

SKYLEDGER TECH CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

February 29, 2020 and February 28, 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)

	Notes	February 29, 2020 \$	August 31, 2019 \$
Assets			
Current assets			
Cash		81,352	222,258
Accounts receivable		20,176	12,140
Prepaid expenses		3,125	15,625
Digital currency	5	37,898	54,813
		142,551	304,836
Equipment	4	37,619	44,355
		180,170	349,191
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	37,135	41,479
Equity Attributable to Shareholders			
Share capital	6	845,714	845,714
Contributed surplus		21,090	21,090
Accumulated other comprehensive income		3,173	4,112
Deficit		(726,942)	(563,204)
		143,035	307,712
		180,170	349,191

Nature of operations and going concern (Note 1)

Subsequent events (Note 6(b))

Approved by the Board of Directors on April 24, 2020:

"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 six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

	Note	For the three months ended February 29, 2020 \$	For the three months ended February 28, 2019 \$	For the six months ended February 29, 2020 \$	For the six months ended February 28, 2019 \$
Revenues	5	8,058	1,245	20,685	9,096
Cost of sales		(31,326)	(16,844)	(52,626)	(49,819)
Gross loss		(23,268)	(15,599)	(31,941)	(40,723)
Expenses					
Depreciation	4	3,368	3,811	6,736	9,760
Office and miscellaneous		13,620	65	44,496	154
Due diligence	7	1,242	-	1,242	-
Consulting	7	15,000	-	55,000	-
Professional fees	7	16,570	10,648	25,276	16,855
Total expenses		(49,800)	(14,524)	(132,750)	(26,769)
Loss before other income (expense)		(73,068)	(30,123)	(164,691)	(67,492)
Other income (expense)					
Foreign exchange loss		742	-	953	-
Unrealized gain/(loss) on change in fair value of digital currency	5	1,202	(1,139)	-	(20,920)
Write-down of equipment	4	-	-	-	(27,190)
Total other income (expense)		1,944	(1,139)	953	(48,110)
Net loss		(71,124)	(31,262)	(163,738)	(115,602)
Other comprehensive loss					
Items that will not be reclassified to net loss					
Unrealized gain/(loss) on change in fair value of digital currency		3,173	-	(939)	-
Comprehensive loss		(67,951)	(31,262)	(164,677)	(115,602)
Loss per share – basic and diluted		(0.00)	(0.00)	(0.01)	(0.00)
Weighted average number of shares outstanding – basic and diluted		32,067,104	27,067,104	32,067,104	27,067,104

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

Skyledger Tech Corp.

Condensed Interim Statements of Cash Flows

For the six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

	For the six months ended February 29, 2020 \$	For the six months ended February 28, 2019 \$
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Cash Provided From (Used In)		
Operating Activities		
Loss for the period	(163,738)	(115,602)
Items not affecting cash:		
Depreciation	6,736	9,760
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	(157,002)	(57,732)
Net change in working capital items		
Accounts receivable	(8,036)	(4,643)
Digital currency	15,976	(9,096)
Prepaid expenses	12,500	386
Accounts payable and accrued liabilities	(4,344)	(14,492)
	(140,906)	(85,577)
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Financing Activities		
Deferred financing fees	-	(22,022)
	-	(22,022)
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Decrease in cash	(140,906)	(107,599)
Cash – beginning of the period	222,258	146,777
Cash – end of the period	81,352	39,178
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Cash paid for interest	-	-
Cash paid for income taxes	-	-
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Skyledger Tech Corp.

Condensed Interim Statements of Changes in Equity

For the six months ended February 29, 2020 and February 28, 2019

(Unaudited - 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
Net loss for the period	-	-	-	-	(115,602)	(115,602)
Balance – February 28, 2019	27,067,104	498,870	-	-	(359,273)	139,597
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 period	-	-	-	-	(203,931)	(203,931)
Other Comprehensive income for the period	-	-	-	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 period	-	-	-	-	(163,738)	(163,738)
Other comprehensive loss for the period	-	-	-	(939)	-	(939)
Balance – February 29, 2020	32,067,104	845,714	21,090	3,173	(726,942)	143,035

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

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 29, 2020 and 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. 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 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 29, 2020, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. At February 29, 2020, the Company had working capital of \$105,416. 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.

Subsequent to quarter-end, 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.

2. Basis of presentation and significant accounting policies

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 year ended August 31, 2019, 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 year ended August 31, 2019, 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, 2019.

These condensed interim financial statements were approved and authorized for issue by the board of directors on April 24, 2020.

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

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 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. The adoption of this standard did not have a material measurement or disclosure impact on the Company's condensed interim 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 condensed interim financial statements.

4. Equipment

	Computer equipment \$
Cost	
Balance, August 31, 2018	117,535
Additions	139,100
Write-down of equipment	(151,147)
Balance, February 29, 2020 and August 31, 2019	105,488
Accumulated depreciation	
Balance, August 31, 2018	34,557
Depreciation	26,576
Balance, August 31, 2019	61,133
Depreciation	6,736
Balance, February 29, 2020	67,869
Carrying amount	
Balance, August 31, 2019	44,355
Balance, February 29, 2020	37,619

5. Digital currency

	Number of Bitcoin	Bitcoin \$
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	1.84621159	20,685
Sale for cash, net of transaction fees	(2.79502542)	(36,661)
Unrealized loss on change in fair value of digital currency	-	(939)
Balance, February 29, 2020	3.26650424	37,898

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

6. Share capital

a) Authorized:

An unlimited number of common shares without par value.

b) Warrants:

A summary of warrants outstanding as at February 29, 2020 and August 31, 2019 and the changes for the periods 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	(16,750,000)	0.10	
Balance outstanding – February 29, 2020	8,217,103	0.10	0.25

At February 29, 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
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>8,217,103</u>		

*Subsequent to February 29, 2020, these share purchase warrants expired unexercised

c) Basic and diluted loss per share:

During the six months ended February 29, 2020, potentially dilutive common shares totaling 8,217,103 (February 28, 2019 – 24,567,103) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

d) 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:

Skyledger Tech Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended February 29, 2020 and February 28, 2019

(Unaudited - Expressed in Canadian Dollars)

Date of Automatic Timed Release	Amount of Escrow Shares Released
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 February 29, 2020, 1,875,001 (August 31, 2019 – 2,250,001) common shares remained in escrow.

7. Related party transactions

During the three and six months ended February 29, 2020 and February 28, 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:

	Three months February 29, 2020 \$	Three months February 28, 2019 \$	Six months February 29, 2020 \$	Six months February 28, 2019 \$
Accounting fees	14,898	5,208	19,906	11,415
Deferred financing fees (legal fees)	-	2,062	-	18,347
Consulting fees	7,500	-	27,500	-
Legal fees	237	1,180	3,935	1,180
Due diligence	1,242	-	1,242	-
	23,877	8,450	52,583	30,942

At February 29, 2020, accounts payable and accrued liabilities included \$10,409 (August 31, 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.