

SKYLEDGER TECH CORP.

FINANCIAL STATEMENTS
August 31, 2020 and 2019
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Skyledger Tech Corp.

Opinion

We have audited the financial statements of Skyledger Tech Corp. (the "Company"), which comprise the statements of financial position as at August 31, 2020 and 2019, the statements of loss and comprehensive loss, statements cash flows and statements of changes in equity for the years ended August 31, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, and its financial performance and its cash flows for the years ended August 31, 2020 and 2019, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements which indicates that the Company has not achieved profitable operations and will need additional financing to continue to develop its business and continue operations. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis for the year ended August 31, 2020, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

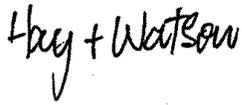
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up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Essop Mia.

A handwritten signature in black ink that reads "Essop Mia". The signature is written in a cursive, slightly slanted style.

Chartered Professional Accountants
Vancouver, BC, Canada
December 17, 2020

Skyledger Tech Corp.

Statements of Financial Position

As at August 31, 2020 and 2019

(Expressed in Canadian Dollars)

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		27,213	222,258
Accounts receivable		25,955	12,140
Prepaid expenses		-	15,625
Digital currency	6	54,459	54,813
		107,627	304,836
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Equipment	5	4,688	44,355
		112,315	349,191
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Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	115,900	41,479
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Equity Attributable to Shareholders			
Share capital	7	845,714	845,714
Contributed surplus		21,090	21,090
Accumulated other comprehensive income		16,427	4,112
Deficit		(886,816)	(563,204)
		(3,585)	307,712
		112,315	349,191
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Nature of operations and going concern (Note 1)

Subsequent events (Note 11)

Approved by the Board of Directors on December 17, 2020:

"Gunther Roehlig" Director
Gunther Roehlig

"James Liang" Director
James Liang

Skyledger Tech Corp.

Statements of Loss and Comprehensive Loss
For the years ended August 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Note	2020 \$	2019 \$
Revenues	6	23,991	30,589
Cost of sales		(53,277)	(86,777)
Gross loss		(29,286)	(56,188)
Expenses			
Depreciation	5	10,417	26,576
Office and miscellaneous		103,007	47,056
Due diligence	8	1,242	-
Consulting	8	95,000	-
Professional fees	8	56,917	52,534
Total expenses		(266,583)	(126,166)
Loss before other income (expense)		(295,869)	(182,354)
Other income (expense)			
Foreign exchange gain/(loss)		1,507	(495)
Unrealized gain on change in fair value of digital currency	6	-	14,463
Write-down of equipment	5	(29,250)	(151,147)
Total other income (expense)		(27,743)	(137,179)
Net loss		(323,612)	(319,533)
Other comprehensive income			
Items that will not be reclassified to net loss			
Unrealized gain on change in fair value of digital currency	6	12,315	4,112
Comprehensive loss		(311,297)	(315,421)
Loss per share – basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding – basic and diluted		32,067,104	28,067,104

The accompanying notes are an integral part of these financial statements

Skyledger Tech Corp.

Statements of Cash Flows

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

	2020	2019
	\$	\$
Cash Provided From (Used In)		
Operating Activities		
Loss for the year	(323,612)	(319,533)
Items not affecting cash:		
Depreciation	10,417	26,576
Unrealized gain on change in fair value of digital currency	-	(14,463)
Write-down of equipment	29,250	151,147
Funds used in operations before working capital items	(283,945)	(156,273)
Net change in working capital items		
Accounts receivable	(13,815)	(10,683)
Digital currency	12,669	3,417
Prepaid expenses	15,625	(15,239)
Accounts payable and accrued liabilities	74,421	9,602
	(195,045)	(169,176)
Investing Activities		
Purchase of equipment	-	(139,100)
Financing Activities		
Shares issued on private placement of shares	-	500,000
Share issuance costs	-	(116,243)
	-	383,757
(Decrease) increase in cash	(195,045)	75,481
Cash – beginning of the year	222,258	146,777
Cash – end of the year	27,213	222,258
Non-cash transactions:		
400,000 Agents' warrants issued pursuant to the IPO (Note 7(b and c))	-	21,090

Skyledger Tech Corp.

