

DMG Blockchain Solutions Inc.
(formerly Aim Explorations Ltd.)

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended June 30, 2018

(Unaudited)
(Expressed in Canadian dollars)

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2018**

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

The accompanying unaudited 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.

DMG Blockchain Solutions Inc.
(formerly Aim Explorations Ltd.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	As at June 30, 2018 \$	As at September 30, 2017 \$
Assets			
Current			
Cash		18,408,295	492,640
Amounts receivable		3,837,925	69,532
Digital currencies	7	662,826	59,103
Assets-held-for-sale		4,042,828	-
Prepaid expense and other current assets		2,685,241	66,628
Due from related parties	10	175,805	137,554
		29,812,920	825,457
Goodwill	5	12,985,516	-
Property and equipment	6	5,386,772	409,574
Intangible asset	8	-	100,000
Total Assets		48,185,208	1,335,031
Liabilities and Shareholders' Equity			
Current Liabilities:			
Trade and other payables	9	2,638,183	504,421
Deferred revenue		5,007,088	-
Loans payable		-	106,091
		7,645,271	610,512
Total Liabilities		7,645,271	610,512
Shareholders' Equity (deficit):			
Share subscription receivable	11	-	(10,000)
Share subscription payable	11	-	62,500
Share capital	11	50,420,639	1,219,100
Reserves		3,617,227	3,991
Accumulated deficit		(13,497,929)	(551,072)
		40,539,937	724,519
Total Liabilities and Shareholders' Equity		48,185,208	1,335,031

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 16)

The accompanying notes are integral to these condensed interim consolidated financial statements.

Approved on Behalf of the Board of Directors:

/s/ "Daniel Reitzik"
Director

/s/ "Sheldon Bennett"
Director

DMG Blockchain Solutions Inc.
(formerly Aim Explorations Ltd.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		For the Three Months Ended		For the nine Months Ended	
	Notes	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		\$	\$	\$	\$
Revenue					
Revenue	13	2,228,496	420,588	6,180,342	619,898
Cost of sales					
Operating and maintenance costs		(1,991,061)	(68,576)	(3,530,149)	(201,320)
Depreciation	6	(172,597)	(23,401)	(374,602)	(202,297)
		64,838	328,611	2,275,591	216,281
Expenses					
General and administrative	14	852,904	346,385	5,835,942	594,074
Research and development		499,706	-	803,468	-
Stock-based compensation		-	-	2,940,000	-
		(1,352,610)	(346,385)	(9,579,410)	(594,074)
Loss before other items		(1,287,772)	(17,774)	(7,303,819)	(377,793)
Other items					
Miscellaneous revenue		-	-	3,079	-
Foreign exchange gain (loss)		550,266	27,261	503,129	38,463
Unrealized revaluation loss on digital currency loans		33,000	(866,918)	50,418	68,729
Public listing expense	4	-	-	(6,223,609)	-
Net income (loss) for the period		(704,506)	(857,431)	(12,970,802)	(270,601)
Other comprehensive income					
Revaluation gain (loss) on digital currency		-	-	(96,773)	-
Comprehensive loss for the period		(704,506)	(857,431)	(13,067,575)	(219,091)
Basic and diluted earnings (loss) per common share		(0.01)	(0.00)	(0.33)	(0.00)
Weighted average number of common shares outstanding		100,922,558	21,132,222	100,922,558	19,299,451

The accompanying notes are integral to these condensed interim financial statements.

DMG Blockchain Solutions Inc.

(formerly Aim Explorations Ltd.)

Statements of Consolidated Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian dollars except the number of shares)

	Number of Outstanding Shares	Share Capital	Share Subscription Receivable	Share Subscription Payable	Reserves Bitcoin Revaluation	Reserves Options	Reserves Warrants	Accumulated Deficit	Total Shareholders' Equity (Deficit)
		\$	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2016	1,550,000	190,990	-	-	-	85,110	-	(359,507)	(83,407)
Private placement	6,378,000	382,680	-	-	-	-	-	-	382,680
Share issuance cost	-	(15,480)	-	-	-	-	-	-	(15,480)
Agent's warrants	-	(7,740)	-	-	-	-	7,740	-	-
Share-based payments	-	-	-	-	-	-	31,680	-	31,680
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	(104,775)	(104,775)
Balance, September 30, 2017	7,928,000	550,450	-	-	-	85,110	39,420	(464,282)	210,698

The accompanying notes are integral to these condensed interim financial statements.

