

BLOCKCHAINK2 CORP.
(FORMERLY AFRICA HYDROCARBONS INC.)

Interim Consolidated Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

BLOCKCHAINK2 CORP. (FORMERLY AFRICA HYDROCARBONS INC.)

August 17, 2018

Management's Report to the Shareholders

Management is responsible for the reliability and integrity of these financial statements. The accompanying interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The interim consolidated financial statements are presented in Canadian Dollars.

The accompanying interim consolidated financial statements have been prepared using policies and procedures established by management and reflect fairly the Corporation's financial position, results of operations and changes in financial position, within reasonable limits of materiality and within the framework of the accounting policies outlined in the notes to the financial statements. Management has established and maintains a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of a majority of non-management directors. The Audit Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged.

The following interim consolidated financial statements are unaudited and have not been reviewed by the Corporation's auditor.

BLOCKCHAINK2 CORP. (FORMERLY AFRICA HYDROCARBONS INC.)

Interim Consolidated Statements of Financial Position

As at June 30, 2018 and September 30, 2017

(Expressed in Canadian dollars)

	June 30, 2018	September 30, 2017
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,868,009	\$ 1,047,267
Trade and other receivables	32,813	14,569
Prepaid expenses and deposits	34,681	916
	\$ 3,935,503	\$ 1,062,752
Equipment (Note 7)	238,296	-
	\$ 4,173,799	\$ 1,062,752
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables (notes 6, 12 and 13)	\$ 363,231	\$ 113,381
	363,231	113,381
Shareholders' Equity		
Share capital (note 9)	46,947,300	43,981,389
Warrants (note 9 (d))	1,171,339	104,449
Contributed surplus	11,162,989	9,959,641
Accumulated foreign currency translation	1,457,799	1,455,146
Deficit	(56,928,859)	(54,551,254)
	3,810,568	949,371
	\$ 4,173,799	\$ 1,062,752

Going concern (note 2)

Commitments and contingencies (note 15)

Subsequent events (note 16)

See accompanying notes to the interim consolidated financial statements.

Approved for issuance by the Board of Directors on August 17, 2018

Signed "Douglas Wu"

Douglas Wu, Director

Signed "Sergei Stetsenko"

Sergei Stetsenko, Director

BLOCKCHAINK2 CORP. (FORMERLY AFRICA HYDROCARBONS INC.)

Interim Consolidated Statements of Comprehensive Loss

For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Expenses				
General and administrative (note 12)	\$ 381,462	\$ 26,330	\$ 681,666	\$ 77,531
Professional fees	222,954	4,863	493,774	19,471
Share-based payments (note 9(c))	808,778	-	1,203,348	-
Finance expenses (income) (note 10)	(15,383)	2,798	(13,529)	4,485
Foreign exchange loss (gain)	11,401	(1,162)	12,346	184
Write-off of non-refundable deposit (note 8)	-	37,500	-	37,500
Settlement obligation (note 15)	-	10,000	-	10,000
	1,409,212	80,329	2,377,605	149,171
Net loss for the period	(1,409,212)	(80,329)	(2,377,605)	(149,171)
Other comprehensive income (loss)				
Exchange gain (loss) on translation	2,653	(1,155)	2,653	(78)
Comprehensive loss for the period	\$ (1,406,559)	\$ (81,484)	\$ (2,374,952)	\$ (149,249)
Net loss per share (note 10):				
Loss per share from continuing operations:				
Basic and diluted	\$ (0.10)	\$ (0.01)	\$ (0.18)	\$ (0.02)
Loss per share for the period:				
Basic and diluted	\$ (0.10)	\$ (0.01)	\$ (0.18)	\$ (0.02)

See accompanying notes to the interim consolidated financial statements.

BLOCKCHAINK2 CORP. (FORMERLY AFRICA HYDROCARBONS INC.)

Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

	June 30, 2018	June 30, 2017
Share capital		
Balance, beginning of period	\$ 43,981,389	\$ 42,900,211
Issued pursuant to private placement	3,663,127	-
Share issue costs, including broker warrants	(697,216)	-
Balance, end of period	46,947,300	42,900,211
Warrants		
Balance, beginning of period	104,449	-
Warrants issued	1,066,890	-
Balance, end of period	1,171,339	-
Contributed surplus		
Balance, beginning of period	9,959,641	9,720,425
Share-based payments	1,203,348	-
Balance, end of period	11,162,989	9,720,425
Accumulated foreign currency translation		
Balance, beginning of period	1,455,146	1,456,912
Gain (loss) on translation	2,653	(78)
Balance, end of period	1,457,799	1,456,834
Deficit		
Balance, beginning of period	(54,551,254)	(54,007,053)
Net loss for the period	(2,377,605)	(149,171)
Balance, end of period	(56,928,859)	(54,156,224)
Shareholders' equity (deficiency)	\$ 3,810,568	\$ (78,754)

See accompanying notes to the interim consolidated financial statements.

BLOCKCHAINK2 CORP. (FORMERLY AFRICA HYDROCARBONS INC.)

Interim Consolidated Statements of Cash Flows

For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Cash provided by (used in):				
Operating activities:				
Loss from continuing operations	\$ (1,409,212)	\$ (80,329)	\$ (2,377,605)	\$ (149,171)
Item not affecting cash:				
Share-based payments	808,778	-	1,203,348	-
Cash flows before non-cash operating working capital	(600,434)	(80,329)	(1,174,257)	(149,171)
Change in non-cash operating working capital:				
Decrease (increase) in trade and other receivables	(15,454)	(327)	(18,244)	991
Decrease (increase) in prepaid expenses and deposits	(26,391)	132,303	(33,765)	(16,841)
Increase (decrease) in trade and other payables	105,508	(50,510)	249,850	(66,050)
Cash flows from non-cash operating working capital	63,663	81,466	197,841	(81,900)
Cash flows provided by (used in) operating activities	(536,771)	1,137	(976,416)	(231,071)
Investing activity:				
Purchase of equipment	(238,296)	-	(238,296)	-
Cash flows used in investing activity	(238,296)	-	(238,296)	-
Financing activities:				
Proceeds received from private placement	587,500	-	4,444,168	-
Share issue costs	(1,199,358)	-	(1,218,608)	-
Proceeds received from issuance of warrants	807,241	-	807,241	-
Receipt of short-term loan	-	-	-	75,000
Cash flows provided by financing activities	195,383	-	4,032,801	75,000
Effect of foreign exchange on cash and cash equivalents	1,257	(1,155)	2,653	(78)
Net change in cash and cash equivalents	(578,427)	(18)	2,820,742	(156,149)
Cash and cash equivalents, beginning of period	4,446,436	37,720	1,047,267	193,851
Cash and cash equivalents, end of period	\$ 3,868,009	\$ 37,702	\$ 3,868,009	\$ 37,702

See accompanying notes to the interim consolidated financial statements.

BLOCKCHAINK2 CORP. (FORMERLY AFRICA HYDROCARBONS INC.)

Notes to the Interim Consolidated Financial Statements, page 7

For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

1. Nature of operations and basis of presentation:

BlockchainK2 Corp. (formerly Africa Hydrocarbons Inc.) (the “Corporation”) is a public company incorporated under the Company Act, Alberta, Canada and its shares are listed on the NEX on the TSX Venture Exchange. The principal business of the Corporation was to explore natural resource properties. In early 2016, the Corporation ceased to operate in the resource sector and on November 23, 2017 it was announced that it is management’s intention to complete a “Change of Business” transaction (“COB Transaction”) pursuant to the policies of the TSX Venture Exchange, with the result that the Corporation will become a blockchain technology company, listed on the Exchange. On May 28, 2018, the Corporation completed its COB transaction and changed its name to BlockchainK2 Corp. and its stock symbol to BITK.

