

SKYLEDGER TECH CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FEBRUARY 28, 2019

(Unaudited - Expressed in Canadian Dollars)

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

	Note	February 28, 2019 \$ (Unaudited)	August 31, 2018 \$
Assets			
Current assets			
Cash		39,178	146,777
Accounts receivable		6,100	1,457
Prepaid expenses		-	386
Digital currency	5	27,831	39,655
		<u>73,109</u>	<u>188,275</u>
Equipment	4	46,028	82,978
Deferred financing fees	8	37,845	15,823
		<u>156,982</u>	<u>287,076</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		17,385	31,877
		<u>17,385</u>	<u>31,877</u>
Equity Attributable to Shareholders			
Share capital	6	498,870	498,870
Deficit		(359,273)	(243,671)
		<u>139,597</u>	<u>255,199</u>
		<u>156,982</u>	<u>287,076</u>

Nature of operations and going concern (Note 1)

Subsequent event (Note 8)

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

"Gunther Roehlig" Director
Gunther Roehlig

"James Liang" Director
James Liang

Skyledger Tech Corp.

Condensed Interim Statement of Loss and Comprehensive Loss

For the three and six months ended February 28, 2019 and the period from incorporation (November 29, 2017) to February 28, 2018

(Unaudited - Expressed in Canadian Dollars)

	Note	For the three months ended February 28, 2019 \$	For the three months ended February 28, 2018 \$	For the six months ended February 28, 2019 \$	For the period from incorporation (November 29, 2017) to February 28, 2018 \$
Revenues	5	1,245	-	9,096	-
Cost of sales		(16,844)	(4,300)	(49,819)	(4,300)
Gross loss		(15,599)	(4,300)	(40,723)	(4,300)
Expenses					
Depreciation	4	3,811	5,738	9,760	5,738
Office and miscellaneous		65	315	154	315
Professional fees		10,648	1,340	16,855	1,340
Total expenses		(14,524)	(7,393)	(26,729)	(7,393)
Loss before other income (expense)		(30,123)	(11,693)	(67,492)	(11,693)
Other income (expense)					
Unrealized loss on change in fair value of digital currency	5	(1,139)	-	(20,920)	-
Write-down of equipment	4	-	-	(27,190)	-
Total other income (expense)		(1,139)	-	(48,110)	-
Net loss and comprehensive loss for the period		(31,262)	(11,693)	(115,602)	(11,693)
Loss per share – basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding – basic and diluted		27,067,104	4,272,223	27,067,104	4,225,276

Skyledger Tech Corp.

Condensed Interim Statement of Cash Flows

For the six months ended February 28, 2019 and the period from incorporation (November 29, 2017) to February 28, 2018

(Unaudited - Expressed in Canadian Dollars)

	For the six months ended February 28, 2019 \$	For the period from incorporation (November 29, 2017) to February 28, 2018 \$
<hr/>		
Cash Provided From (Used In)		
Operating Activities		
Loss for the period	(115,602)	(11,693)
Items not affecting cash:		
Depreciation	9,760	5,738
Unrealized loss on change in fair value of digital currency	20,920	-
Write-down of equipment	27,190	-
Funds used in operations before working capital items	(57,732)	(5,955)
Net change in working capital items		
Receivables	(4,643)	(8,735)
Prepays	386	-
Digital currency	(9,096)	-
Accounts payable and accrued liabilities	(14,492)	7,961
	(85,577)	(6,729)
Investing Activities		
Purchase of equipment	-	(189,087)
	-	(189,087)
Financing Activities		
Shares issued on private placement of shares, net of issue costs	-	372,501
Deferred financing fees	(22,022)	(10,000)
	(22,022)	362,501
(Decrease) increase in cash	(98,496)	166,685
Cash – beginning of the period	146,777	-
Cash – end of the period	39,178	166,685
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Non-cash transaction:		
Receipt of digital currency as a private placement subscription		25,000

Skyledger Tech Corp.