DMG Blockchain Solutions Inc.

(formerly Aim Explorations Ltd.)

Statements of Consolidated Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian dollars except the number of shares)

	Number of Outstanding Shares	Share Capital	Share Subscription Receivable	Share Subscription Payable	Reserves Bitcoin Revaluation	Reserves Options	Reserves Warrants	Accumulated Deficit	Total Shareholders' Equity (Deficit)
		\$	\$	\$	\$	\$	\$	\$	\$
Balance, September 30, 2017	7,928,000	550,450	-	-	-	85,110	39,240	(464,282)	210,698
Loss and comprehensive loss to acquisition date – DMG Blockchain Solutions Inc.	-	-	-	-	-	-	-	(185,169)	(185,169)
Balance outstanding in DMG Blockchain Solutions Inc. (legal parent) on February 9, 2018 prior to reverse takeover	7,928,000	550,450	-	-	-	85,110	39,240	(649,451)	25,529
Recapitalization on acquisition	46,651,995	11,824,340	-	-	(92,174)	1,114,890	308,760	122,324	12,904,476
Balance, post acquisition	54,579,995	11,824,340	-	-	(92,174)	1,200,000	348,000	(527,127)	12,929,825
Private placements	35,938,500	28,750,800	-	-	-	-	-	-	28,750,800
Share issuance cost – common shares	2,529,473	-	-	-	-	-	-	-	-
Share issuance cost – broker warrants	-	(1,030,000)	-	-	-	-	1,030,000	-	-
Share issuance cost – other	-	(2,178,391)	-	-	-	-	-	-	(2,178,391)
Share issuance – acquisition of Datient, Inc.	7,673,076	10,358,653	-	-	-	-	-	-	10,358,653
Share issuance – warrant exercises	61,514	21,530	-	-	-	-	-	-	21,530
Share issuance – option exercises	140,000	14,000	-	-	-	-	-	-	14,000
Revaluation of Bitcoin	-	-	-	-	(608,599)	-	-	-	(608,599)
Stock options granted	-	-	-	-	-	1,740,000	-	-	1,740,000
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	(12,970,802)	(12,970,802)
Balance, June 30, 2018	100,922,558	50,420,639	-	-	(700,772)	2,940,000	1,378,000	(13,497,929)	40,539,938

The accompanying notes are integral to these condensed interim financial statements.

DMG Blockchain Solutions Inc.
(formerly Aim Explorations Ltd.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the Nine Months Ended	
	June 30, 2018	June 30, 2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(12,970,802)	(270,601)
Items not affecting cash:		
Cumulative effects of recapitalization	6,167,423	-
Amortization	374,602	202,297
Unrealized revaluation gain/loss on digital currency	(671,958)	1,221
Stock-based compensation	2,940,000	-
Foreign exchange loss	(237,570)	-
Public listing expense	6,223,609	-
Non-cash working capital items:		
Amounts receivable	(3,768,393)	(10,205)
Assets held-for-sale	(4,046,818)	-
Prepaid expense	(2,618,613)	(3,750)
Deferred revenue	5,007,088	-
Trade and other payables	2,137,668	294,889
Net (cash used in) provided by operating activities	(1,463,764)	213,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for Datient, Inc. acquisition	(2,630,769)	-
Equipment purchase	-	(154,566)
Intangible asset-IP	100,000	-
Assets held-for-sale	(5,351,800)	-
Net (cash used in) provided by operating activities	(7,882,569)	(154,566)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due from related parties	(38,252)	-
Loans payable	(106,091)	(73,923)
Private placements	28,750,800	30,000
Share issuance costs	(2,178,391)	-
Proceeds from disposal of digital currency	850,893	-
Proceeds from warrant and option exercises	35,530	-
Share subscription receivable	10,000	9,100
Share subscription payable	(62,500)	-
Net cash provided by financing activities	27,261,989	(34,823)
Change in cash & cash equivalents	17,749,293	24,462
Cash & cash equivalents, beginning of the period	492,640	73,923
Cash & cash equivalents, end of the period	18,408,295	98,385

The accompanying notes are integral to these condensed interim financial statements.

