



**NEPTUNE DASH TECHNOLOGIES CORP.**

**Condensed Consolidated Interim Financial Statements  
For the Three and Nine Month Periods Ended May 31, 2020**

(Unaudited)  
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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



**Neptune Dash Technologies Corp.**

## Condensed Consolidated Interim Statement of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended May 31, 2020	For the three months ended May 31, 2019	For the nine months ended May 31, 2020	For the nine months ended May 31, 2019
<b>Revenue</b>	\$ 35,442	\$ 48,077	\$ 114,771	\$ 150,355
<b>Cost of Sales</b>				
Operating and maintenance costs	(503)	(3,831)	(5,847)	(8,027)
	34,939	44,246	108,924	142,328
<b>Expenses</b>				
Consulting fees (Note 5)	79,876	114,876	240,805	366,137
Depreciation (Note 4)	-	1,082	-	4,973
Directors fees	13,500	13,500	28,500	40,500
Marketing	-	-	331	29,000
Office and miscellaneous	7,643	21,800	19,671	59,128
Professional fees	6,507	37,518	65,362	82,645
Share-based compensation (recovery) (Note 6)	10,417	53,819	(82,856)	256,319
Transfer agent	6,317	-	9,852	-
Travel, road shows and conferences	-	382	8	6,159
	(124,260)	(242,977)	(281,673)	(844,861)
Net income (loss) before other expenditures	(89,321)	(198,731)	(172,749)	(702,533)
Other items				
Interest income	858	-	3,746	-
Other income / recoveries	-	8,457	-	8,457
Loss on disposal of equipment	-	(9,464)	-	(9,464)
Loss on settlement of debt (Note 6)	(111,513)	-	(111,513)	-
Revaluation of digital currencies (Note 3)	(202,904)	2,350,060	99,966	(1,183,048)
<b>Income (loss) for the period</b>	\$ (402,880)	\$ 2,150,322	\$ (180,550)	\$ (1,886,588)
<b>Other comprehensive income (loss)</b>				
Items that may be reclassified to loss				
Revaluation of digital currencies (Note 3)	-	53,147	-	53,147
<b>Other comprehensive income (loss)</b>	\$ (402,880)	\$ 2,203,469	\$ (180,550)	\$ (1,833,441)
<b>Weighted Average Number of Common Shares Outstanding</b>				
Basic and Diluted	83,896,665	80,709,995	81,857,344	80,437,468
<b>Income (Loss) per Common Share</b>				
Basic and diluted	\$ (0.00)	\$ 0.03	\$ (0.00)	\$ (0.02)

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

**Neptune Dash Technologies Corp.**

Condensed Consolidated Interim Statement of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Reserves			Accumulated other comprehensive Loss	Deficit	Total
	Number of Common Shares	Share Capital	Share-based payments	Warrant reserve				
<b>Balance at August 31, 2018</b>	80,193,329	\$ 24,353,044	\$ 3,228,544	\$ 1,132,276	\$ -	\$ (22,077,103)	\$ 6,636,761	
Share-based compensation	-	-	256,319	-	-	-	256,319	
Restricted Share Units	516,666	258,333	(258,333)	-	-	-	-	
Loss and comprehensive loss for the period	-	-	-	-	53,147	(1,886,588)	(1,833,441)	
<b>Balance at May 31, 2019</b>	80,709,995	24,611,377	3,226,530	1,132,276	53,147	(23,963,691)	5,059,639	
Share-based compensation	-	-	53,820	-	-	-	53,820	
Loss and comprehensive loss for the period	-	-	-	-	(53,147)	(2,474,689)	(2,527,836)	
<b>Balance at August 31, 2019</b>	80,709,995	24,611,377	3,280,350	1,132,276	-	(26,438,380)	2,585,623	
Private Placement	1,250,000	100,000	-	-	-	-	100,000	
Share issuance costs	-	(3,515)	-	-	-	-	(3,515)	
Shares for debt	3,379,182	304,126	-	-	-	-	304,126	
Share-based compensation	-	-	(82,856)	-	-	-	(82,856)	
Restricted Share Units	530,001	165,600	(165,600)	-	-	-	-	
Loss and comprehensive loss for the period	-	-	-	-	-	(180,550)	(180,550)	
<b>Balance at May 31, 2020</b>	85,869,178	\$ 25,177,588	\$ 3,031,894	\$ 1,132,276	\$ -	\$ (26,618,930)	\$ 2,722,828	