Effective August 3, 2018, the Corporation began trading on the U.S. OTC Market under the symbol BIDCF.

The address of the Corporation’s main office is Suite 320, 600 6th Ave SW, Calgary, AB, T2P 0S5.

Statement of compliance

These interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), in particular IAS 34, interim reporting, and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), in effect at October 1, 2016. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in note 5.

Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis, except for the valuation of certain financial assets and financial liabilities to fair value.

Items included in the financial statements of the Corporation and its subsidiaries are measured using the currency of the primary economic environment in which the Corporation operates (the “functional currency”). The interim consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

2. Going concern:

The interim consolidated financial statements have been prepared on the basis that the Corporation will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Corporation will manage its activity levels, expenditures and commitments based on its current cash position. For the nine months ended June 30, 2018, the Corporation reported a net loss of \$2,377,605 (2017 - \$149,171) and has a deficit of \$56,928,859 (September 30, 2017 - \$54,551,254). These conditions indicate the existence of a material uncertainty that casts significant doubt about the Corporation’s ability to continue as a going concern. These interim consolidated financial statements do not reflect adjustments in the amounts and classifications of assets and liabilities reported that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

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For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

2. Going concern (continued):

The Corporation's ability to continue as a going concern is dependent on its ability to generate additional financial resources in the form of debt and/or equity in order to meet its planned business objectives. During the period ended June 30, 2018, the Corporation raised an aggregate proceeds of \$4,169,168 in conjunction to its COB transaction.

3. Significant accounting policies:

These policies have been applied consistently for all periods presented in these interim consolidated financial statements.

a.) Basis of consolidation

The interim consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries: Watutatu Inc., Africa Hydrocarbons (Bahamas) Ltd., and Africa Hydrocarbons Tunisia Ltd.

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with the subsidiaries are eliminated. The financial statements of the subsidiaries are prepared using consistent accounting policies with that of the Corporation.

b.) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and cash held in trust accounts with maturities of three months or less.

c.) Foreign currency translations

The functional currency of the Corporation is Canadian dollars and the functional currency of Watutatu Inc., Africa Hydrocarbons (Bahamas) Ltd., and Africa Hydrocarbons Tunisia Ltd. is US dollars.

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items are measured in terms of historical cost in a foreign currency and are translated using the exchange rate at the date of the transaction. The foreign currency gains or losses resulting from such transactions are recognized in the interim consolidated statement of loss and comprehensive loss.

The assets and liabilities of the Corporation's subsidiaries which have functional currencies different from the presentation currency of the Corporation are translated to the presentation currency at the rate of exchange in effect at the financial period end; revenue and expenses are translated at average exchange rates. All resulting exchange gains or losses are recognized as a foreign currency translation adjustment and included as a separate component of accumulated other comprehensive loss.

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For the three and nine months ended June 30, 2018 and 2017

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3. Significant accounting policies (continued):

d.) Equipment

Equipment is carried at cost less amortization and amounts written off. The asset's residual value, amortization methods and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. Amortization is provided for over the estimated lives of the related assets based on annual rates as follows:

Antminer	3 Years – Straight-line
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e.) Taxes

The Corporation follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date.

Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

f.) Share-based payments

The Corporation's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares in exchange for options surrendered. The Corporation records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the consolidated statement of loss and comprehensive loss as share-based payment expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Corporation's shares, the expected lives of the awards of share-based payments, the fair value of the Corporation's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

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For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

3. Significant accounting policies (continued):

g.) Warrants classified as equity

The Corporation has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component.

The fair value of the common share is based on the closing price on the closing date of the transaction and the fair value of the warrant is determined using the Black–Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

h.) Financial instruments

The Corporation classifies its financial instruments into one of the following categories: fair value through profit or loss; held-to-maturity investments; loans and receivables; available-for-sale financial assets; and financial liabilities measured at amortized cost. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in the consolidated statement of loss and comprehensive loss. All other categories of financial instruments are measured at amortized cost using the effective interest method except for available-for-sale financial assets that are measured at fair value through other comprehensive income.