DMG Blockchain Solutions Inc.

(formerly Digital Mint Inc.)

Notes to the Condensed Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

DMG Blockchain Solutions Inc. (the "Company") (formerly AIM Explorations Ltd.) was incorporated as a private company pursuant to the provisions of the *British Columbia Business Corporations Act* on April 18, 2011. The Company completed its Initial Public Offering ("IPO") and was 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 490 – 1090 Homer Street, Vancouver, British Columbia, Canada, V6B 2W9. On February 9, 2018, the Company completed its Qualifying Transaction with the private operating company formerly known as DMG Blockchain Solutions Inc. in accordance with the policies of the TSX-V (See Note 4). On February 13, 2018, the Company commenced trading under the name DMG Blockchain Solutions Inc. and trades under the symbol DMGI.

The Company is a full service blockchain and cryptocurrency company that manages, operates, and develops end-to-end digital solutions to monetize the blockchain ecosystem. The Company has operated its transaction verification services business ("Transaction Verification Services"), commonly known as bitcoin mining, in Western Canada since October 2016. The Company is developing its current operations in server hosting arrangements for the Transaction Verification Services business and software solutions.

2. BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

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

These financial statements were authorized for issue by the Board of Directors on August 29, 2018.

Significant accounting judgments and estimates

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

Significant assumptions about the future and other sources of estimation and judgment 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:

DMG Blockchain Solutions Inc.

(formerly AIM Explorations Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

Key estimates:

- Valuation of Digital Currencies – The Company currently holds bitcoins as its digital currency. Bitcoins held by the Company were valued at their fair value using the closing price listed on “xe.com” as at June 30, 2018 of \$ 8,360.72 per Bitcoin
- Critical accounting judgments
Revenues from Bitcoin mining – The Company has determined that the substance of its bitcoin mining activities is service provision under IAS 18 Revenue. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. Accordingly, the Company has determined that revenue should be recognized on actual receipt of cash or bitcoin equivalent of cash as consideration for services rendered.
- Bitcoins on hand – Bitcoins are considered to be an identifiable non-monetary asset without physical substance. The Company has determined that bitcoins held on hand are treated as intangible assets not subjected to amortization, under the scope of IAS 38 Intangible Assets.
- From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company which require management to make certain estimates, judgments, and assumptions about the suit. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any material contingent liabilities which require recording in the consolidated financial statements.
- The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

3. NEW ACCOUNTING PRONOUCEMENTS

New Standards Not Yet Effective

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its financial statements.

- IFRS 9, Financial Instruments - This standard provides added guidance on the classification and measurement of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018.
- IAS 7, Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows) - These amendments require 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. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must

DMG Blockchain Solutions Inc.

(formerly AIM Explorations Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.

- IFRS 15, Revenue from Contracts with Customers – This standard replaces the previous guidance on revenue recognition and provides a framework to determine when to recognize revenue and at what amount. These amendments are effective for reporting periods beginning on or after January 1, 2018.
- IFRS 16, Leases - On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after December 15, 2019 (i.e., calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption is permitted.

4. QUALIFYING TRANSACTION

On February 9, 2018, the Company previously known as Aim Explorations Ltd. closed its qualifying transaction (“Transaction”) with a B.C. private company previously known as DMG Blockchain Solutions Inc. (“OpCo”). As part of the transaction, OpCo performed a three-cornered amalgamation with its wholly-owned subsidiary 1139957 B.C. Ltd. (“AmalCo”) to become the amalgamated entity 1152176 B.C. Ltd. Aim Explorations Ltd. was legally renamed to DMG Blockchain Solutions Inc. and the new amalgamated entity became a legal subsidiary of DMG Blockchain Solutions Inc. (formerly Aim Explorations Ltd.). All of the issued and outstanding shares, warrants and options of AmalCo were exchanged for shares of DMG Blockchain Solutions Inc. on a one-to-one basis. AmalCo continues to be an operating entity of the group of companies and transacts business under the name DMG Blockchain Solutions Inc.