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

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

	For the nine months ended May 31, 2020	For the nine months ended May 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (Loss) for the period	\$ (180,550)	\$ (1,886,588)
Items not affecting cash:		
Depreciation (Note 4)	-	4,973
Revaluation of digital currencies (Note 3)	(99,966)	1,183,048
Revenue from digital currencies (Note 3)	(114,771)	(150,355)
Share-based compensation (recovery) (Note 6)	(82,856)	256,319
Loss on disposal of equipment	-	9,464
Loss on settlement of debt (Note 6)	111,513	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(16,951)	(5,247)
Accounts payable	116,732	138,821
	<u>(266,849)</u>	<u>(449,565)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of digital currencies (Note 3)	(47,843)	-
Disposal of equipment	-	5,000
	<u>(47,843)</u>	<u>5,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	100,000	-
Share issuance costs	(3,515)	-
	<u>96,485</u>	<u>-</u>
<b>Net change in cash</b>	(218,207)	(444,565)
<b>Cash, beginning of period</b>	<u>509,996</u>	<u>1,062,306</u>
<b>Cash, end of period</b>	<u>\$ 291,789</u>	<u>\$ 617,741</u>
<b>Non-cash Financing Transactions:</b>		
Fully vested restricted share units	\$ 165,600	\$ 258,333
Shares issued for debt	\$ 304,126	\$ -
Transfer of DASH to BTC	\$ 128,127	\$ -

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

## **Neptune Dash Technologies Corp.**

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Neptune Dash Technologies Corp. (the “Company” or “Neptune”) (formerly Crossroad Ventures Inc.) was incorporated on March 15, 2000 under the laws of the province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (TSX-V) under the symbol DASH. The head office, registered and records office of the Company is located at 310-36 Water Street, Vancouver, BC, V6B 0B7.

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

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

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

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is impossible for the Company to predict the duration or magnitude of the outbreak and its effects on the Company’s ability to raise funds in the future.

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

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

#### **Basis of presentation**

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated financial statements are prepared on historical costs, except for financial instruments classified as fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The functional currency of the Company is Canadian dollars.

#### **Basis of Consolidation**

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Neptune Stake Technologies Corp. All inter-company balances and transactions are eliminated on consolidation.

## Neptune Dash Technologies Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. BASIS OF PREPARATION (continued)

#### Significant accounting judgments and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the valuation and impairment of Dash digital tokens and other digital currencies, and share-based payment calculations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

#### *Significant judgments*

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

##### (i) Going concern

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

##### (ii) Income taxes

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

##### (iii) Functional currency

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

##### (iv) Digital currencies

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

## Neptune Dash Technologies Corp.

Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

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### 2. BASIS OF PREPARATION (continued)

#### Significant accounting judgments and estimates (continued)

##### *Significant estimates*

##### (i) Digital currency valuation

Digital currencies consist of cryptocurrency denominated assets (Note 3) and are included in both current and long-term assets. Digital currencies are carried at their fair market value determined by the spot rate based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com). The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal.

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

##### (ii) Share based compensation

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

#### **New standards, interpretations and amendments adopted**

##### *IFRS 16, Leases*

The Company adopted IFRS 16 - Leases ("IFRS 16") on September 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 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 obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at September 1, 2019.

