

SKYLEDGER TECH CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

MAY 31, 2019

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated 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 Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

Skyledger Tech Corp.Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	May 31, 2019 \$	August 31, 2018 \$
Assets			
Current assets			
Cash		240,295	146,777
Accounts receivable		11,291	1,457
Prepaid expenses		21,875	386
Digital currency	5	54,804	39,655
		<u>328,265</u>	<u>188,275</u>
Equipment	4	180,817	82,978
Deferred financing fees	6(b)	-	15,823
		<u>509,082</u>	<u>287,076</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	15,753	31,877
		<u>15,753</u>	<u>31,877</u>
Equity Attributable to Shareholders			
Share capital	6	840,442	498,870
Contributed surplus		26,362	-
Deficit		(373,475)	(243,671)
		<u>493,329</u>	<u>255,199</u>
		<u>509,082</u>	<u>287,076</u>

Nature of operations and going concern (Note 1)

Approved by the Board of Directors on July 29, 2019:

"Gunther Roehlig" Director
Gunther Roehlig

"James Liang" Director
James Liang

Skyledger Tech Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended May 31, 2019 and the period from incorporation (November 29, 2017) to May 31, 2018

(Unaudited - Expressed in Canadian Dollars)

	Note	For the three months ended May 31, 2019 \$	For the three months ended May 31, 2018 \$	For the nine months ended May 31, 2019 \$	For the period from incorporation (November 29, 2017) to May 31, 2018 \$
Revenues	5	1,530	9,335	10,626	9,335
Cost of sales		(18,744)	(13,793)	(68,563)	(18,093)
Gross loss		(17,214)	(4,458)	(57,937)	(8,758)
Expenses					
Depreciation	4	4,311	13,981	14,071	19,719
Office and miscellaneous		20,276	6,839	20,430	7,154
Professional fees	7	9,411	28,042	26,266	29,382
Total expenses		(33,998)	(48,862)	(60,767)	(56,255)
Loss before other income (expense)		(51,212)	(53,320)	(118,704)	(65,013)
Other income (expense)					
Gain on change in fair value of digital currency	5	37,010	-	16,090	-
Write-down of equipment	4	-	-	(27,190)	-
Total other income (expense)		37,010	-	(11,100)	-
Net loss and comprehensive loss for the period		(14,202)	(53,320)	(129,804)	(65,013)
Loss per share – basic and diluted	6(d)	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding – basic and diluted		29,023,626	21,553,304	27,395,571	12,936,634

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

Skyledger Tech Corp.

Condensed Interim Statements of Cash Flows

For the nine months ended May 31, 2019 and the period from incorporation (November 29, 2017) to May 31, 2018

(Unaudited - Expressed in Canadian Dollars)

	For the nine months ended May 31, 2019	For the period from incorporation (November 29, 2017) to May 31, 2018
	\$	\$
<hr/>		
Cash Provided From (Used In)		
Operating Activities		
Loss for the period	(129,804)	(65,013)
Items not affecting cash:		
Depreciation	14,071	19,719
Gain on change in fair value of digital currency	27,190	-
Write-down of equipment	(16,090)	-
Funds used in operations before working capital items	(104,633)	(45,294)
Net change in working capital items		
Receivables	(9,834)	(13,204)
Prepays	(21,489)	(6,300)
Digital currency	941	(9,334)
Accounts payable and accrued liabilities	(16,124)	23,707
	(151,139)	(50,425)
Investing Activities		
Purchase of equipment	(139,100)	(233,736)
Loan provided	-	(50,000)
	(139,100)	(283,736)
Financing Activities		
Shares issued on private placement of shares	500,000	478,843
Share issuance costs	(116,243)	(4,973)
Deferred financing fees	-	(10,000)
	383,757	463,870
Increase in cash	93,518	129,709
Cash – beginning of the period	146,777	-
Cash – end of the period	240,295	129,709
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Non-cash transactions:		
Receipt of digital currency as a private placement subscription	-	25,000
400,000 Agents' warrant issued pursuant to the IPO	26,362	-

Skyledger Tech Corp.