The fair value of the consideration for the Transaction is as follows:

46,651,995 shares issued by DMG Blockchain Solutions Inc. to acquire 100% of OpCo. fair value of share consideration paid	\$	6,342,400
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The identifiable net assets acquired from the transactions are as follows:

Cash	\$	103,647
Amounts receivable		28,643
Prepaid expense		32,964
Accounts payable		(46,463)
Net assets acquired		118,791
Consideration paid		6,342,400
Total, attributed to listing expense	\$	6,223,209

DMG Blockchain Solutions Inc.

(formerly AIM Explorations Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

5. ACQUISITION OF DATIENT, INC.

On March 7, 2018, the Company closed the acquisition of 100% of the issued and outstanding shares of Datient, Inc. (“Blockseer”) for a purchase price of \$2,630,769 and 7,673,076 common shares. The shares are subject to a vesting schedule whereby the shares vest rateably on a calendar basis over a 24-month period from the closing date.

The fair value of the consideration for the Transaction is as follows:

<u>7,673,076 shares issued by DMG Blockchain Solutions Inc. to acquire Datient, Inc.</u>	
	\$ 10,358,653
Cash paid	\$ 2,630,769
<u>Total consideration paid</u>	<u>12,989,422</u>

The identifiable net assets acquired from the transactions are as follows:

Cash	\$ 11,131
Prepaid expense	3,930
Accounts payable	<u>(11,155)</u>
Net assets acquired	3,905
Total, attributed to goodwill	<u>12,985,516</u>
<u>Consideration paid</u>	<u>\$ 12,989,422</u>

DMG Blockchain Solutions Inc.

(formerly AIM Explorations Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

6. PROPERTY AND EQUIPMENT

COST	Data Centre	Furniture	Motor Vehicle	Total
As at September 30, 2016	\$ -	\$ -	\$ -	\$ -
Additions	804,178	3,595	5,000	812,773
Dispositions	-	-	-	-
As at September 30, 2017	804,178	3,595	5,000	812,773
Additions	7,908,757	8,971	35,631	7,953,359
Reclassify to assets-held-for-services	(2,601,559)	-	-	(2,601,559)
As at June 30, 2018	\$ 6,111,376	\$ 12,566	\$ 40,631	\$ 6,164,573

ACCUMULATED DEPRECIATION	Data Centre	Furniture	Motor Vehicle	Total
As at September 30, 2016	\$ -	\$ -	\$ -	\$ -
Depreciation	402,089	360	750	403,199
As at September 30, 2017	402,089	360	750	403,199
Depreciation	370,080	837	3,685	374,601
As at June 30, 2018	\$ 603,133	\$ 1,197	\$ 4,435	\$ 777,800

NET BOOK VALUE	Data Centre	Furniture	Motor Vehicle	Total
As at September 30, 2017	\$ 402,089	\$ 3,235	\$ 4,250	\$ 409,574
As at June 30, 2018	\$ 5,339,207	\$ 11,369	\$ 36,196	\$ 5,386,772

7. DIGITAL CURRENCY

	June 30, 2018	September 30, 2017
Bitcoins at fair value	\$ 662,826	\$ 59,103

The Company currently holds bitcoins as its digital currency. Bitcoins held by the Company were valued at their fair value using the closing price listed on "xe.com" as at June 30, 2018.

8. INTANGIBLE ASSETS

On May 19, 2017, the Company reviewed a cryptocurrency wallet and distribution software from a Director of the Company for purchase for \$100,000 which is due twelve months from the review date. At March 31, 2018 the carrying value was completely impaired as the Company decided not to use this software.

DMG Blockchain Solutions Inc.

(formerly AIM Explorations Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

9. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	June 30, 2018	September 30, 2017
Trade payables & accrued liabilities	\$ 2,631,915	\$ 430,078
Trade payable & accrued liabilities - related parties (Note 12)	-	43,075
Due to related parties (Note 10)	6,268	6,268
Refundable deposit	-	25,000
	\$ 2,638,183	\$ 504,421

10. LONG-TERM LOAN AND LOAN PAYABLE

On November 22, 2016, the Company entered into a loan agreement with an entity who shares a common director with the Company. The entity provided a loan of 37 bitcoins. As at June 30, 2018, the loan was fully repaid.