Cash and cash equivalents and trade and other receivables are classified as loans and receivables. Trade and other payables are classified as other financial liabilities measured at amortized cost.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized immediately in the consolidated statement of loss and comprehensive loss. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument and amortized to the consolidated statement of loss and comprehensive loss using the effective interest method.

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in the consolidated statement of loss and comprehensive loss.

Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

i.) Comprehensive loss

Comprehensive loss is comprised of the Corporation's net loss and other comprehensive loss. Other comprehensive loss includes foreign currency translation of subsidiaries with a different functional currency than the Corporation.

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For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

3. Significant accounting policies (continued):

j.) Per common share amounts

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

4. Accounting standards:

Future accounting standards

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after October 1, 2017 or later periods.

The standards impacted that are applicable to the Corporation are as follows:

- a.) IFRS 2, "Share-based Payment" was amended in June 2016, the International Accounting Standards Board (IASB) issued amendments to IFRS 2, incorporated in Part I of the CPA Canada Handbook-Accounting by the Accounting Standards Board (ASB) in November 2016, to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on measurement of cash-settled share based payments;
- Share-base payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

- b.) IFRS 9, "Financial Instruments" was issued in November 2009 as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for impairment and hedge accounting. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. The Corporation continues to assess this new standard, but does not expect it to have a significant impact.

- c.) IFRS 15, "Revenue from Contracts with Customers" was issued in May 2016 to replace IAS 18 "Revenue" and IAS 11 "Construction Contracts", and several revenue related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. The Corporation continues to assess this new standard, but does not expect it to have a significant impact until revenue generating activities occur.

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For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

4. Accounting standards (continued):

Future accounting standards (continued)

- d.) IFRS 16, “Leases” was issued on January 13, 2017, the IASB issued IFRS 16 Leases which replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The standard becomes effective January 1, 2019. IFRS 16 will not impact the Corporation’s consolidated financial statements until such time as the Corporation enters into lease arrangements.
- e.) IAS 7, “Statement of Cash Flows” was issued in January 2017, the IASB has published amendments to IAS 7 “Statement of Cash Flows”. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. The Corporation is currently assessing the impact of this standard.

5. Critical accounting estimates and judgments:

The Corporation has made estimates and assumptions regarding certain assets, liabilities, and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting Estimates

a.) Share-based payments

The Corporation has made various assumptions in estimating the fair values of the common stock options granted including expected volatility, expected exercise behavior and future forfeiture rates. At each period end, options outstanding are re-measured for changes in the fair value of the liability due to forfeitures.

b.) Measurement of warrant valuation

The Corporation uses an option-pricing model to determine the fair value of the warrant. Inputs to the model are subject to various estimates about volatility, interest rates, dividend yields, forfeiture rates and expected life of the instruments issued. Fair value inputs are subject to market factors as well as internal estimates. The Corporation considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

c.) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

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For the three and nine months ended June 30, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

5. Critical accounting estimates and judgments (continued):

Accounting Judgments

a.) Deferred taxes

Tax interpretations, regulations and legislation are subject to change and as such income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Actual results may differ from these estimates due to, among other factors, future changes in business environment, currently unknown changes in income tax legislation, or results from the final review of tax returns by tax authorities.

b.) Functional currency

The determination of the Corporation's functional currency requires analyzing facts that are considered primary factors, and if the results are not conclusive, secondary factors. The analysis requires the Corporation to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency the Corporation analyzed both the primary and secondary factors, including the currency of the Corporation's revenues, operating costs, general and administrative costs and financing proceeds in the countries that it operates in.

c.) Going concern assessment

The interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Corporation's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position would be necessary.