Condensed Interim Statements of Changes in Equity

For the nine months ended May 31, 2019 and the period from incorporation (November 29, 2017) to May 31, 2018

(Unaudited - Expressed in Canadian Dollars)

	Common Shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance – November 29, 2017, date of incorporation	-	-	-	-	-
Issued during the period:					
On incorporation	1	1	-	-	1
Issued pursuant to private placements of shares	2,500,000	12,500	-	-	12,500
Issued pursuant to private placements of units	24,567,103	491,342	-	-	491,342
Less: Issue costs – cash	-	(4,973)	-	-	(4,973)
Net loss for the period	-	-	-	(67,948)	(67,948)
Balance – May 31, 2018	27,067,104	498,870	-	(67,948)	430,922
Net loss for the period	-	-	-	(175,723)	(175,723)
Balance – August 31 2018	27,067,104	498,870	-	(243,671)	255,199
Issued during the period:					
Issued pursuant to Initial Public Offering	5,000,000	500,000	-	-	500,000
Less: Agents' warrants	-	(26,362)	26,362	-	-
Less: cash issuance costs	-	(132,066)	-	-	(132,066)
Net loss for the period	-	-	-	(129,804)	(129,804)
Balance – May 31, 2019	32,067,104	840,442	26,362	(373,475)	493,329

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2019

(Unaudited - Expressed in Canadian Dollars)

1. Nature of operations and going concern

Skyledger Tech Corp. (the "Company" or "Skyledger") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on November 29, 2017. The Company's corporate head office is located at Suite 410 - 1040 West Georgia Street, Vancouver, British Columbia, Canada. The Company's principal business is cryptocurrency mining.

On April 26, 2019, the Company completed its initial public offering of 5,000,000 common shares of the Company at a price of \$0.10 per share for total gross proceeds of \$500,000 (Note 6(b)). The Company's common shares were listed on the Canadian Securities Exchange ("CSE") effective April 25, 2019 with its common shares commencing trading on the CSE on April 29, 2019 under the symbol "SKYL".

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. Carrying values as shown in these condensed interim 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. Such adjustments could be material.

At May 31, 2019, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. At May 31, 2019, the Company had working capital of \$312,512. The Company will need additional financing to continue to develop its business and to continue its operations. These factors give rise to material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management believes that the use of the going concern assumption is appropriate for these financial statements. Management believes that the Company will be able to obtain additional financing, through the issuance of either shares or debt to fund continuing operations. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended August 31, 2018, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the period ended August 31, 2018, except as disclosed in Note 3.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements for the year ended August 31, 2018.

These condensed interim financial statements were approved and authorized for issue by the board of directors on July 30, 2019.

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2019

(Unaudited - Expressed in Canadian Dollars)

3. Adoption of new accounting standards and accounting standards issued but not yet applied

IFRS 9, Financial Instruments

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on September 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's condensed interim financial statements.

IFRS 16, Leases

This standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead, all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. This standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

4. Equipment

	Computer equipment \$	Total \$
Cost		
Balance, November 29, 2017 (date of incorporation)	-	-
Additions	242,610	242,610
Write-down of equipment	(125,075)	(125,075)
Balance, August 31, 2018	117,535	117,535
Additions	139,100	139,100
Write-down of equipment	(27,190)	(27,190)
Balance, May 31, 2019	229,445	229,445
Accumulated depreciation		
Balance, November 29, 2017 (date of incorporation)	-	-
Depreciation	34,557	34,557
Balance, August 31, 2018	34,557	34,557
Depreciation	14,071	14,071
Balance, May 31, 2019	48,628	48,628
Carrying amount		
Balance, November 29, 2017 (date of incorporation)	-	-
Balance, August 31, 2018	82,978	82,978
Balance, May 31, 2019	180,817	180,817

Due to the decrease in prices of equipment used for mining activity, the Company recorded a write-down of computer equipment of \$27,190, during the three months ended November 30, 2018, to the computer equipment's estimated fair value less costs to sell.

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2019

(Unaudited - Expressed in Canadian Dollars)

5. Digital currency

	Number of Bitcoin	Bitcoin \$	Total \$
Balance, November 29, 2017 (date of incorporation)	-	-	-
Received from mining activity	2.89988058	29,118	29,118
Received as payment for share subscription	1.43086080	25,000	25,000
Loss on change in fair value of digital currency	-	(14,463)	(14,463)
Balance, August 31, 2018	4.33074138	39,655	39,655
Received from mining activity	1.43815424	10,626	10,626
Sale for cash, net of transaction fees	(0.99014397)	(11,567)	(11,567)
Gain on change in fair value of digital currency	-	16,090	16,090
Balance, May 31, 2019	4.77875165	54,804	54,804
Carrying amount			
Balance, November 29, 2017 (date of incorporation)	-	-	-
Balance, August 31, 2018	4.33074138	39,655	39,655
Balance, May 31, 2019	4.77875165	54,804	54,804