11. SHARE CAPITAL AND RESERVES**A. Share Capital**

Authorized: unlimited Class A Common shares without par value, and unlimited class B preferred shares without par value

Share capital activity for the year ended September 30, 2017

- 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 fees 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 with 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.

Share capital activity for the Nine Months Ended June 30, 2018

- On February 8, 2018, the Company issued 35,076,000 subscription receipts at \$0.80 per subscription receipt for gross proceeds of \$28,060,800. The Company also paid corporate finance fees of \$75,000 and issued 156,250 corporate finance subscription receipts at \$0.80 per subscription receipt. In accordance with their terms, immediately after satisfaction of the escrow release conditions, each subscription receipt was automatically converted into common shares of the Company. The Agents received 2,439,781 Agent's subscription receipts which converted into Agent's warrants which are exercisable at \$0.80 per common share for a period of two years from the closing of the transaction. In addition, the Company paid a finder's fee in the aggregate amount of 2,373,223 common shares of the Company to a group of finders.

DMG Blockchain Solutions Inc.

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Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

- On February 8, 2018, the Company issued 46,651,995 common shares in exchange for all the issued and outstanding shares of the private operating company formerly known as DMG Blockchain Solutions Inc. (see Note 4).
- On February 8, 2018, the Company also closed a brokered private placement of 862,500 common shares at a price of \$0.80 per share for aggregate proceeds of \$690,000. The Company issued 56,823 Agent's warrants exercisable at \$0.80 per common share for a period of two years from issuance.
- On February 20, 2018, 140,000 stock options were exercised for gross proceeds of \$14,000. In addition, 11,214 broker warrants were exercised for gross proceeds of \$3,925.

B. Stock Options

Stock option activity for the year ended September 30, 2017

- 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%.

Stock option activity for the Nine Months Ended June 30, 2018

- On November 9, 2017 the private operating company (formerly known as DMG Blockchain Solutions Inc.) granted 4,600,000 stock options with an exercise price of \$0.35 per common share and an expiry date of November 9, 2022. These options had a fair value of \$1,200,000 using the Black Scholes model with the following inputs: i) exercise price: \$0.35; ii) share price: \$0.35; iii) term: 5 years; iv) volatility: 100%; v) discount rate: 1.43%. A portion of the vested value of these options was included in stock-based compensation and reserves for the period ended December 31, 2017. The options were exchanged into options of the Company on a 1:1 basis on February 8, 2018 with all existing terms carried forward.
- On February 9, 2018, the Company announced that had granted 3,500,000 incentive stock options to directors, officers and consultants of the Company. The options are exercisable at a price of \$0.80 per option expiring on February 8, 2021. These options had a fair value of \$1,740,000 using the Black Scholes model with the following inputs: i) exercise price: \$0.80; ii) share price: \$0.80; iii) term: 3 years; iv) volatility: 100%; v) discount rate: 1.43%. A portion of the vested value of these options was included in stock-based compensation and reserves for the period ended June 30, 2018.
- On May 30, 2018, the Company announced that it had issued 125,000 incentive stock options to employees of the Company. The options are exercisable at a price of \$0.80 per option expiring on June 30, 2021. These options had a fair value of \$62,000 using the Black Scholes model with the following inputs: i) exercise price: \$0.80; ii) share price: \$0.80; iii) term: 3 years; iv) volatility: 100%; v) discount rate: 1.43%. A portion of the vested value of these options was included in stock-based compensation and reserves for the period ended June 30, 2018.

DMG Blockchain Solutions Inc.

(formerly AIM Explorations Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2018

(Expressed in Canadian dollars)

- Subsequent to June 30, 2018, 2,096,000 stock options were granted to employees and consultants of the Company with exercise prices ranging from \$0.40 to \$0.80 per common share.

