of one year, at an additional cost to the Company. In consideration, the Company issued to Genesis 67,975,428 common shares, being 30% ownership of the Company, and paid $9 million. In connection with the Genesis Transaction, the Company also paid transaction costs of $583,765 and issued a finder's fee of 3,398,771 common shares. In conjunction with the Genesis Transaction, the Company also completed a concurrent equity financing for gross proceeds of C$16,500,000 (Note 15).

Pursuant to the terms of the Investor Rights Agreement, Genesis is entitled to participate in future equity financings to allow Genesis to maintain its percentage ownership in the Company as well as certain other rights such as representation on the board of directors for a period of two years. During the period ended December 31, 2017, Genesis participated in each of the Company's three additional financings (Note 15) and accordingly, as of December 31, 2017, Genesis owns 25.62% of the Company on a non-diluted basis. Subsequent to the Genesis transaction, Genesis became a related party.

(Expressed in US dollars)

6. Genesis Transaction (continued…)

Pursuant to the terms of the Master Data Centre Equipment Purchase Agreement and supplemental purchase order, the Company acquired the computing equipment at a cost of $9,000,000. This agreement also governs the construction, delivery, installation, acceptance, warranty and other terms of the acquisition of computing equipment for current and future transactions.

Pursuant to the terms of the Master Services Agreement and supplemental service order, the Company will pay Genesis for the maintenance and operation of the computing equipment, for a monthly fee of $144,700 for a minimum term of one year. Each service order automatically renews and Genesis may only terminate the agreement by providing notice six months prior to the expiration of the most recently renewed term. The monthly cost may be subject to adjustment where there is a change in the underlying costs.

The Genesis Transaction has been accounted for as a purchase of assets and the costs have been allocated to the fair value of the assets acquired on the date of acquisition. The common shares issued as consideration were valued at C$0.30 per share, being the price of the concurrent equity financing for a total value of $16,340,247, along with cash consideration of $9,000,000.

Management identified two potential assets acquired in the Genesis Transaction, the computing equipment and the Future Acquisitions Rights and allocated the consideration between these two items; examining the future acquisition rights in detail, it was determined they did not meet the definition of an asset due to the lack of control over the Company's ability to enforce Genesis to deliver four opportunities. Accordingly, the value ascribed to the Future Acquisition Rights of $16,340,247 has been expensed as a transaction cost in profit and loss and $9,000,000 has been capitalized as computing equipment.

The Company incurred cash transaction costs of $583,765 and issued 3,398,771 shares valued at $817,012, for total transaction costs of $1,400,777 which have been recorded in equity as a cost of the shares issued.

During the period ended December 31, 2017, the Company entered into further acquisition agreements with Genesis in Iceland and Sweden (Note 9), and currently has one more opportunity outstanding from Genesis under the Future Acquisition Rights and anticipates a continued relationship with Genesis as a significant shareholder of the Company.

7. Amount receivable and prepaids

	December 31, 2017
Sales tax receivable	11,529,066
Prepaid expenses	296,209
Total:	11,825,275

(Expressed in US dollars)

8. Digital Currencies

As at December 31, 2017, the Company's digital currencies consisted of the below digital currencies, with a fair value of $5,827,805. Digital currencies are recorded at their fair value on the date they are received as revenues, and are revalued to their current market value at each reporting date. Fair value is determined by taking the hourly volume weighted average price (per the Central European Time zone) from www.cryptocompare.com.

		December 31, 2017 Carrying Value
Ethereum	$	5,296,327
Ethereum Classic		482,046
Z-Cash		49,432
Total	$	5,827,805

9. Equipment

Cost		**Data Centres**		**Total**
Balance, March 31, 2016 and 2017	$	-	$	-
Additions		16,284,690		16,284,690
Balance, December 31 2017	**$**	**16,284,690**	**$**	**16,284,690**
Accumulated depreciation				
Balance, March 31, 2016 and 2017	$	-	$	-
Depreciation		1,034,286		1,034,286
Balance, December 31 2017	**$**	**1,034,286**	**$**	**1,034,286**
Carrying amount				
Balance, March 31, 2016 and 2017	$	-	$	-
Balance, December 31 2017	**$**	**15,250,404**	**$**	**15,250,404**

In September 2017, the Company acquired $9,000,000 of data centre equipment from Genesis (Note 6). In October 2017, the Company acquired an additional digital currency mining facility in Iceland from Genesis for consideration of C$5,000,000 and the issuance of 2,000,000 common shares as well as 40,000 shares and $123,533 in transaction costs. The total consideration of equipment acquired is $7,284,690, being share consideration of $3,166,587 (Note 15) and cash consideration of $4,118,103. Genesis will also provide hosting, maintenance and related services for this facility pursuant to the existing Master Services Agreement.

