SKYCHAIN TECHNOLOGIES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended September 30, 2021

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim consolidated interim financial statements for Skychain Technologies Inc. (the "Company") for the six months ended September 30, 2021 have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These interim consolidated financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes these interim consolidated financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and the results of its operations and its cash flows for the six months ended September 30, 2021.

SKYCHAIN TECHNOLOGIES INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

		September 30, 2021		March 31, 2021
		(Unaudited)		(Audited)
ASSETS				
Current				
Cash	$	1,106,209	$	2,926
Receivables (Note 4)		129,650		58,234
Receivables from Miningsky Contianer Ltd. (Note 7)		114,833		-
Prepaid expenses (Note 5)		86,818		51,375
Total current assets		1,437,510		112,535
Reclamation deposit (Note 6)		15,000		15,000
Investment in Miningsky Container Ltd. (Note 7)		147,858		-
Equipment deposit (Note 5)		60,116		236,100
Hydro infrastructure deposit (Note 5, 8)		401,025		220,125
Hosting site development (Note 8)		315,146		-
Property and equipment (Note 9)		2,723,449		890,112
Right-of-use assets (Note 8, 10)		1,580,443		44,574
Total assets	$	6,680,547	$	1,518,446
LIABILITIES AND EQUITY (DEFICIENCY)				
Current				
Accounts payable and accrued liabilities	$	1,142,475	$	1,274,383
Loans from related parties (Note 16)		-		461,724
Advances from related parties (Note 16)		121,186		156,477
Customer deposits (Note 11)		700,797		291,930
Short-term loan (Note 12)		-		132,811
Subscription repayable (Note 15)		-		286,729
Lease liabilities (Note 10)		-		48,790
Unearned revenue		6,196		6,288
Total current liabilities		1,970,654		2,659,132
Lease liabilities (Note 10)		1,445,276		-
Convertible loan (Note 13)		1,221,368		-
Government loan (Note 14)		33,579		31,306
Total liabilities		4,670,877		2,690,438
Equity (deficiency)				
Share capital (Note 15)		11,627,550		8,559,515
Share subscription receivable (Note 15)		(10,000)		-
Equity component of convertible loan (Note 13)		710,912		-
Reserves (Note 13 and 15)		937,435		356,764
Accumulated other comprehensive income		(52)		1,296
Deficit		(11,809,267)		(10,089,567)
Capital and reserve attibutable to shareholders of the Company		1,456,578		(1,171,992)
Non-controlling interest (Note 17)		553,092		-
		2,009,670		(1,171,992)
Total liabilities and equity (deficiency)	$	6,680,547	$	1,518,446

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
CONTINGENCIES (Note 21)
EVENTS SUBSEQUENT TO THE REPORTING PERIOD (Note 22)