6. Trade and other payables:

	June 30, 2018	September 30, 2017
Trade payables	\$ 363,231	\$ 89,381
Other accrued payables	-	24,000
	\$ 363,231	\$ 113,381

7. Equipment:

	Antminer
Cost	
Balance, September 30, 2017	\$ -
Additions	238,296
Balance, June 30, 2018	\$ 238,296
Net book value	
At June 30, 2018	\$ 238,296

No amortization was recognized during the nine months ended June 30, 2018.

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8. West Raglan Property:

On May 3, 2012, but effective April 1, 2012, the Corporation signed a dilution agreement that relinquishes all of its working and royalty interests in relation to the West Raglan project. Certain accruals remained on the Corporation's consolidated statement of financial position that related to refundable tax credits in Quebec. The Corporation wrote off the trade and other receivable accrual for the year ended September 30, 2014, and its trade and other payables in the year ended September 30, 2015 and 2016. No further re-assessments or requirements have been requested from the Quebec government.

The table below summarizes the discontinued operation expense:

Years ended September 30,	2017		2016	
Quebec refundable tax credits	\$	-	\$	22,963
	\$	-	\$	22,963

In the year ended September 30, 2017, the Corporation executed a purchase and sale agreement whereby the Corporation agreed to acquire certain mining claims held by a private company. The Corporation advanced a \$37,500 non-refundable deposit to the vendor. The Corporation decided to not move forward with the proposed acquisition and as a result, the deposit was lost.

9. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

On June 30, 2017, the Corporation completed a consolidation of its issued and outstanding common shares on the basis of twenty (20) pre-consolidation common shares for each one (1) post-consolidation common share. All per share numbers in these financial statements have been adjusted to reflect this consolidation.

	Number of Shares		Amount	
Balance, September 30, 2015 and 2016	8,205,475	\$	42,900,211	
Issued pursuant private placement (i)	1,406,250		225,000	
Warrants issued with private placement (note 9(d))	-		(104,449)	
Issued shares for debt (ii)	483,750		101,588	
Issued pursuant private placement (iii)	2,000,000		1,000,000	
Finder warrants	-		(67,111)	
Share issue costs	-		(73,850)	
Balance, September 30, 2017	12,095,475		43,981,389	
Issued pursuant private placement (iv)	450,816		275,000	
Issued pursuant private placement (v)	3,335,334		3,388,127	
Share issue costs	20,000		(697,216)	
Balance, June 30, 2018	15,901,625	\$	46,947,300	

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Notes to the Interim Consolidated Financial Statements, page 15

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9. Share capital (continued):**b.) Issued (continued):**

- (i) On July 31, 2017, the Corporation closed a non-brokered private placement of 1,406,250 equity units at a price of \$0.16 per unit for gross proceeds of \$225,000. Each unit consists of 1 common share and 1 common share purchase warrant in which the warrant entitles the holder to acquire 1 common share at an exercise price of \$0.21 per share for a period of 12 months. Finders' fee totaling \$3,850 in cash and a finder's warrant to acquire 24,062 common shares at a price of \$0.16 per share for a period of 12 months was paid.
- (ii) On July 31, 2017, the Corporation closed a shares for debt transaction where the short-term loan in the amount of \$75,000 plus interest payable of \$2,400 was settled by the issuance of 483,750 common shares at a price of \$0.16 per share. Based on the trading price of shares on the date of the settlement agreement was reached, a loss of \$24,188 has been recorded in the statement of loss and comprehensive loss.
- (iii) On August 25, 2017, the Corporation closed a non-brokered private placement of 2,000,000 common shares at a price of \$0.50 per share for gross proceeds of \$1,000,000. Finders' fee totaling \$70,000 in cash and a finder's warrant to acquire 140,000 common shares at a price of \$0.50 per share for a period of 12 months was paid.
- (iv) On November 8, 2017, the Corporation closed a non-brokered private placement of 450,816 common shares at a price of \$0.61 per common share for gross proceeds of \$275,000. Finders' fee totaling \$19,250 in cash and a finder's warrant to acquire 31,557 common shares at a price of \$0.61 per share for a period of 12 months was paid.
- (v) During the period ended June 30, 2018, upon completion of the COB transaction, the Corporation issued 3,335,334 common shares and 1,666,667 common share purchase warrants, for gross proceeds of \$4,169,168. Each warrant entitles the holder to purchase one common share of the Corporation at an exercise price of \$2.00 per common share for 12 months from the date of issuance. Finders' fee totaling \$392,117 in cash, 20,000 common shares valued at \$26,200, and 214,773 finders' warrants valued at \$241,074, was paid (note 9 (d)).