During the period ended December 31, 2017, the Company entered into binding letter agreements to acquire a total of 20.4 MW of GPU mining rigs in Sweden and 20 MW of ASIC ("application specific integrated circuit chips) mining rigs in Sweden during 2018. The GPU mining rigs will be delivered in three phases of 6.8 MW each, at a cost of US$22 million per phase, for a total cost of $66 million. Phase 1 commenced mining on January 15, 2018, while Phase 2 and 3 are expected to be delivered in March and April 2018 respectively. The 20 MW of ASIC mining rigs will be housed in a separate facility and have delivery expected September 2018, for cash consideration of $34 million. In December 2017, the Company paid advances of $32 million towards the Sweden GPU mining rigs, which is included in Deposits as at December 31, 2017, while a further $65.5 million was advanced subsequent to December 31, 2017.

10. Discontinued Operations

Prior to the Company's Change of Business in September 2017, the Company was in the business of exploration and evaluation of mineral resources and held an interest in certain claims in British Columbia, Canada. Subsequent to the Genesis Transaction, these claims were sold to another party for nominal consideration and the balance written off.

The disposal of this asset is presented as discontinued operations, which consists entirely of the write down of the carrying value of the exploration and evaluation asset of $446,752. This amount was added back as a non-cash item in cash used in discontinued operations in the statement of cash flows.

11. Accounts Payable and Accrued Liabilities

In June 2017, a company controlled by a former significant shareholder of the Company agreed to extinguish a total of $1,365,798 of accounts payable and accordingly the Company recorded this amount as write-off of accounts payable (Note 13). This transaction was considered to be between shareholders acting in their capacity as shareholders and therefore has been recorded directly within equity.

The Company originally recorded the write-off of accounts payable through profit or loss for the three months ended June 30, 2017, and has restated its results for this period by increasing the net loss for the period by $1,365,798.

12. Loans Payable

During the nine months ended December 31, 2017, the Company received a loan of C$210,000 ($168,269) from a company owned by the Chief Executive Officer of the Company, which bore interest at 6% per annum, was unsecured, and had a term of one year. In connection with this loan, the Company issued 699,999 bonus warrants with an exercise price of C$0.30 and a term of one year (Note 13). In October 2017, the Company repaid the principal and accrued interest of $1,506.

The bonus warrants are considered to be a cost of the financing and have an estimated fair value of $40,094, which is included in interest expense, using the following Black Scholes assumptions: i) volatility of 65%; ii) term of one year; iii) interest rate of 0.93% - 1.21%; and iv) dividend rate of 0%.

As at March 31, 2017, the Company had certain loans outstanding due to related parties, which were settled (Note 13) prior to the completion of the Change of Business.

13. Related Party Transactions

The Company had the following related party transactions not otherwise disclosed in these financial statements:

a) As at December 31, 2017, an amount of $nil (March 31, 2017 - C$44,010) was owed to a company controlled by the former President of the Company.
b) As at December 31, 2017, included in accounts payable and accrued liabilities is an amount of $nil (March 31, 2017 - C$3,341,269) owing to a shareholder of the Company and companies controlled by this shareholder.
c) As at December 31, 2017, loans payable of $nil owed to various related and unrelated parties and accrued interest of $nil were owed to a company owned by the Chief Executive Officer of the Company. As at March 31, 2017, $117,180 of loans payable, including accrued interest of $3,849 were due to former related parties of the Company.

(Expressed in US dollars)

13. Related Party Transactions (continued…)

d) In June 2017, a company controlled by a shareholder of the Company agreed to extinguish a total of $1,365,798 of accounts payable. As at December 31, 2017, included in accounts payable and accrued liabilities is an amount of $nil (March 31, 2017 - C$1,836,589) owing to this Company.

e) As at December 31, 2017, the Company had $8,000,000 due to Genesis for the VAT portion of the deposit, as well as $61,328 due to directors for the reimbursement of expenses included in accounts payable and accrued liabilities.

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

For the nine months ended December 31, 2017, key management compensation includes salaries and wages (included in management fees) paid to the CEO of $66,411 and share based payments of $1,741,401 to directors and management.

14. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Nine Months ended December 31, 2017	Year ended March 31, 2017
Loss for the period from continuing operations before tax	**$ (19,205,038)**	$ (535,134)
Expected income tax (recovery)	$ (4,993,000)	$ (139,000)
Change in statutory, foreign tax, foreign exchange rates and other	(382,000)	-
Non-deductible amounts	1,105,000	(3,000)
Share issue costs	(2,942,000)	-
Change in unrecognized deductible temporary differences	7,697,000	142,000
Total income tax expense (recovery)	**$ 485,000**	$ -
Current income tax	$ -	$ -
Deferred income tax	485,000	-
Total income tax	**$ 485,000**	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2017	March 31, 2017
Deferred Tax Assets (liabilities)		
Loss carryforwards	$ 11,000	$ -
Digital currencies	(496,000)	-
Net deferred tax liability	**$ (485,000)**	$ -

(Expressed in US dollars)

14. Income Taxes (continued…)

The significant components of the Company's unrecognized temporary differences, unused tax credits and unused losses that have not been recognized on the consolidated statement of financial position are as follows:

	December 31, 2017	March 31, 2017
Share issue costs and other	$ 8,872,000	$ 1,231,000
Loss carryforwards	20,704,000	2,969,000
	$ 29,576,000	$ 4,200,000

Due to the Company's Change of Business on September 14, 2017, the majority of the Company's unrecognized temporary differences, unusued tax credits and unused tax losses incurred prior to this date are not expected to be accessible to the Company and are not included in the unrecognized temporary differences, unused tax credits and unused losses as at December 31, 2017.

15. Equity

(a) Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

(b) Issued and fully paid common shares

During the nine months ended December 31, 2017, the Company:

- Issued 34,285,714 common shares for proceeds of C$1,714,286 ($1,373,626) pursuant to the exercise of 34,285,714 warrants at C$0.05 per warrant;
- Issued 50,000 common shares for proceeds of C$15,000 ($11,800) pursuant to the exercise of 50,000 options at a price of C$0.30 per option. An amount of $10,208 was reallocated from reserves to share capital in connection with the exercise of these options;
- Refunded share subscriptions received of $11,935;
- Issued 71,374,199 common shares with a value of $17,157,259 pursuant to the Genesis Transaction (Note 6);
- Completed a private placement of C$16,500,000 ($13,221,154) pursuant to the conversion of 55,000,000 subscription receipts into 55,000,000 common shares of the Company;
- Completed a private placement of C$37,000,000 ($29,604,737) through the issuance of 24,666,667 common shares at a price of C$1.50 per share. As part of the financing, Genesis acquired 4,666,667 shares at a price of C$1.50 for proceeds of C$7,000,000 ($5,600,896);
- Completed a private placement of C$34,502,300 ($27,096,756) through the issuance of 12,322,250 units at a price of C$2.80 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$3.90 until November 14, 2019. As part of this financing, Genesis acquired 1,818,180 units at a price of C$2.80 for proceeds of C$5,090,904 ($3,998,197);
- Completed a private placement for gross proceeds of C$115,000,000 ($90,678,513) through the issuance of 36,507,900 units at a price of $3.15 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the folder to purchase one common share at a price of C$3.90 until November 14, 2019. As part of this financing, Genesis acquired 952,380 units at a price of C$3.15 for proceeds of C$3,000,000 ($2,391,391); and
- In connection with the above financings and equity issuances, the Company incurred share issuance costs of $11,317,198

(Expressed in US dollars)

15. **Equity** (continued…)

(b) Issued and fully paid common shares (continued…)

Certain shares are subject to TSXV and securities law restrictions on resale as well as voluntary pooling restrictions.

During the nine months ended December 31, 2016:

- Completed a private placement of C$500,000 ($380,914) through the issuance of 14,285,714 units at a price of C$0.035 per unit. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$0.05 until October 14, 2017; and
- Completed a private placement of C$1,000,000 ($761,828) through the issuance of 20,000,000 units at a price of C$0.05 per unit. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$0.05 until October 14, 2017. In connection with this financing, the Company incurred share issuance costs of C$11,042.

(c) Stock options

The Company has established a rolling Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to Consultants performing Investor Relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3 month period. All other options vest at the discretion of the Board of Directors.

Following is a summary of changes in stock options outstanding for the nine months ended December 31, 2017:

	Outstanding	Weighted average exercise price
Balance, March 31, 2017	-	C$ -
Granted	25,299,666	0.48
Exercised	(50,000)	0.30
Balance, December 31, 2017	25,249,666	C$ 0.48

The stock options outstanding and exercisable as at December 31, 2017, are as follows:

Outstanding	Exercisable	Exercise price	Expiry date
21,250,000	21,250,000	C$ 0.30	September 14, 2027
1,333,000	333,333	0.30	September 14, 2022
2,000,000	2,000,000	2.00	October 11, 2027
666,666	-	2.00	October 11, 2022
25,249,666	23,583,333		

Subsequent to December 31, 2017, 5,128,248 stock options were exercised for proceeds of C$1,538,474 ($1,183,442).