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

SKYCHAIN TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
REVENUE				
Hosting service revenue	$ -	$ 902,383	$ -	$ 1,983,505
Sales (Note 7)	36,000	-	36,000	-
Consulting income (Note 7)	118,000	-	118,000	-
	154,000	902,383	154,000	1,983,505
COSTS OF OPERATIONS				
Costs of goods sold	(29,033)	-	(29,033)	-
Amortization of property and equipment	(18,580)	(13,712)	(37,776)	(116,737)
Hosting operation costs	-	(1,058,980)	(7,982)	(2,191,710)
	106,387	(170,309)	79,209	(324,942)
EXPENSES				
Accounting fees	$ 19,735	$ 45,470	$ 46,410	$ 53,430
Accretion and interest	60,708	14,128	83,342	26,700
Amortization of property and equipment	-	1,516	274	2,976
Depreciation of right-of-use assets	17,831	40,465	44,575	66,026
Consulting fees	95,893	5,237	165,678	11,771
Legal fees	70,762	4,767	135,681	7,356
Marketing and corporate communication	99,174	1,941	265,947	9,661
Office and administration	85,069	45,466	117,493	72,738
Filing and listing fees	20,634	2,550	46,003	4,800
Salary and benefits (Note 16)	400,530	87,458	613,945	186,435
Transfer agent fees	463	273	1,419	1,302
Equipment relocation costs	15,000	-	15,000	-
Option based compensation (Note 15)	450,914	-	450,914	-
Reaserch and development	68,263	-	68,263	-
Business development	24,690	-	24,690	-
Travel	11,774	704	22,965	1,687
	(1,441,440)	(249,975)	(2,102,599)	(444,882)
Loss before other items	(1,335,053)	(420,284)	(2,023,390)	(769,824)
OTHER ITEMS:				
Gain on sublease	-	-	-	44,829
Loss on investment in Miningsky Container Ltd. (Note 7)	(11,692)	-	(11,692)	-
Government assistance (Note 14)	129,721	-	220,411	-
Gain on sale of assets	-	180,000	48,063	180,000
Net loss for the period	(1,217,024)	(240,284)	(1,766,608)	(544,995)
Other comprehensive income (loss)				
Foreign currency translation adjustment	1,508	(9,298)	(1,348)	(10,110)
Comprehensive loss for the year	$ (1,215,516)	$ (249,582)	$ (1,767,956)	$ (555,105)
Net loss attributable to:				
Equity holders of the Company	$ (1,197,450)	$ (240,284)	$ (1,719,700)	$ (544,995)
Non-controlling interest	(19,574)	-	(46,908)	-
	$ (1,217,024)	$ (240,284)	$ (1,766,608)	$ (544,995)
Other comprehensive income (loss) attributable to:				
Equity holders of the Company	$ 1,508	$ -	$ (1,348)	$ -
Non-controlling interest	-	-	-	-
	$ 1,508	$ -	$ (1,348)	$ -
Loss per share – basic and diluted	$ (0.07)	$ (0.02)	$ (0.10)	$ (0.04)
Weighted average number of common shares outstanding	18,277,328	14,511,268	16,930,713	13,454,974

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

SKYCHAIN TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Share Capital				Reserves						
	Number of shares	Amount	Share subscription received in advance	Share subscription receivable	Equity component of convertible loan	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Capital and Reserves Attributable to Equity Shareholders of the Company	Non-controlling Interest	Total
Balance at March 31, 2020 (Audited)	**11,953,007**	**$ 8,214,788**	**$ 40,800**	**$ (8,000)**	**$ 14,578**	**$ 342,186**	**$ 5,856**	**$ (8,848,976)**	**$ (238,768)**	**$ -**	**$ (238,768)**
Share subscription received	-	-	-	8,000	-	-	-	-	8,000	-	8,000
Warrant exercises	1,580,000	94,800	(40,800)	-	-	-	-	-	54,000	-	54,000
Private placement, net of issuance costs	1,250,000	249,927	-	-	-	-	-	-	249,927	-	249,927
Equity component of convertible loan	-	-	-	-	(14,578)	14,578	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	(1,240,591)	(1,240,591)	-	(1,240,591)
Foreign currency translation adjustment	-	-	-	-	-	-	(4,560)	-	(4,560)	-	(4,560)
Balance at March 31, 2021 (Audited)	**14,783,007**	**8,559,515**	**-**	**-**	**-**	**356,764**	**1,296**	**(10,089,567)**	**(1,171,992)**	**-**	**(1,171,992)**
Private placement, net of issuance costs	4,087,480	2,870,535	-	(10,000)	-	129,757	-	-	2,990,292	-	2,990,292
Shares issued for debt settlement	243,590	190,000	-	-	-	-	-	-	190,000	-	190,000
Warrant exercise	25,000	7,500	-	-	-	-	-	-	7,500	-	7,500
Equity component of convertible loan	-	-	-	-	710,912	-	-	-	710,912	-	710,912
Option based compensation	-	-	-	-	-	450,914	-	-	450,914	-	450,914
Non-controlling interest in Skyrendering - capital contribution	-	-	-	-	-	-	-	-	-	600,000	600,000
Net loss	-	-	-	-	-	-	-	(1,719,700)	(1,719,700)	(46,908)	(1,766,608)
Foreign currency translation adjustment	-	-	-	-	-	-	(1,348)	-	(1,348)	-	(1,348)
Balance at September 30, 2021 (Unaudited)	**19,139,077**	**$11,627,550**	**$ -**	**$ (10,000)**	**$ 710,912**	**$ 937,435**	**$ (52)**	**$ (11,809,267)**	**$ 1,456,578**	**$ 553,092**	**$ 2,009,670**

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

SKYCHAIN TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Unaudited)