## Neptune Dash Technologies Corp.

Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited)

### 3. DIGITAL CURRENCIES

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

#### *Dash and ATOM*

As at May 31, 2020, the Company has 15,454 units of Dash digital tokens with a fair value of \$1,627,385.

The Company has setup and operates 15 masternodes which require 1,000 Dash digital tokens each in order to operate on the Dash blockchain network. The remaining 454 Dash digital tokens will be used towards the construction of future Dash masternodes or investments within Neptune Stake. All 15 of the Company's Dash masternodes are operational and processing transactions on the Dash blockchain network. During the period the Company exchanged 1,661 Dash digital tokens with a cost of \$1,558,945 and a fair value of \$128,127 for 11.71 Bitcoin.

During the nine months ended May 31, 2020, the Company earned 733 (2019 – 940) Dash digital tokens with a fair value of \$74,057 (2019 - \$150,354), this is inclusive of pooling (discontinued August 2019) revenue earned. The amounts have been recorded as revenue in the current period.

As at May 31, 2020, the fair value of the 15,454 Dash digital tokens is as follows:

	Number	Amount
Balance, August 31, 2018	18,825	\$ 5,458,379
Dash earned	1,213	189,618
Dash exchanged	(3,656)	(702,305)
Revaluation of Dash digital tokens	-	(3,204,572)
Balance, August 31, 2019	16,382	1,741,120
Dash earned	733	74,057
Dash exchanged	(1,661)	(128,127)
Revaluation of Dash digital tokens	-	(59,665)
Balance, May 31, 2020	15,454	\$ 1,627,385

The fair value of the Dash digital tokens held as at May 31, 2020 is based on the quoted value of Dash digital tokens on May 31, 2020.

On May 28, 2019, the Company announced its intent to add a Cosmos Validator node to its inventory of node assets. The Company executed this transaction through dismantling a single Dash masternode and used the proceeds of disposition to purchase sufficient ATOM in order to setup a Cosmos Validator node.

During the year ended August 31, 2019, the Company received 40,000 ATOM with a fair value of \$253,527 from directors of the Company. The Company transferred 3,656 Dash with a fair value of \$702,305 into the portfolio and exchanged these for 120,394 ATOM, of which 40,000 was returned to the directors. The fair value of the ATOM returned to directors was \$248,471 and the Company recognized a gain on the settlement of the debt of \$5,056. During the period ended May 31, 2020, the Company earned 8,707 ATOM valued at \$40,714.

**Neptune Dash Technologies Corp.**

Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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**3. DIGITAL CURRENCIES (continued)***Dash and ATOM (continued)*

As at May 31, 2020, the fair value of the 131,959 ATOM digital tokens is as follows:

	Number	Amount
Balance, August 31, 2018	-	\$ -
Receipt of ATOM Loan	40,000	253,527
Exchange of Dash into portfolio	120,394	702,305
Return of ATOM loan	(40,000)	(248,471)
ATOM earned	2,858	12,693
Revaluation of digital currencies	-	(375,594)
Balance, August 31, 2019	123,252	344,460
ATOM earned	8,707	40,714
Revaluation of digital currencies	-	110,591
Balance, May 31, 2020	131,959	\$ 495,765

As at May 31, 2020 the fair value of the Dash and ATOM digital tokens held is \$2,123,150 (August 31, 2019 - \$2,085,580).

*Other*

During the year ended August 31, 2018 the Company acquired holdings in a portfolio of digital currencies, including Bitcoin, Ethereum, Litecoin, Stellar, NEO, Dash, OmiseGO, and QTUM. The holdings are weighted based on the various digital currency market capitalizations. The Company intends to stake these assets and earn income subject to protocol upgrades in the future.