(Expressed in US dollars)

15. **Equity** (continued…)

(d) Warrants

Following is a summary of changes in warrants outstanding for the nine months ended December 31, 2017:

	Warrants outstanding	Weighted average exercise price	
Balance, March 31, 2017	34,285,714	C$	0.05
Issued	49,530,149		3.85
Exercised	(34,285,714)		0.05
Balance, December 31, 2017	49,530,149	C$	3.85

The warrants outstanding and exercisable as at December 31, 2017, are as follows:

Outstanding	Exercise price		Expiry date
166,666	C$	0.30	June 22, 2018
533,333		0.30	August 18, 2018
48,830,150		3.90	November 14, 2019
49,530,149			

(e) Share based compensation

During the nine months ended December 31, 2017, the Company:

- Granted 21,300,000 stock options with an exercise price of C$0.30 per share and an expiry date of September 14, 2027, which vested immediately; the fair value per option granted was $0.13 with a share based compensation expense of $2,697,588;
- Granted 1,333,000 stock options with an exercise price of C$0.30 per share, and an expiry date of September 14, 2022, vesting as follows: 25% on each of 3 months, 12 months, 24 months and 36 months after September 14, 2017. The fair value per option of the options granted is estimated at $0.09 per option and the share based compensation expense recognized for the vesting of these options to December 31, 2017 was $50,888;
- Granted 2,000,000 stock options with an exercise price of C$2.00 per share, and an expiry date of October 11, 2027, which vested immediately; the fair value per option granted was $0.87 with a share based compensation expense of $1,735,099; and
- Granted 666,666 stock options with an exercise price of C$2.00 per share, and an expiry date of October 11, 2022, which vest 1/6 on March 1, 2019 and then a further 1/6 every three months thereafter with the final tranche vesting on June 1, 2020. The fair value per option granted was $0.62 per option and the share based compensation expense recognized for the vesting of these options to December 31, 2017 was $46,763.

The following weighted average assumptions were used for the valuation of the stock options:

	2017	2016
Risk-free interest rate	1.96%	-
Expected life (years)	4.92	-
Annualized volatility	65.00%	-
Dividend rate	0.00%	-

16. Weighted Average Shares Outstanding

	Three months ended December 31, 2017	Three months ended December 31, 2016
Basic EPS	259,485,921	61,026,888
Effect of dilutive stock options and warrants	22,239,354	-
Diluted EPS	281,725,275	61,026,888

	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Basic EPS	153,141,619	41,399,300
Effect of dilutive stock options and warrants	18,031,195	-
Diluted EPS	171,172,814	41,399,300

As at December 31, 2016, all 34,285,714 share purchase warrants outstanding were excluded from dilutive weighted average shares outstanding as they were anti-dilutive.

17. Financial Instruments and Risk Management

The Company is exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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's primary exposure to credit risk is on its cash held in bank accounts as at December 31, 2017. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long term obligations as and when they fall 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.

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 affect the costs that the Company incurs in its operations as well as the currency in which the Company has historically raised capital.

The Company's presentation currency is the US dollar and major purchases are transacted in US dollars, while all financing to date has been completed in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than an entity's functional currency. A portion of the Company's general and administrative costs are incurred mainly in currencies separate from each entity's functional currency, such

(Expressed in US dollars)

17. Financial Instruments and Risk Management (continued…)

Foreign currency risk (continued…)

as Swiss Francs, the Euro, and Icelandic Kronor. The fluctuation of these currencies in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity.

The Company's net monetary position in the significant foreign currencies as of December 31, 2017 is summarized below with the effect on earnings before tax of a 10% fluctuation of each currency to the USD dollar:

	Net Monetary Position December 31, 2017 (USD$ equivalent)	Impact of 10% variance in foreign exchange rate
US Dollars	10,324,986	1,032,499
Swiss Francs	76,765	7,677
Icelandic Kronor	3,329,527	332,953

Interest rate risk

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

18. Digital Currency and Risk Management

Digital currencies are measured using level one fair values, determined by taking the rate from www.cryptocompare.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. 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 coin sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. The Company's digital currencies currently consist of Ethereum, Ethereum Classic and ZCash. The table below shows the impact of the 25% variance in the price of each of these digital currencies on the Company's earnings before tax, based on their closing prices at December 31, 2017.

		Impact of 25% variance in price
Ethereum	$	1,347,927
Ethereum Classic		140,004
Z-Cash		13,740

19. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2017.

20. Comparative Figures

Certain comparative data have been reclassified to conform with the presentation of the current year. The Company has grouped together certain items on the statements of financial positions and cash flows, and certain expenses on the statements of loss and comprehensive loss. There is no net impact on the financial position, net loss, cash flows or loss per share in fiscal 2017 as a result of these reclassifications.