		Six Months Ended September 30, 2021		Six Months Ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	$	(1,766,608)	$	(544,995)
Items not involving cash:				
Accretion and interest on loans and lease liabilities		83,342		26,700
Gain on sale of assets		(48,063)		(180,000)
Loss on investment in Miningsky Container Ltd.		11,692		-
Amortization of property and equipment		275		2,976
Depreciation of right-of-use assets		44,574		66,026
Depreciation in cost of operations		37,776		116,737
Option based compensation		450,914		-
Write off of prepaid expenses in cost of operations		-		34,635
Gain on sublease		-		(44,829)
Changes in non-cash working capital items:				
Receivables		(71,416)		69,961
Receivable from Miningsky Container Ltd.		(114,833)		-
Prepaid expenses		(35,443)		(197,540)
Customer deposits		408,867		194,274
Unearned revenue		(92)		66,341
Accounts payable and accrued liabilities		58,092		271,916
Subscription repayable		(286,729)		-
Advances from related parties		(35,291)		57,075
Net cash used in operating activities		(1,262,943)		(60,723)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in Miningsky Container Ltd.		(159,550)		-
Hosting site development		(315,146)		-
Deposit for equipment		(60,116)		-
Deposit for hydro infrastructure		(180,900)		-
Purchase of property and equipment		(2,004,936)		(220,125)
Sale of property and equipment		416,855		-
Net cash used in investing activities		(2,303,793)		(220,125)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contribution from non-controlling interest		600,000		-
Proceeds from share issuances, net of issuance cost		3,007,792		312,000
Proceeds from convertible loan, net of issuance cost		1,880,000		-
Share subscriptions received in advance (receivable)		(10,000)		10,232
Proceeds from long-term loan		-		46,800
Repayment of short-term loan		(135,791)		-
Repayment of related party loans		(466,131)		-
Payment on convertible loan		(5,000)		-
Lease payments, net of interest payment		(200,359)		(81,700)
Net cash provided by financing activities		4,670,511		287,332
Change in cash for the period		1,103,775		6,484
Effect of foreign currency translation		(492)		(10,110)
Cash, beginning of year	$	2,926	$	118,159
Cash, end of period	**$**	**1,106,209**	**$**	**114,533**
Non-cash transaction in the investing and financing activities				
Shares issued for debt settlement	$	190,000	$	-
Supplemental disclosures				
Interest paid	$	5,000	$	-
Income tax paid	$	-	$	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Skychain Technologies Inc. ('Skychain" or the "Company") was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange. The Company's registered office and principal business address is 500 – 1112 West Pender Street, Vancouver, British Columbia.

On September 18, 2018, the Company completed the acquisition of MiningSky Technology Ltd. ("MiningSky") and the change of business process. MiningSky was incorporated under the Business Corporations Act (British Columbia) on November 10, 2017. On March 7, 2018 MiningSky incorporated a wholly-owned subsidiary MiningSky USA, Inc. ("MiningSky USA") in Washington, United States. On March 27, 2020, Skychain incorporated its wholly owned subsidiary MiningSky Technologies (Manitoba) Inc. in the province of Manitoba ("MiningSky Manitoba"). MiningSky and MiningSky Manitoba are involved in the business of providing cryptominers with all-in-one solution with warehouse space, low-cost electricity, and maintenance and hosting services.

On April 26, 2021, the Company and a joint venture partner jointly incorporated Skyrendering Technologies Inc. ("Skyrendering") under the laws of British Columbia to establish a rendering farm and data center. On June 29, 2021 the Company and the JV Partner signed an investment agreement whereby the Company and the JV Partner make a capital investment of $600,000 and $600,001 respectively in exchange for 600,000 and 600,001 common shares respectively of Skyrendering common shares. At any time after October 26, 2023, the JV Partner has the option to require the Company to repurchase all of the JV Partner's common shares of Skyrendering at $1.00 per share, for which the Company has the option to issue common shares of the Company subject to approval of the TSX Venture Exchange.

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

During the six months ended September 30, 2021, the Company incurred a net loss of $1,766,608 and as at September 30, 2021, the Company had an accumulated deficit of $11,809,267, which has been funded primarily by the issuance of equity and advances from related parties. Management has estimated that the Company will require additional financing in order to meet its obligations and commitments for the next fiscal year. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company must secure sufficient external funding to meet its obligations and commitments as they come due to pay ongoing general and administrative costs. This external funding may be achieved in a number of ways, including, but not limited to, the issuance of new debt or equity instruments. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or other initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new external funding, the Company may be unable to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN *(continued)*

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. The expected impacts on global commerce are expected to be far reaching. Material uncertainties may come into existence that could influence management's going concern assumption. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. The Company continues to closely evaluate the impact of COVID-19 on its operations.