Statements of Changes in Equity

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

	Common Shares #	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income \$	Deficit \$	Total \$
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	-	(21,090)	21,090	-	-	-
Less: Issue costs - cash	-	(132,066)	-	-	-	(132,066)
Net loss for the year	-	-	-	-	(319,533)	(319,533)
Other comprehensive income for the year	-	-	-	4,112	-	4,112
Balance – August 31, 2019	32,067,104	845,714	21,090	4,112	(563,204)	307,712
Net loss for the year	-	-	-	-	(323,612)	(323,612)
Other comprehensive income for the year	-	-	-	12,315	-	12,315
Balance – August 31, 2020	32,067,104	845,714	21,090	16,427	(886,816)	(3,585)

The accompanying notes are an integral part of these financial statements

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(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. The Company's common shares are listed on the Canadian Securities Exchange under the symbol "SKYL".

These 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 financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

At August 31, 2020, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. At August 31, 2020, the Company had a working capital deficit of \$8,273. 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.

During the year, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

Beginning in the third quarter of fiscal year 2020, the Company suspended its cryptocurrency mining operations and on October 15, 2020, the Company entered into a proposed transaction to acquire mineral properties in the Yukon (Note 11).

2. Basis of presentation and significant accounting policies

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis except for digital currencies as noted below.

Unless otherwise stated, all dollar amounts are in Canadian dollars.

These financial statements for the year ended August 31, 2020 were approved and authorized for issue by the board of directors on December 17, 2020.

The significant accounting policies used in the preparation of these financial statements are as follows:

Cash and cash equivalents

Cash and equivalents are composed of deposits held with banks and may also include cash on hand and short-term highly liquid investments with original maturities of less than 90 days.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of presentation and significant accounting policies (continued)

Digital Currency

Bitcoins are classified as indefinite life intangible assets, because they do not expire or deteriorate over time and the Company expects to obtain benefits from its cryptocurrencies indefinitely, and are initially recognised at cost. Bitcoins are subsequently measured at fair value by reference to the quoted price in an active Bitcoin market, less any subsequent accumulated impairment losses. Increases in the carrying amount of Bitcoins on revaluation are recognised in profit and loss to the extent that revaluation decreases were previously recorded in profit and loss; otherwise revaluation increases are credited to other comprehensive income. Decreases that offset previous increases are recognised as other comprehensive income to the extent of any credit balance previously recognised; all other decreases are recognised in profit and loss. On disposal of Bitcoins, the cumulative revaluation surplus associated with those Bitcoins is transferred directly to retained earnings.

Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company depreciates the cost of property and equipment over their estimated useful lives at the following annual rates:

Computer equipment	4 years	Straight line basis
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Impairment of long-lived assets

At each reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year. Impairment is normally assessed at the level of a cash-generating units, which is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, up to a maximum of the amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit). A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets and liabilities

a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of presentation and significant accounting policies (continued)

Financial assets and liabilities (continued)

b) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recognized at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date in the statement of loss and comprehensive loss as an impairment gain or loss.

d) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss). The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

Revenue recognition

The Company recognizes revenue received from the provision of transaction verification services within the Bitcoin network, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives Bitcoin from the Bitcoin network. Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average price from the price index maintained by www.coindesk.com.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of presentation and significant accounting policies (continued)

Revenue recognition (continued)

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue from mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IFRS 15, Revenue from Contracts with Customers, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Earnings or loss per share

Basic earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share represents basic earnings or loss per share adjusted for the number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Foreign currencies

The financial statements of the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Income tax

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date applicable to the period of expected realization or settlement.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of presentation and significant accounting policies (continued)

Income tax (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

3. Adoption of new accounting standards

IFRS 16, Leases

This standard replaces IAS 17 Leases and became effective for the Company on September 1, 2019. IFRS 16 eliminates the classification of leases as either operating or finance leases for a lessee. Instead, all leases except for short-term (less than 12 months) and low-value leases are capitalized by measuring 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. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

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 financial statements.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions based on current available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgments which have a significant effect on the amounts recognized in the financial statements:

- (i) *Going concern* – The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves management's judgement. Factors considered by management are disclosed in Note 1.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

4. Critical accounting estimates and judgments (continued)

- (ii) *Digital currency valuation* – Digital currencies consist of cryptocurrency assets (Note 6) and are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the hourly volume weighted average from a price index maintained by www.coindesk.com. The digital currency market is still a new market and is highly volatile. Historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's profit and loss and financial position.
- (iii) *Property and equipment* – In assessing the valuation of property and equipment (Note 5), management makes estimates in determining the expected economic lives of and net cash flows from property and equipment.
- (iv) *Income taxes* – In assessing the probability of realizing income tax assets (Note 9), management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

5. Equipment

	Computer equipment \$
Cost	
Balance, August 31, 2018	117,535
Additions	139,100
Write-down of equipment	(151,147)
Balance, August 31, 2019	105,488
Write-down of equipment	(29,250)
Balance, August 31, 2020	76,238
Accumulated depreciation	
Balance, August 31, 2018	34,557
Depreciation	26,576
Balance, August 31, 2019	61,133
Depreciation	10,417
Balance, August 31, 2020	71,550
Carrying amount	
Balance, August 31, 2019	44,355
Balance, August, 2020	4,688

Computer equipment consists of specialized bitcoin mining computer equipment and costs incurred to prepare the equipment for use. As at August 31, 2020, the Company determined that there were indicators of impairment on the equipment due to the decrease in prices of equipment used for mining activity. Accordingly, the Company wrote-down the equipment by \$29,250 to its estimated recoverable value of \$4,688 (2019 - write-down of \$151,147).

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

6. Digital currency

	Number of Bitcoin	Fair Value \$
Balance, August 31, 2018	4.33074138	39,655
Received from mining activity	2.89443269	30,589
Sale for cash, net of transaction fees	(3.0098560)	(34,006)
Unrealized gain on change in fair value of digital currency	-	18,575
Balance, August 31, 2019	4.21531807	54,813
Received from mining activity	2.15522421	23,991
Sale for cash, net of transaction fees	(2.79502542)	(36,660)
Unrealized gain on change in fair value of digital currency	-	12,315
Balance, August 31, 2020	3.57551686	54,459

Subsequent to August 31, 2020, the Company sold all of its remaining Bitcoins for USD\$46,726 (\$60,982).

7. Share capital

a) Authorized:

An unlimited number of common shares without par value.

b) Financing:

During the year ended August 31, 2020, there were no financing activities.

During the year ended August 31, 2019, the following financing activities occurred:

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 \$21,090 using the Black-Scholes option pricing model with the following inputs and 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.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

7. Share capital (continued)

c) Warrants:

A summary of warrants outstanding as at August 31, 2020 and 2019 and the changes for the years then ended is presented below:

	Number of warrants	Weighted average exercise price \$	Weighted average remaining life (Years)
Balance outstanding – August 31, 2018	24,567,103	0.10	1.54
Issued	400,000	0.10	2.00
Balance outstanding – August 31, 2019	24,967,103	0.10	0.55
Expired	(24,567,103)	0.10	
Balance outstanding – August 31, 2020	400,000	0.10	0.65

At August 31, 2020, 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
400,000	\$0.10	April 26, 2021

d) Basic and diluted loss per share:

During the year ended August 31, 2020, potentially dilutive common shares totaling 400,000 (2019 – 24,967,103) 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 August 31, 2020, 1,500,001 (August 31, 2019 – 2,250,001) common shares remained in escrow.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

7. Share capital (continued)

f) Stock option plan

The Company has a stock option plan pursuant to which it may issue options to purchase common shares to directors, officers, and management company employees. Options issued under the stock option plan will have an exercise price not less than the market price of the Company's common shares on the grant date and expire no later than ten years from the grant date. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the number of issued and outstanding common shares. The Company did not issue any stock options during the years ended August 31, 2020 and 2019.