c.) Stock options:

The Corporation has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Corporation may be reserved for issuance pursuant to the exercise of stock options. The stock options vest immediately on the date of grant unless otherwise required by the exchange or imposed by the Corporation. A summary of the Corporation's stock options, and the changes during the period then ended is as follows:

	June 30, 2018		September 30, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	820,549	\$ 0.16	1,500,000	\$ 0.30
Granted	2,359,775	0.33	820,549	0.16
Forfeited	-	-	(1,500,000)	(0.30)
Options outstanding and exercisable, end of period	3,180,324	\$ 0.28	820,549	\$ 0.16

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9. Share capital (continued):**c.) Stock options (continued):**

The following table summarizes information about stock options outstanding and exercisable at June 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.16	820,549	9.00 years	\$0.16
\$0.52	434,080	9.34 years	\$0.52
\$0.25	1,130,614	9.94 years	\$0.25
\$0.33	795,081	9.94 years	\$0.33
	3,180,324	9.61 years	\$0.28

The fair values of the Corporation's options issued were estimated using the Black-Scholes option pricing model. Expected volatility was estimated by considering historic average share price volatility. The inputs used to measure the fair value of options issued were as follows:

	June 15, 2018	November 8, 2017	September 30, 2017
Volatility	268.13%	150%	368%
Risk free interest rate	2.18%	1.91%	1.68%
Expected life	10 years	10 years	3 years

On November 8, 2017, the Corporation granted options to certain directors of the Corporation to acquire a total of 434,080 common shares at an exercise price of \$0.52 per share and expire 10 years from the date of grant.

On June 15, 2018, the Corporation granted options to certain directors of the Corporation to acquire a total of 1,130,614 common shares at an exercise price of \$0.25 per share and expire 10 years from the date of grant, and 795,081 common shares at an exercise price of \$0.33 per share and expire 10 years from the date of grant.

Share-based payments totaling \$1,203,348 were expensed during the nine months ended June 30, 2018 (2017 - \$Nil).

d.) Warrants:

	June 30, 2018		September 30, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of period	1,570,312	\$ 0.24	-	\$ -
Issued (note 9(b) (iv))	1,913,997	1.90	1,570,312	0.24
Warrants outstanding, end of period	3,484,309	\$ 1.15	1,570,312	\$ 0.24

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9. Share capital (continued):**d.) Warrants (continued):**

The following table summarizes information about warrants outstanding and exercisable at June 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.21	1,406,250	0.08 year	\$0.21
\$0.50	140,000	0.08 year	\$0.50
\$0.16	24,062	0.15 year	\$0.16
\$0.61	31,557	0.36 year	\$0.61
\$2.00	1,667,667	0.90 year	\$2.00
\$1.25	28,000	1.76 years	\$1.25
\$2.00	10,000	1.76 years	\$2.00
\$1.25	176,773	0.55 years	\$1.25
	3,484,309	0.52 years	\$1.15

The inputs used to measure the fair value of warrants issued were as follows:

Number	176,773	10,000	28,000	1,667,666
Exercise price	\$1.25	\$2.00	\$1.25	\$2.00
Stock price	\$1.31	\$1.31	\$1.31	\$1.31
Volatility	270.62%	340.86%	340.86%	157.49%
Risk free interest rate	1.76%	1.81%	1.81%	1.92%
Expected life	1 year	2 years	2 years	1 year
Fair value	\$192,108	\$12,847	\$36,119	\$1,049,120