Condensed Interim Statement of Changes in Equity

For the six months ended February 28, 2019 and the period from incorporation (November 29, 2017) to February 28, 2018

(Unaudited - Expressed in Canadian Dollars)

	Common Shares #	Share Capital \$	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	19,250,000	385,000	-	385,000
Net loss for the period	-	-	(11,693)	(11,693)
Balance – February 28, 2018	21,750,001	397,501	(11,693)	385,808
Balance – August 31 2018	27,067,104	498,870	(243,671)	255,199
Net loss for the period	-	-	(115,602)	(115,602)
Balance – February 28, 2019	27,067,104	498,870	(359,273)	139,597

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 28, 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. On December 21, 2017, shareholders of the Company approved the change of the Company's name from 1143092 B.C. Ltd. to Skyledger Tech Corp. 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. The Company's common shares were listed on the Canadian Securities Exchange effective April 25, 2019 with its common shares trading under the symbol "SKYL" (Note 8).

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 February 28, 2019, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. At February 28, 2019, the Company had working capital of \$55,724. 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 April 29, 2019.

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 28, 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 (Note 9)	242,610	242,610
Write-down of equipment	(125,075)	(125,075)
Balance, August 31, 2018	117,535	117,535
Write-down of equipment	(27,190)	(27,190)
Balance, February 28, 2019	90,345	90,345
Accumulated depreciation		
Balance, November 29, 2017 (date of incorporation)	-	-
Depreciation	34,557	34,557
Balance, August 31, 2018	34,557	34,557
Depreciation	9,760	9,760
Balance, February 28, 2019	44,317	44,317
Carrying amount		
Balance, November 29, 2017 (date of incorporation)	-	-
Balance, August 31, 2018	82,978	82,978
Balance, February 28, 2019	46,028	46,028

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 six months ended February 28, 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
Unrealized 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	1.2313413	9,096	9,096
Unrealized loss on change in fair value of digital currency	-	(20,920)	(20,920)
Balance, February 28, 2019	5.56208268	27,831	27,831
Carrying amount			
Balance, November 29, 2017 (date of incorporation)	-	-	-
Balance, August 31, 2018	4.33074138	39,655	39,655
Balance, February 28, 2019	5.56208268	27,831	27,831

The carrying amount of digital currency has been revalued at February 28, 2019. Had the cost model been used, the carrying amount would have been \$63,215.

6. Share capital

a) Authorized:

An unlimited number of common shares without par value.

b) Warrants:

A summary of warrants outstanding as of February 28, 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
Balance outstanding – February 28, 2019	24,567,103	0.10	1.04

At February 28, 2019, the Company had 24,567,103 warrants outstanding entitling the holder to purchase one common share at a price of \$0.10 per common share for a two-year period from the date of issuance. The weighted average fair value of these warrants was \$nil per warrant. The following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

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
<u>24,567,103</u>		

c) Basic and diluted loss per share:

During the six months ended February 28, 2019, potentially dilutive common shares totaling 24,567,103 were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

7. Related party transactions

During the three and six months ended February 28, 2019 and the three months ended February 28, 2018 and the period from incorporation (November 29, 2017) to February 28, 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 February 28, 2019 \$	Three months February 28, 2018 \$	Six months February 28, 2019 \$	Period from date of incorporation (November 29, 2017) to February 28, 2018 \$
Accounting fees	5,208	1,340	11,415	1,340
Legal fees	1,180	-	1,180	-
Deferred financing fees (legal fees)	2,062	-	18,347	-
	<u>8,450</u>	1,340	<u>30,942</u>	1,340

At February 28, 2019, accounts payable and accrued liabilities included \$5,938 (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.

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

8. Subsequent event

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 (the "Proceeds"). 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 equal to 8% of the Proceeds 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. In connection with the IPO, the Agent also received a corporate finance fee. 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". As of February 28, 2019, \$37,845 has been recorded as deferred financing fees related to the IPO.