

Red River Capital Corp.
Condensed Interim Financial Statements
For the three and six months ended September 30, 2020
(Unaudited)
(Expressed in Canadian Dollars)

Red River Capital Corp.
Condensed Interim Statements of Financial Position

As at:

| | Note | September 30, 2020 (Unaudited) | March 31, 2020 (Audited) |
|---|------|--------------------------------------|--------------------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | 4 | \$ 215,212 | \$ 242,649 |
| Accrued Interest | | 2,282 | 820 |
| Total assets | | \$ 217,494 | \$ 243,469 |
| Liabilities & Shareholder's Equity | | | |
| Current Liabilities | | | |
| Accounts payable and accruals | | \$ 131,289 | \$ 15,581 |
| Shareholders' Equity | | | |
| Share capital | 5 | \$ 314,270 | \$ 314,270 |
| Contributed Surplus | 5 | 82,200 | 82,200 |
| Deficit | | (310,265) | (168,582) |
| Total shareholders' equity | | 86,205 | 227,888 |
| Total liabilities and shareholders' equity | | \$ 217,494 | \$ 243,469 |

Approved on behalf of the Board of Directors

"Julian Klymochko"

Director

"David McGoey"

Director

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

Red River Capital Corp.
Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited)

| | Three months ended September 30 | | Six months ended September 30 | |
|------------------------------------|------------------------------------|-----------|----------------------------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Interest income | \$ 717 | 931 | \$ 1,609 | 1,941 |
| Expenses | | | | |
| Professional fees | 127,945 | 6,359 | 132,717 | 16,553 |
| General and administrative | 9,704 | 774 | 10,575 | 3,387 |
| Total Expenses | 137,649 | 7,133 | 143,292 | 19,940 |
| Loss and comprehensive loss | \$ 136,932 | 6,202 | \$ 141,683 | 17,999 |
| Loss per share (Note 5) | | | | |
| Basic and Diluted | \$ (0.05) | (0.00) | \$ (0.05) | (0.01) |
| Weighted shares outstanding | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |

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Red River Capital Corp.
Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited)

| | Share Capital (\$) | Contributed Surplus (\$) | Deficit (\$) | Shareholders' Equity (\$) |
|---------------------------------|--------------------------|--------------------------------|------------------|---------------------------------|
| As at March 31, 2019 | 314,270 | 82,200 | (125,090) | 271,380 |
| Loss for the period | - | - | (17,999) | (17,999) |
| As at September 30, 2019 | 314,270 | 82,200 | (143,089) | 253,381 |
| As at March 31, 2020 | 314,270 | 82,200 | (168,582) | 227,888 |
| Loss for the period | - | - | (141,683) | (141,683) |
| As at September 30, 2020 | 314,270 | 82,200 | (310,265) | 86,205 |

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

Red River Capital Corp.
Condensed Interim Statements of Cash Flows
For the six months ended September 30, 2020
(Unaudited)

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Cash provided by (used for) the following activities: | | |
| Operating activities | | |
| Net loss for the period | \$ (141,683) | \$ (17,999) |
| Changes in non-cash working capital | | |
| Accrued interest | (1,462) | (1,775) |
| Accounts payable and accruals | 115,708 | (3,096) |
| Cash used in operating activities | (27,437) | (22,870) |
| Decrease in cash | (27,437) | (22,870) |
| Cash and cash equivalents, beginning of period | 242,649 | 277,637 |
| Cash and cash equivalents, end of period | \$ 215,212 | \$ 254,767 |
| Cash and cash equivalents is comprised of: | | |
| Cash | 1,687 | 9,767 |
| Guaranteed Investment Certificate | 213,525 | 245,000 |
| | 215,212 | 254,767 |

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

1. Incorporation and operations

Red River Capital Corp. (the "Company") was incorporated under the laws of the Province of Alberta on December 20, 2017 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The address of the registered office is 1900, 520 3rd Avenue SW Calgary, Alberta.

The Company issued 2,500,000 common shares for an amount of \$125,000 and the Company's prospectus for an Initial Public Offering ("IPO") of the Company's common shares was received by the regulatory authorities. The IPO closed on July 26, 2018 with 3,000,000 common shares being issued at a price of \$0.10 per common share. The Company's shares commenced trading on July 30, 2018 under the symbol XBT.P.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and comply with IAS 34. These condensed interim financial statements does not include all of the information required of a full audited financial statements and it is therefore recommended that these condensed interim financial statements be read in conjunction with the annual financial statements for the year ended March 31, 2020.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 27, 2020.