Number	31,557	1,406,250	140,000	24,062
Exercise price	\$0.61	\$0.21	\$0.50	\$0.16
Stock price	\$0.92	\$0.21	\$0.55	\$0.21
Volatility	150%	299%	258%	299%
Risk free interest rate	1.40%	1.30%	1.25%	1.30%
Expected life	1 year	1 year	1 year	1 year
Fair value	\$18,575	\$104,449	\$62,645	\$4,466

10. Finance income (expense):

The Corporation's finance income (expense) consists of the following:

Three months ended June 30,	2018	2017
Bank fees	\$ 441	\$ 33
Interest expense (income)	(15,824)	2,765
Finance expense (income)	\$ (15,383)	\$ 2,798
Nine months ended June 30,	2018	2017
Bank fees	\$ 2,295	\$ 696
Interest expense (income)	(15,824)	3,789
Finance expense (income)	\$ (13,529)	\$ 4,485

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11. Per share amounts:

The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

Three months ended June 30,	2018	2017
Weighted average shares outstanding, basic and diluted	13,884,885	8,205,475

Nine months ended June 30,	2018	2017
Weighted average shares outstanding, basic and diluted	12,928,087	8,205,475

In calculating diluted loss per common share for the three and nine months ended June 30, 2018 and 2017, the Corporation excluded all options and warrants as it is currently in a loss position.

12. Key management compensation and related party transactions:

Related party transactions are in the normal course of operations and are made in terms equivalent to those that prevail in arm's length transactions, which is the amount of consideration established and agreed to by the related parties. The following is a summary of the related party transactions that occurred throughout the three and nine months ended June 30, 2018 and 2017:

- a.) During the three months ended June 30, 2018, the Corporation incurred directors' fees of \$137,093 (2017 - \$25,954).

During the nine months ended June 30, 2018, the Corporation incurred directors' fees of \$288,809 (2017 - \$25,954).

- b.) During the three months ended June 30, 2018, the Corporation incurred \$9,000 (2017 - \$Nil) to BridgeMark Financial Corp., a company controlled by the CFO of the Corporation.

During the nine months ended June 30, 2018, the Corporation incurred \$15,000 (2017 - \$Nil) to BridgeMark Financial Corp., a company controlled by the CFO of the Corporation.

- c.) During the three months ended June 30, 2018, the Corporation incurred consulting fees of \$Nil (2017 - \$Nil) to PJW Consulting Services Ltd., a company controlled by a director of the Corporation.

During the nine months ended June 30, 2018, the Corporation incurred consulting fees of \$15,000 (2017 - \$Nil) to PJW Consulting Services Ltd., a company controlled by a director of the Corporation.

- d.) During the nine months ended June 30, 2018, the Corporation incurred consulting fees of \$Nil (2017 - \$15,000) to Tracker Resource Management Ltd., a company controlled by a previous officer of the Corporation.

- e.) During the three months ended June 30, 2018, the Corporation incurred share-based payments of \$808,779 (2017 - \$Nil) to directors and officers identified as key management personnel.

During the nine months ended June 30, 2018, the Corporation incurred share-based payments of \$1,203,347 (2017 - \$Nil) to directors and officers identified as key management personnel.

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12. Key management compensation and related party transactions (continued):

f.) On March 17, 2017, the Corporation received a loan (the "Loan") in the amount of \$75,000 from a shareholder of the Corporation. The loan is due on demand and accrues interest of 12% per annum, payable upon maturity. On July 31, 2017, the Corporation closed a shares for debt transaction where the short-term loan in the amount of \$75,000 plus interest payable of \$2,400 was settled by the issuance of 483,750 common shares at a price of \$0.16 per share which was valued at \$101,588 (note 8(b) (ii)). A loss of \$24,188 has been recorded in the statement of loss and comprehensive loss during the year ended September 30, 2017.

g.) As at June 30, 2018, included in the accounts payable and accrued liabilities, the Corporation has \$71 due to a related party.

