# AIM EXPLORATIONS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and six months ended September 30, 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements 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 condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for review of condensed interim financial statements by an entity's auditor.

**AIM EXPLORATIONS LTD.**

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

September 30, 2017 and March 31, 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

| | September 30, 2017 | March 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash | $ 236,640 | $ 343 |
| GST receivable | 2,478 | 1,043 |
| Prepaid expenses and deposit (Note 8) | 34,725 | 1,250 |
| | $ 273,843 | $ 2,636 |
| **LIABILITIES** | | |
| Current | | |
| Accounts payable (Note 7) | $ 61,645 | $ 87,907 |
| Accrued liabilities (Note 7) | 1,500 | 9,650 |
| | 63,145 | 97,557 |
| **SHAREHOLDERS' EQUITY (DEFICIT)** | | |
| Share capital (Note 4) | 550,450 | 190,990 |
| Reserves (Note 4) | 124,530 | 85,110 |
| Deficit | (464,282) | (371,021) |
| | 210,698 | (94,921) |
| | $ 273,843 | $ 2,636 |

Nature and continuance of operations (Note 1)

Commitments (Notes 4 and 8)

APPROVED ON BEHALF OF THE BOARD:

| | | | |
|---|---|---|---|
| *"David Toyoda"* | Director | *"Geoff Balderson"* | Director |
| David Toyoda | | Geoff Balderson | |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**AIM EXPLORATIONS LTD.**
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and six months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Three months ended September 30, 2017 | Three months ended September 30, 2016 | Six months ended September 30, 2017 | Six months ended September 30, 2016 |
|---|---|---|---|---|
| Administrative expenses | | | | |
| Accounting and audit fees | $ 1,600 | $ 1,100 | $ 3,100 | $ 2,600 |
| Bank charges | 62 | 61 | 91 | 88 |
| Consulting fees | 12,000 | - | 32,250 | - |
| Filing and listing fees | 2,843 | 3,750 | 4,707 | 3,750 |
| Legal fees (Note 7) | 3,506 | - | 6,896 | 747 |
| Rent | 9,000 | - | 12,000 | - |
| Shareholder communications | 88 | - | 88 | - |
| Share-based payments (Note 4) | - | - | 31,680 | - |
| Transfer agent fees | 995 | 1,425 | 2,449 | 1,960 |
| Net loss and comprehensive loss for the period | $ (30,094) | $ (6,336) | $ (93,261) | $ (9,145) |
| Basic and diluted loss per share | $ (0.00) | $ (0.00) | $ (0.01) | $ (0.00) |
| Weighted average number of common shares outstanding (Note 4) | 7,378,000 | 1,000,000 | 6,297,574 | 1,000,000 |

**AIM EXPLORATIONS LTD.**
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
For the six months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Number of Shares | Capital Stock | Reserves | Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|
| Balance, March 31, 2016 | 1,550,000 | $ 190,990 | $ 85,110 | $ (346,776) | $ (70,676) |
| Comprehensive loss for the period | - | - | - | (9,145) | (9,145) |
| Balance, September 30, 2016 | 1,550,000 | 190,990 | 85,110 | (355,921) | (79,821) |
| Comprehensive loss for the period | - | - | - | (15,100) | (15,100) |
| Balance, March 31, 2017 | 1,550,000 | 190,990 | 85,110 | (371,021) | (94,921) |
| Cash | | | | | |
| Private placement @ $0.06 | 6,378,000 | 382,680 | - | - | 382,680 |
| Share issue cost | - | (15,480) | - | - | (15,480) |
| Agent's warrants | - | (7,740) | 7,740 | - | - |
| Share-based payments | - | - | 31,680 | - | 31,680 |
| Comprehensive loss for the period | - | - | - | (93,261) | (93,261) |
| Balance, September 30, 2017 | 7,928,000 | $ 550,450 | $ 124,530 | $ (464,282) | $ 210,698 |