Basis of measurement

These financial statements are stated in Canadian dollars, which is the Company's functional currency, and were prepared on a going concern basis, under the historical cost convention except for share based compensation.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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. These condensed interim financial statements have been prepared using the same judgments, estimates and assumptions as reported in the Company's March 31, 2020 audited annual financial statements.

Red River Capital Corp.
Notes to the Condensed Interim Financial Statements
For the three and six months ended September 30, 2020
(unaudited)

3. Significant accounting policies

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the financial statements for the year ended March 31, 2020 and should be read in conjunction with those annual financial statements and the notes thereto.

4. Cash and cash equivalents

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

5. Share capital

Authorized

Unlimited number of voting Common Shares, without nominal or par value

Unlimited number of non-voting Preferred Shares, without nominal or par value

Issued Common Shares

| | Number of Shares | \$ |
|---|---------------------|------------------|
| At incorporation | - | - |
| Issued for cash (i) | 2,500,000 | 125,000 |
| As at March 31, 2018 | 2,500,000 | 125,000 |
| Issued on IPO (ii) | 3,000,000 | 300,000 |
| Share issue costs (ii) | - | (110,730) |
| As at March 31, 2020 and September 30, 2020 | 5,500,000 | 314,270 |

- i) These common shares are issued to directors and officers and are held in escrow until completion of a Qualifying Transaction. 10% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

- ii) The Company completed its IPO of 3,000,000 shares for gross proceeds of \$300,000 on July 26, 2018. The Agent was granted the option to purchase up to 300,000 common shares at a price of \$0.10 per Common Share. This option expires 24 months from July 26, 2018. The value of the Agent's options, as determined by the Black-Scholes option pricing model, being \$12,900, was recorded to share issue costs. Included in share issue costs is \$44,750 relating to the March 31, 2018 deferred financing costs. Common shares issued upon the exercise of the Agent's options are restricted such that only 50% of the issued shares on exercise of such options may be sold prior to the Company completing a qualifying transaction.

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5. Share capital (continued)

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Common Shares of the Company issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

In conjunction with the closing of the IPO, the Company granted share options to purchase an aggregate of 550,000 common shares at an exercise price of \$0.10 per Common Share to directors and officers of the Company, which expire five years from July 26, 2018. The estimated fair value of director and officer options of \$69,300 was charged to operations during the year ended March 31, 2019.

The assumptions for the Black-Scholes Pricing Model for all the stock options are as follows:

| | Directors & Officers | Agent |
|----------------------------|-------------------------------------|--------------|
| Stock price | \$0.10 | \$0.10 |
| Exercise price | \$0.10 | \$0.10 |
| Risk free interest rate | 2.19% | 2.05% |
| Expected life (years) | 5 | 2 |
| Expected annual volatility | 116% | 78% |
| Expected dividend yield | 0% | 0% |
| Expected forfeiture rate | 0% | 0% |

The following table reflects the continuity of options granted under the Plan as of September 30, 2020:

| | Number of Options | Weighted Average Exercise Price |
|------------------------------------|------------------------------|--|
| Balance, March 30, 2020 | 850,000 | 0.10 |
| Expired | (300,000) | 0.10 |
| Balance, September 30, 2020 | 550,000 | 0.10 |

| Expiry Date | Exercise Price | Outstanding September 30 th | Exercisable | Remaining Contractual Years |
|-------------|----------------|---|-------------|--------------------------------|
| July 2023 | \$0.10 | 550,000 | 550,000 | 2.50 |

6. Related party transactions

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the current period.

Transactions with related parties are incurred in the normal course of business.

7. Capital disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end.

8. Share Purchase Agreement

On September 14, 2020 the Company entered into a share purchase agreement pursuant to which the Company and 1739001 Alberta Ltd. ("Bitcoin Solutions"), an arms length company incorporated under the laws of Alberta, intend to complete a plan of arrangement, merger, exempt takeover bid or other form of arrangement whereby the shareholders of Bitcoin Solutions will control between 93.5% to 95.5% of the issued and outstanding shares of the Company (the "**Transaction**"). The Transaction is intended to serve as the Company's "qualifying transaction" as that term is defined in the policies of the Exchange. Completion of the Transaction is subject to satisfactory completion of due diligence and regulatory body approvals including approval of the Exchange. Trading in the common shares of the Company has been halted and is not expected to resume trading until the Transaction is completed or until the Exchange receives the requisite documentation to resume trading.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

The current challenging economic climate relating to the effect of the Coronavirus (COVID-19) may lead to challenges in managing cash flows and the ability to raise capital. These items may have a direct adverse impact on the Company's ability to close the Transaction.