8. Related party transactions

During the years ended August 31, 2020 and 2019, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies controlled or significantly influenced by directors and officers:

	2020	2019
	\$	\$
Accounting fees	30,349	22,576
Share issuance fees (legal fees)	-	26,356
Consulting fees	47,500	-
Legal fees	9,931	5,263
Due diligence	1,242	-
	89,022	54,195

At August 31, 2020, accounts payable and accrued liabilities included \$28,959 (2019 - \$5,963) owing to directors and officers of the Company or companies controlled or significantly influenced by directors and officers. The amounts owing include amounts related to expenditures charged to the Company. The amounts are unsecured, non-interest bearing and are due on demand. The amounts have been recorded at their exchange amount, being the amount agreed to by the parties.

9. Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax expense (recovery) for the years ended August 31, 2020 and 2019 is as follows:

	2020	2019
Statutory tax rate	27.00%	27.00%
	\$	\$
Loss for the period before income taxes	(323,612)	(319,533)
Expected income tax recovery	(87,375)	(86,274)
Net effect of deductible or non-deductible items	1,199	(38,384)
Unrecognized tax benefit	86,176	124,658
Income tax expense (recovery)	-	-

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

9. Income taxes (continued)

The significant components of the Company's deferred income tax assets and liabilities as at August 31, 2020 and 2019 are as follows:

	2020	2019
	\$	\$
Tax loss carry forwards	152,624	69,758
Share issue costs	21,932	29,332
Equipment	101,796	91,086
Total unrecognized deferred income tax assets	276,352	190,176

Deferred tax assets have not been recognized as the Company may not have sufficient taxable profit in the future to utilize the deferred deductions available for tax purposes.

At August 31, 2020, the Company had non-capital losses in Canada of approximately \$565,273 (2019 - \$258,300) which may be available to offset future income for tax purposes and which expire from 2038 to 2040.

10. Financial instruments

a) Management of capital:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its assets and to maintain a flexible capital structure that optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of amounts attributable to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the investment appetite in the cryptocurrency market and its ability to compete for investor support in this market.

The Company is not subject to any capital requirements imposed by a regulator.

b) Classification of financial instruments:

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The Company's cash, accounts receivable and accounts payable and accrued liabilities are classified as and measured at amortized cost.

c) Fair Value of Financial Instruments:

The Company classified its fair value measures within a fair value hierarchy, which reflects the significance of inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures.

Skyledger Tech Corp.

Notes to the Financial Statements

For the years ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

10. Financial instruments (continued)

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

As at August 31, 2020, the Company had no financial instruments measured at fair value on a recurring basis. The carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these instruments.

d) Financial instruments risk exposure:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions as well as accounts receivable. The Company's cash is held at a major Canadian financial institution. Accounts receivable consist of Goods and Services Tax receivable from the Government of Canada. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company has not provided an expected credit loss allowance as at August 31, 2020 and 2019.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has no interest-bearing financial assets or liabilities.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

11. Subsequent events

On October 15, 2020, the Company entered into a non-binding letter of intent with 18526 Yukon Inc. (the "Vendor") and Senoa Gold Corp. (the "Target"), a wholly-owned subsidiary of the Vendor, both arm's length parties, pursuant to which the Company will acquire all of the issued and outstanding shares of the Target from the Vendor (the "Transaction"). The Target will own the Einarson (as to 70% with the balance owned by a third party), Rogue, Tosh, Cliff, Rainbow and Cynthia claims located in the Yukon (the "Properties"). On December 1, 2020, the Company entered into a binding purchase agreement (the "Purchase Agreement") with the Vendor and the Target. Closing of the Transaction is subject to conditions including but not limited to, Canadian Securities Exchange and shareholder approval.

Pursuant to the Purchase Agreement, the Company has agreed to acquire all of the issued and outstanding shares of the Target from the Vendor for total consideration of (a) 27,500,000 common shares of the Company (the "Consideration Shares"), (b) \$1,000,000 in cash on the closing date, (c) \$250,000 in cash on each of the first, second, third and fourth anniversaries of the closing date, and (d) \$1,000,000 upon the Company announcing either a measured, indicated, inferred, or any combination thereof, mineral resource of at least 1,000,000 ounces of gold on a Property (to be paid on each of the Properties for an aggregate of up to \$6,000,000). The Vendor will retain a royalty equal to 2.0% of the net smelter returns in respect of each of the Properties.