6. Share capital

a) Authorized:

An unlimited number of common shares without par value.

b) Financings:

Initial Public Offering

On April 26, 2019, the Company completed its initial public offering (the "IPO") of 5,000,000 common shares of the Company at a price of \$0.10 per share for total gross proceeds of \$500,000. Pursuant to the agency agreement dated January 31, 2019, Mackie Capital Research Corporation acted as agent (the "Agent") for the IPO. The Company paid to the Agent a cash commission of \$40,000, a work fee of \$20,000 and granted the Agent non-transferable warrants entitling the Agent to purchase a total of 400,000 common shares at a price of \$0.10 per share until April 26, 2021. The fair value of the warrants was estimated to be \$26,362 using the Black-Scholes option pricing model with the following assumptions: share price - \$0.10; exercise price - \$0.10; risk-free interest rate - 1.35%; expected life - 2.0 years; expected volatility - 100%; and expected dividends - nil. The Company incurred an additional \$72,066 in legal fees, filing fees and other transaction costs of which \$15,823 was included in deferred financing fees as at August 31, 2018.

The Company's common shares were listed on the Canadian Securities Exchange ("CSE") effective April 25, 2019 with its common shares commencing trading on the CSE on April 29, 2019 under the symbol "SKYL".

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2019

(Unaudited - Expressed in Canadian Dollars)

c) Warrants:

A summary of warrants outstanding as of May 31, 2019 and the changes for the period then ended is presented below:

	Number of warrants	Weighted average exercise price \$	Weighted average remaining life (Years)
Balance outstanding – November 29, 2017 (date of incorporation)	-	-	-
Issued	24,567,103	0.10	1.54
Balance outstanding – August 31, 2018	24,567,103	0.10	1.54
Issued	400,000	0.10	
Balance outstanding – May 31, 2019	24,967,103	0.10	0.81

At May 31, 2019, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
16,750,000	\$0.10	February 15, 2020
1,000,000	\$0.10	March 31, 2020
1,000,000	\$0.10	April 9, 2020
817,103	\$0.10	April 15, 2020
1,000,000	\$0.10	April 30, 2020
1,250,000	\$0.10	May 14, 2020
250,000	\$0.10	May 16, 2020
2,500,000	\$0.10	June 22, 2020
400,000	\$0.10	April 26, 2021
<u>24,967,103</u>		

d) Basic and diluted loss per share:

During the nine months ended May 31, 2019, potentially dilutive common shares totaling 24,967,103 (2018 – 22,067,103) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

e) Escrow shares:

On January 22, 2019, the Company entered into an escrow agreement with certain shareholders of the Company. 2,500,001 common shares of the Company were placed into escrow. These escrow shares will be released as follows:

Date of Automatic Timed Release	Amount of Escrow Shares Released
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On the date that the Company's common shares were listed on the CSE, April 26, 2019	1/10 of the escrow shares
6 months after the listing date (October 26, 2019)	1/6 of the remainder of the escrow shares
12 months after the listing date (April 26, 2020)	1/5 of the remainder of the escrow shares
18 months after the listing date (October 26, 2020)	1/4 of the remainder of the escrow shares
24 months after the listing date (April 26, 2021)	1/3 of the remainder of the escrow shares
30 months after the listing date (October 26, 2021)	1/2 of the remainder of the escrow shares
36 months after the listing date (April 26, 2022)	The remainder of the escrow shares

As at May 31, 2019, 2,250,001 common shares remained in escrow.

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the nine months ended May 31, 2019

(Unaudited - Expressed in Canadian Dollars)

7. Related party transactions

During the three and nine months ended May 31, 2019 and the three months ended May 31, 2018 and the period from incorporation (November 29, 2017) to May 31, 2018, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or significantly influenced by directors and officers:

	Three months May 31, 2019	Three months May 31, 2018	Nine months May 31, 2019	Period from date of incorporation (November 29, 2017) to May 31, 2018
	\$	\$	\$	\$
Accounting fees	5,259	8,332	16,674	9,672
Legal fees	2,967	7,210	4,147	7,210
Share issuance fees (legal fees)	8,009	-	26,356	-
	16,235	15,542	47,177	16,882

At May 31, 2019, accounts payable and accrued liabilities included \$1,647 (August 31, 2018 - \$8,305) owing to directors and officers of the Company or companies they control and/or companies they owned or significantly influenced by directors and officers. The amounts owing include amounts related to expenditures charged to the Company. The amounts are unsecured and non-interest bearing. Amounts are due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.