**AIM EXPLORATIONS LTD.**
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Six months ended September 30, 2017 | Six months ended September 30, 2016 |
|---|---|---|
| Operating Activities | | |
| Net loss for the period | $ (93,261) | $ (9,145) |
| Items not affecting cash: | | |
| Share-based payments | 31,680 | - |
| Changes in non-cash working capital items related to operations: | | |
| GST receivables | (1,435) | (428) |
| Prepaid expenses and deposit | (33,475) | - |
| Accounts payable and accrued liabilities | (34,412) | 7,138 |
| Cash used in operating activities | (130,903) | (2,435) |
| Financing Activities | | |
| Shares issued for cash | 382,680 | - |
| Share issue cost | (15,480) | - |
| Cash provided by financing activities | 367,200 | - |
| Increase (decrease) in cash during the period | 236,297 | (2,435) |
| Cash, beginning of period | 343 | 2,829 |
| Cash, end of the period | $ 236,640 | $ 394 |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash paid during the period: | | |
| Interest | $ - | $ - |
| Income taxes | $ - | $ - |

## 1. Nature and continuance of operations

Aim Explorations Ltd. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on April 18, 2011. The Company completed its Initial Public Offering ("IPO") and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company's head office and principal place of business is Suite 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company received TSX-V approval for listing on September 27, 2012 and commenced trading on September 28, 2012 under the trade symbol "AXN.P". On May 7, 2015, the Company transferred over to the NEX and commenced trading on May 12, 2015 under the trade symbol "AXN.H".

The Company will continue to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction as defined by the TSX. (See Note 8)

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business with 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At September 30, 2017, the Company had not achieved profitable operations, had an accumulated deficit of $464,282 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

## 2. Basis of Preparation

These condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting. The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**2. Basis of Preparation** – (cont'd)

These financial statements are authorized for issue by the Board of Directors on November 23, 2017.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Estimate

- the assessment of the Company's ability to execute its strategy by funding future working capital requirements; and

Judgment

- Going concern assessment has been made (see Note 1).

**3. Significant Accounting Policies**

Standards, Amendments and Interpretations Not Yet Effective

The following new standards and interpretations are not yet effective and have not been applied in preparing these condensed interim financial statements. The Company is currently evaluating the potential impacts of these new standards; however, the Company does not expect them to have a significant effect on its financial statements.

- IFRS 9, *Financial Instruments* (tentatively effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

- IFRS 16 Leases specifies how an issuer will recognize, measure, present and disclose leases; effective for annual periods beginning on or after January 1, 2019.

- IFRS 15 – *Revenue from Contracts with Customers* (effective January 1, 2018) replaces the previous guidance on revenue recognition and provides a framework to determine when to recognize revenue and at what amount.

## 4. Capital Stock

**Authorized:**

Unlimited common shares with no par value

On March 13, 2017, the shareholders of the Company approved a common share consolidation on the basis of two pre-consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on March 13, 2017. All references to the number of shares and per share amounts have been retroactively restated as if the consolidation had occurred April 1, 2016.

**Issuances:**

On May 1, 2017, the Company completed a private placement for 6,378,000 shares at a price of $0.06 per share for total gross proceeds of $382,680. The Company paid finder's fee of cash of $15,480 and issued 258,000 agent's warrants exercisable into common shares at $0.06 per share for a period of 24 months and have a fair value equal to $7,740. The following assumptions were used for the Black-Scholes valuation of the Agent's Warrants Risk-free interest rate – 1%; Expected dividend yield – 0%; Expected volatility – 104%; Expected life of option – 2 years.

**Stock Options:**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors.

On May 1, 2017, the Company granted 792,000 stock options with an exercise price of $0.10 per share. The options were valued at $31,680 using the Black-Scholes option pricing model with an average risk-free interest rate of 1.0%, expected life of 5 years, volatility of 104% and dividend yield of 0%.

(Expressed in Canadian Dollars)

**4. Capital Stock – (cont'd)**

Details of stock options activity for the six months ended September 30, 2017 and for the year ended March 31, 2017 are as follows:

| | Number | Weighted Average Exercise Price | Weighted Average Contractual Life Remaining |
|---|---|---|---|
| Outstanding and Exercisable, March 31, 2016 | 200,000 | $0.20 | |
| Expired | (200,000) | $0.20 | |
| Outstanding and Exercisable, March 31, 2017 | - | $ - | - |
| Granted | 792,000 | $0.10 | |
| Outstanding and Exercisable, September 30, 2017 | 792,000 | $0.10 | 4.84 years |

As at September 30, 2017, the Company has 792,000 stock option outstanding exercisable at $0.10 per stock options and expiring on April 30, 2022.