	Amount
Balance, August 31, 2018	\$ 148,282
Revaluation of digital currencies	19,027
Balance, August 31, 2019	167,309
Purchase of digital currencies	47,843
Exchange of digital currencies – acquisitions	128,127
Revaluation of digital currencies	49,040
Balance, May 31, 2020	\$ 392,319

**Neptune Dash Technologies Corp.**

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended May 31, 2020

(Expressed in Canadian Dollars)

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**3. DIGITAL CURRENCIES (continued)***Other (continued)*

As at May 31, 2020, the fair value of the digital currency portfolio is \$392,319 (August 31, 2019 - \$167,309). A summary of the digital currency balances is as follows:

	Holdings, May 31, 2020	Fair Value, May 31, 2020	Holdings, August 31, 2019	Fair value, August 31, 2019
Bitcoin	28	365,837	11	146,136
Ethereum	67	21,278	67	15,410
Litecoin	38	2,402	38	3,300
Stellar	12,784	1,244	12,784	1,075
NEO	44	665	44	513
Dash	6	607	6	617
OmiseGO	77	161	77	113
QTUM	52	125	52	145
Balance		\$ 392,319		\$ 167,309

The fair value of the digital currencies held as at May 31, 2020 is based on the quoted value of the digital currencies on May 31, 2020.

**4. OFFICE EQUIPMENT**

	Office Equipment
<b>Cost</b>	
Balance, August 31, 2018	\$ 31,128
Disposals for the period	(31,128)
Balance, August 31, 2019 and May 31, 2020	\$ -
<b>Accumulated depreciation</b>	
Balance, August 31, 2018	\$ 4,859
Depreciation for the period	5,622
Disposals for the period	(10,481)
Balance, August 31, 2019 and May 31, 2020	\$ -
<b>Carrying amounts</b>	
As at August 31, 2019 and May 31, 2020	\$ -

During the year ended August 31, 2019, the Company disposed of all of its equipment with a net book value of \$20,647 for proceeds of \$5,000 and recognized a loss on disposal of \$15,647.

## Neptune Dash Technologies Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 5. RELATED PARTY BALANCES AND TRANSACTIONS

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

During the period ended May 31, 2020 the Company incurred the following related party transactions:

	May 31, 2020	May 31, 2019
Consulting fees	\$ 213,753	\$ 307,083
Directors fees	28,500	40,500
Share-based compensation	88,181	251,453

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The Company has the right to terminate the agreements with the officers of the Company by providing 12-24 months' notice or paying the equivalent of 12-24 months in fees to each officer.

As at May 31, 2020 there was \$132,945 (August 31, 2019 - \$111,980) due to directors and officers of the Company. The balances to related parties are unsecured, non-interest bearing and without fixed repayment terms. During the period ended May 31, 2020, the Company issued an aggregate of 1,624,797 common shares to related parties, valued at \$146,232 to settle accounts payable and accrued liabilities of \$92,614. The Company recognized a loss of \$53,618 on the common share issuance.

On October 30, 2017 the Company entered into a shareholders' rights agreement where a shareholder of the Company provided a non-interest-bearing demand promissory note of \$100,000. The note is unsecured and due on demand or in any event within 10 years from the date the funds were advanced. During the period ended May 31, 2020 the Company issued 1,754,385 common shares valued at \$157,895 to settle the note. The Company recognized a loss of \$57,895 on the common share issuance.

### 6. SHARE CAPITAL

#### Authorized Capital

Unlimited common shares without par value

#### Shares issued

During the period ended May 31, 2020, the Company:

- a) issued 3,379,182 common shares valued at \$0.09 per common share, for a total value of \$304,126, in settlement of accounts payable and accrued liabilities and loans with related parties in the amount of \$192,614 (Note 5). The Company recognized a loss of \$111,513 on settlement of debt to the statement of loss and comprehensive loss;
- b) entered into a non-binding agreement for a drawdown equity facility of up to \$4-million in units. Each unit consisting of one common share and one common share purchase warrant, at discounts ranging from 15% to 25% of the market price of the Shares and warrants at a 25% premium over the market price of the shares. During the period ended May 31, 2020, the Company issued 1,250,000 units (each, a "Unit") at a price of \$0.08 per Unit for gross proceeds of \$100,000. Each Unit consists of one common share and one common share purchase warrant, entitling the holder to purchase an additional common share at a price of \$0.13 for a period of three years. In connection with the closing, the Company incurred share issuance costs of \$3,515; and