Compensation of key management personnel

Three months ended June 30,	2018		2017	
Directors' and consulting fees	\$	146,093	\$	25,954
Share-based payments		808,779		-
	\$	954,872	\$	25,954

Nine months ended June 30,	2018		2017	
Directors' and consulting fees	\$	318,809	\$	25,954
Share-based payments		1,203,347		-
	\$	1,522,156	\$	25,954

13. Financial instruments:

The carrying values of the Corporation's financial instruments by category were as follows:

June 30, 2018			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ -	\$ 3,858,009	\$ -
Trade and other receivables	-	32,813	-
Trade and other payables	-	-	(363,231)
	\$ -	\$ 3,890,822	\$ (363,231)

September 30, 2017			
Asset (liability)	Fair value through profit or loss	Loans and receivables at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ -	\$ 988,112	\$ -
Trade and other receivables	-	14,569	-
Trade and other payables	-	-	(113,381)
	\$ -	\$ 1,002,681	\$ (113,381)

The carrying value of the Corporation's financial instruments approximate their fair value due to their short-term maturity.

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13. Financial instruments (continued):

Financial risk factors

a.) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and cash equivalents, and trade and other receivables are exposed to credit risk. The credit risk on cash and cash equivalents is not considered significant because the counterparties are highly-rated financial institutions. The credit risk on trade and other receivables is not considered significant because the counterparty is the credit on account of \$32,813.

b.) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2018:

Financial Liabilities	< One Year	> One Year
Trade and other payables	\$363,231	\$ -
Total	\$363,231	\$ -

The following are the contractual maturities of financial liabilities as at September 30, 2017:

Financial Liabilities	< One Year	> One Year
Trade and other payables	\$113,381	\$ -
Total	\$113,381	\$ -

c.) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rates and foreign exchange rates that will affect the Corporation's comprehensive loss or the value of financial instruments. The objective of market risk management is to control market risk exposures within acceptable limits, while maximizing returns.

- Interest rate risk is the risk that future cash flows will fluctuate as a result in changes in market interest rates. The Corporation is exposed to interest rate risk to the extent the changes in market interest rates will impact the Corporation's bank. The Corporation has not entered into any interest rate swaps or financial contracts to date. With regards to interest rate risk, a change of 1% in the effective interest rate would have a minimal impact on the consolidated statement of loss and comprehensive loss.
- Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange risks. The Corporation is exposed to foreign exchange rate risk since the costs of its Tunisia Project will mostly be denominated in U.S. dollars. The effect of a 1% change in the exchange rate would have approximately a \$161,905 impact on the consolidated statement of other comprehensive loss.

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14. Capital disclosures:

In the definition of capital, the Corporation includes shareholders' equity. The Corporation's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing.

The Corporation is not exposed to external capital requirements.

15. Commitment and contingencies:

The Corporation was involved in litigation matters arising out of the ordinary course and conduct of its business from operations conducted in Tunisia in the amount of US\$135,989. A settlement estimate of \$75,000 was accrued in the 2016 financial statements.

On April 3, 2017 the Corporation executed and finalized a full and final release on a claim in arbitration for a settlement amount of CDN\$50,000. The Corporation has paid CDN\$50,000 to the former partner and agreed upon that a further CDN\$35,000 payment will be required if the Corporation completes either a \$1,000,000 in financing on or before April 3, 2018, either as a single or part of multiple financings or the market capitalization of the release exceeds \$2,500,000 for a 30 day period within the next 2 years. As at September 30, 2017, these events were met and therefore \$35,000 has been paid resulting in an additional \$10,000 being expensed in the consolidated statement of comprehensive loss.

16. Subsequent event:

No subsequent events.