	Options outstanding and exercisable	Weighted average exercise price \$	Weighted average life remaining
Balance, September 30, 2016	-	-	-
Issued	792,000	0.10	-
Balance, September 30, 2017	792,000	0.10	4.30
Issued	8,225,000	0.51	-
Exercised	(140,000)	0.10	-
Balance, June 30, 2018	8,877,000	0.51	3.63

The following table discloses the number of options outstanding as at June 30, 2018:

Number of options ('000s)	Price per share	Expiry Date
	\$	
652,000	0.10	May 1, 2022
4,600,000	0.35	November 9, 2022
3,500,000	0.80	February 8, 2021
125,000	0.80	June 30, 2021
8,877,000		

C. WarrantsWarrant activity for the year ended September 30, 2017

- On May 1, 2017, the Company granted 258,000 agent's warrants outstanding exercisable at \$0.06 per agent's warrant and expiring on May 1, 2019 as part of the 6,378,000 common share private placement.

Warrant activity for the Nine Months Ended June 30, 2018

- On October 20, 2017, the Company granted 47,600 brokers' warrants with an exercise price of \$0.35 per common share and an expiry date of October 20, 2019 in connection with this share issuance as part of the 4,290,782 common share private placement which occurred in the private operating company previously known as DMG Blockchain Solutions Inc. The warrants were exchanged into warrants of the Company on a 1:1 basis on February 8, 2018 with all existing terms carried forward.
- On October 27, 2017, the Company granted 154,097 brokers' warrants with an exercise price of \$0.35 per common share and an expiry date of October 27, 2019 in connection with this share issuance as part of the 4,736,927 common share private placement which occurred in the private operating company previously known as DMG Blockchain Solutions Inc. The warrants were

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exchanged into warrants of the Company on a 1:1 basis on February 8, 2018 with all existing terms carried forward.

- On October 31, 2017, the Company granted 624,023 brokers' warrants with an exercise price of \$0.35 per common share and an expiry date of October 31, 2019 in connection with this share issuance as part of the 9,124,286 common share private placement which occurred in the private operating company previously known as DMG Blockchain Solutions Inc. The warrants were exchanged into warrants of the Company on a 1:1 basis on February 8, 2018 with all existing terms carried forward.
- On February 8, 2018, the Company granted 2,439,781 brokers' warrants with an exercise price of \$0.80 per common share and an expiry date of February 8, 2020 in connection with this share issuance as part of the 35,938,500 common share private placements.
- On April 3, 2018, 50,300 warrants were exercised for gross proceeds of \$17,605.

	Warrants outstanding and exercisable	Weighted average exercise price \$	Weighted average life remaining
Balance, September 30, 2016	-	-	-
Issued	258,000	0.06	-
Balance, September 30, 2017	258,000	0.06	1.33
Issued	3,265,501	0.64	-
Exercised	(61,514)	0.35	-
Balance, June 30, 2018	3,461,987	0.65	1.74

The following table discloses the number of warrants outstanding as at June 30, 2018:

Number of warrants ('000s)	Price per share	Expiry Date
	\$	
258,000	0.06	April 30, 2019
41,140	0.35	October 20, 2019
99,797	0.35	October 27, 2019
623,269	0.35	October 31, 2019
56,823	0.80	February 8, 2020
2,382,958	0.80	February 8, 2020
3,461,987		

12. RELATED PARTY TRANSACTIONS

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

- There was \$Nil owing to the Chief Executive Officer in consulting fees and wages at June 30, 2018 (September 30, 2017 - \$16,968).

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- There was \$Nil owing to the Chief Executive Officer in professional services related to share issuance at June 30, 2018 (September 30, 2017 - \$5,250).

During the year ended September 30, 2017, and the period ended June 30, 2018, the Company had the following transactions and amounts owing/receivable with a Director:

- During the period ended December 31, 2017, the Company paid this Director \$10,000 in consulting fees (December 31, 2016 - \$1,250).
- During the year ended September 30, 2017, the Company entered into an Asset Purchase Agreement with three individuals, one of which was a Director. 4,600,000 Class A common shares with a deemed price of \$0.0658 per common share were paid to this Director in connection to the purchase.
- During the year ended September 30, 2017, the Company issued a promissory note and loaned \$25,000 (2016 - \$Nil) to a director. The loan receivable is unsecured, non-interest bearing, with no specific terms of repayment.
- During the period ended June 30, 2018, the Company paid a Director \$28,000 in consulting fees and wages (June 30, 2017 - \$24,100). There was \$Nil owing to this Director at June 30, 2018 (September 30, 2017 - \$4,000). During the year ended September 30, 2017, the Company also issued a promissory note payable with a principal of 9.119 bitcoins with a fair value of \$76,241 (September 30, 2016 – Nil bitcoin) to this director. The loan receivable is unsecured, non-interest bearing, with no specific terms of repayment. The balance remains unpaid at June 30, 2018.
- During the period ended June 30, 2018, the Company paid a Director \$205,773 in consulting fees and wages (June 30, 2017 - Nil). There was \$Nil owing to this Director at June 30, 2018 (September 30, 2017 - \$10,000).
- During the period ended June 30, 2018, the Company paid a Spouse of a Director \$65,852 in consulting fees and wages (June 30, 2017 - \$36,000). There was \$Nil amount owing to this Spouse of a Director as at June 30, 2018 (September 30, 2017 - \$Nil).
- During the period ended June 30, 2018 the Company paid a Director \$215,773 in consulting fees and wages (June 30, 2017 - \$51,640). There was \$Nil owing to this Director at June 30, 2018 (September 30, 2017 - \$Nil).
- During the year ended September 30, 2017, the Company issued a promissory note and loaned US\$50,000 (C\$62,400) (2016 - \$Nil) to a Company controlled by common directors and officers. As at December 31, 2017, the amount principal remains unpaid and the interest receivable accrued on this loan amounts to US\$1,408 (C\$1,760) (2017: US\$781 or C\$975). The loan receivable is unsecured with interest compounded annually at 5% per annum.

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13. REVENUE SOURCES

The Company's revenue sources comprise the following:

		June 30, 2018	June 30, 2017
Digital Currency related income	\$	6,059,963	619,898
Other income		120,379	
	\$	6,180,342	\$ 619,898

14. GENERAL AND ADMINISTRATION EXPENSES

The Company's general and administrative expenses comprise the following:

General and administrative		June 30, 2018	June 30, 2017
Consulting	\$	1,633,259	402,364
General and administrative office expenses		869,155	164,831
Marketing, investor and public relations		2,296,499	-
Professional fees		449,909	23,208
Regulatory and filing		144,263	3,671
Wages (Note 12)		442,857	-
	\$	5,835,942	594,074

15. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue operating 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 and cash as capital. The Company manages the capital structure and adjusts 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 identify and evaluate potential acquisitions and business opportunities for the Company. To secure the additional capital necessary to pursue these plans, the Company may raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

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16. FINANCIAL INSTRUMENTS

	Ref.	Level 1	Level 2	Level 3	Total
June 30, 2018					
Other financial assets	a	\$ 22,422,05	\$ 662,826	\$ -	\$ 23,084,851
Other financial liabilities	b	2,638,183	-	-	2,638,183

September 30, 2017

Other financial assets	a	\$ 699,726	\$ 59,103	\$ -	\$ 758,829
Other financial liabilities	b	610,512	-	-	610,512

- Comprises cash, sales tax receivable, accounts receivable and due from related party amounts in level 1. Digital Currencies are included in level 2.
- Comprises accounts payable, loans payable and long-term loan

The Company has determined the estimated fair value of its financial instruments, if any, based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments, if any, are not materially different from their carrying values.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and other receivables. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Other receivables comprise refundable sales tax credits from the Canadian federal government.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk is assessed as being high.

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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. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company is not materially exposed to these risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk relating to its accounts payable balance.

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations. The Company's presentation currency is the Canadian dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the entity's functional currency. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity.

17. DIGITAL CURRENCY AND RISK MANAGEMENT

Digital currencies are measured using fair value measurement. The rate is taken from xe.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is related to the current and future market price of coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its coin sales.

Digital currencies have a limited history and historically, the fair value has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. The Company's digital currencies currently consist of Bitcoins.

18. SUBSEQUENT EVENTS

Subsequent to June 30, 2018:

2,096,000 stock options were granted to employees and consultants of the Company with exercise prices ranging from \$0.40 to \$0.80 per common share.

The Company successfully negotiated a secured line of credit of \$2.7 million from a financial institution.

The Company secured lease financing to finance part of the data center mining equipment.