**Neptune Dash Technologies Corp.**

Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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**6. SHARE CAPITAL** (continued)**Authorized Capital** (continued)

- c) issued an aggregate of 530,001 common shares relating to 250,000 restricted share units vested and 280,001 newly issued restricted share units that vested immediately.

During the year ended August 31, 2019 the Company issued 516,666 common shares due to the vesting of restricted share units during the year, there were no other shares issued during the year ended August 31, 2019.

**Share Purchase Warrants and Stock Options**

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

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, August 31, 2018 and August 31, 2019	4,039,360	\$ 0.44	6,075,000	\$ 0.50
Issued*	1,250,000	0.13	-	-
Cancelled	-	-	(6,075,000)	0.50
Expired	(4,039,360)	0.44	-	-
Outstanding, May 31, 2020	1,250,000	\$ 0.13	-	\$ -
Number currently exercisable	1,250,000	\$ 0.13	-	\$ -

\*warrants expire 3 years from date of issuance on May 25, 2023

As at May 31, 2020 nil (6,075,000 as at August 31, 2019) incentive stock options were outstanding.

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

During the periods ended May 31, 2020 and 2019 the Company did not grant any stock options and in the period ended May 31, 2020 cancelled all 6,075,000 stock options previously held by directors, officers, employees, and consultants.

**Restricted share units**

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

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Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

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### **6. SHARE CAPITAL (continued)**

#### **Restricted share units (continued)**

During the year ended August 31, 2018 the Company granted 1,580,000 RSU's which vest over the course of three years, such that 33.33% vest every 12 months. During the year ended August 31, 2019, 30,000 RSU's were forfeited. During the period ended May 31, 2020 of the remaining unvested 1,033,333 RSU's, 533,333 RSU's held by former officers and directors were cancelled. In connection with the cancellation, the Company recognized a recovery to share-based compensation of \$179,012. For the period ended May 31, 2020, the Company recognized \$55,556 in share-based compensation related to the remaining RSU's. During the period ended May 31, 2020, the second tranche of RSU's vested and the Company issued 250,000 common shares.

During the period ended May 31, 2020, the Company granted 280,001 RSU's to certain consultants, officers, and directors. The RSU's vested immediately and shares were issued concurrent with the tranche of vested RSU's as discussed above. The new RSU's were valued at \$0.145 per RSU and \$40,600 was recognized directly to share-based compensation. The aggregate impact of the cancelled RSU's and the new issuance resulted in the recognition of a recovery of \$82,856 (2019 – expense of \$256,319) to share-based compensation on the condensed consolidated statements of income (loss) and comprehensive income (loss) for the nine-month period ended May 31, 2020.

### **7. CAPITAL DISCLOSURES**

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

### **8. FINANCIAL INSTRUMENTS**

#### **Classification**

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

#### **Fair values**

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

## Neptune Dash Technologies Corp.

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

### 8. FINANCIAL INSTRUMENTS

#### Fair values (continued)

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at May 31, 2020

	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Financial assets</b>			
Cash	291,789	-	-
<b>Total financial assets</b>	<b>291,789</b>	<b>-</b>	<b>-</b>

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

#### *Credit risk*

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

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at May 31, 2020 relating to cash of \$291,789. All cash is held at Canadian chartered banks, which minimizes credit risk.

#### *Liquidity risk*

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

#### *Interest risk*

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

#### *Foreign currency risk*

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

**Neptune Dash Technologies Corp.**

Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended May 31, 2020

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(Unaudited)

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**9. SEGMENTED INFORMATION**

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