Agent's Warrants

Details of agent's warrants activities for the six months ended September 30, 2017 and for the year ended March 31, 2017 are as follows:

| | Number | Weighted Average Exercise Price | Weighted Average Contractual Life Remaining |
|---|---|---|---|
| Balance, March 31, 2016 and 2017 | - | $ - | |
| Issued | 258,000 | $0.06 | |
| Balance, September 30, 2017 | 258,000 | $0.06 | 1.58 years |

As at September 30, 2017, the Company has 258,000 agent's warrants outstanding exercisable at $0.06 per agent's warrant and expiring on May 1, 2019.

## 4. Capital Stock – (cont'd)

**Escrow**

As at September 30, 2017 and March 31, 2017, 550,000 common shares were held in escrow. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. As all of these shares are considered contingently issuable until the Company completes the qualifying transaction, they are not considered to be outstanding shares for the purposes of loss per share calculations.

## 5. Financial Instruments

**Determination of Fair Value:**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

**Fair value**

Cash is carried at fair value using a level 1 fair value measurement. The recorded value of the amounts receivable, accounts payable and accrued liabilities approximate their fair values due to their demand nature and their short term to maturity.

## 5. Financial Instruments – (cont'd)

### Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

*Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

*Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

*Liquidity risk*

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

## 6. Capital Management

Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital.

## 7. Related Party Transaction

During the six months ended September 30, 2017, the Company incurred or accrued legal costs of $2,883 (September 30, 2016: $747) with a law firm in which a director of the Company is an associate counsel. These amounts were recorded at the exchange amount which is the amount agreed to by the transacting parties. Included in accounts payable and accrued liabilities as at September 30, 2017 is $33,757 and $Nil respectively (March 31, 2017: $27,081 and $3,150 respectively) due to the aforementioned law firm.

Included in accounts payable as at September 30, 2017 is $485 (March 31, 2017: $13,297) due to the CEO for settlements of accounts payable on behalf of the Company.

## 7. Related Party Transaction – (cont'd)

***Key management compensation***

The Company considers its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and its directors to be key management.

On May 1, 2017, the Company granted 792,000 stock options to directors and officers of the Company with an exercise price of $0.10 per share with an expected life of 5 years. These stock options were fair valued at $31,680.

There were no other charges during the six months ended September 30, 2017 and 2016.

## 8. Commitment

On September 15, 2017, the Company entered into a letter of intent ("LOI") with DMG Blockchain Solutions Inc. ("DMG") pursuant to which the Company will acquire all of the issued and outstanding common shares of DMG in exchange for shares of the Company. (the "Transaction"). As consideration for the Transaction, the Company shall pay to DMG a deposit of $25,000 (Paid). The deposit will be refundable unless the Transaction does not close due to the Company not raising the funds necessary to close the Concurrent Financing, in which case the deposit will be non-refundable.

On November 6, 2017, the Company entered into a Business Combination Agreement (the "Definitive Agreement") with DMG Blockchain Solutions Inc. ("DMG") and 1139957 BC Inc. a newly incorporated wholly-owned subsidiary incorporated for the sole purpose of this amalgamation ("AIM Subco"). The parties have agreed to reorganize their business by way of a plan of arrangement to be carried out under the provision of the Business Corporations Act (British Columbia), if completed, will constitute the Company's qualifying transaction.

Each DMG common shares will be exchanged for one common share of the Company and the stock options and share purchase warrants of DMG outstanding immediately prior to the effective date will also be exchanged for stock options and share purchase warrants to acquire shares of the Company and DMG common shares, stock options and share purchase warrants shall be cancelled.

Upon completion of this Transaction, the Company will be renamed DMG Blockchain Solutions Inc. and the fiscal year end of amalgamated company shall be September 30.

Concurrently the Company will complete a non-broker private placement of a minimum $7,500,000 at a minimum price of $0.70 per share. In connection with the concurrent financing, the Company intends to pay finders' fees.

This Transaction is also subject to the regulatory approval, shareholder approval from DMG shareholders and board approvals.