The aforementioned circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited interim financial statements ("interim financial statements") are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended March 31, 2021.

These interim consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2021.

Basis of measurement

These interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Consolidation

These consolidated financial statements include the financial statements of the Company, its wholly owned subsidiaries MiningSky, MiningSky USA, and MiningSky Manitoba, and its 50% owned subsidiary Skyrendering. All inter-company transactions and balances have been eliminated.

The subsidiaries are consolidated from the date on which control is obtained by the Company and will cease to be consolidated from the date on which control is transferred out of the Company.

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars. The functional currency of the Company, MiningSky, MiningSky Manitoba and Skyrendering is the Canadian dollar. The functional currency of MiningSky USA is the United States dollar.

2. BASIS OF PREPARATION *(continued)*

Accounting standards issued but not yet effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2022, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates, assumptions and judgements about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is as follows:

Significant accounting estimates

a) Convertible loan

Convertible loans are separated into their liability and equity components on the consolidated statements of financial position. The determination of the fair value of the liability component is based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

b) Warranty costs

The accounting for warranties requires management to make assumptions and apply judgments when estimating product failure rates and expected costs.

c) Share-based payment transactions

Management uses the Black-Scholes option pricing model to determine the fair value of stock options and standalone share purchase warrants issued. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates, and the dividend yield of the Company's common shares.

d) Lease

The critical assumptions and estimates used in determining the present value of future lease payments requires management to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company's creditworthiness, the security, term, and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Significant accounting judgments

a) Convertible loan

In accordance with the substance of the contractual arrangement, convertible loans are compound financial instruments that are accounted for separately into their financial liability and equity instrument components. The identification of convertible loan components is based on interpretations of the substance of the underlying contractual arrangement and therefore requires management's judgment. The separation of the components affects the initial recognition of the convertible loans at issuance and the subsequent recognition of interest on the liability component.

b) Going concern

As discussed in Note 1, these interim consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

c) Functional currencies

Management is required to assess the functional currency of each entity of the Company. In concluding on the functional currencies of the parent and its subsidiaries, management considers the currency that mainly influences the sale prices of goods and services and the cost of providing goods and services in each jurisdiction in which the Company operates. When no single currency is clearly dominant the Company also considers secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

d) Lease

Management exercises judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leasehold improvements, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if management is reasonably certain to exercise that option. Changes in the economic environment may impact the assessment of the lease term and any changes in the estimate of lease terms may have a material impact on the Company's consolidated statement of financial position.

e) Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied. Deferred tax assets are estimated with consideration given to the timing, sources and amounts of future taxable income.

(Expressed in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

f) Valuation and useful lives of property and equipment

Changes in technology or the intended use of these assets as well as changes in economic or industry factors may create indicators of impairment or cause the estimated useful lives of these assets to change. Where impairment is indicated, the Company estimates the fair value of the assets and charges the difference between the fair value and the carrying amount, if any, to impairment expense. The estimates of the useful lives of property and equipment are reviewed on an annual basis. Depreciation or amortization is adjusted on a prospective basis, if and when required.

Management's judgment is also required in assessing whether property and equipment are considered to be in the location and condition necessary for such to be capable of operating in the manner intended by management.

g) Extinguishment of financial liability

Management's judgment is required in assessing whether an extinguishment of an existing financial liability involving a creditor that is also a direct or indirect shareholder of the Company, is one in which the creditor is also acting in its capacity as such.

h) Impairment assessment of trade receivables and net investment in sublease

The Company measures loss allowances for trade receivables and net investment in sublease at an amount equal to lifetime expected credit losses ("ECLs"). When estimating ECL the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

4. RECEIVABLES

Receivables are comprised of the following:

	September 30, 2021	March 31, 2021
	$	$
Government assistance receivable	-	6,974
Goods and sales tax receivable	129,650	51,260
	129,650	**58,234**

5. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

		September 30, 2021		**March 31, 2021**
Current				
Prepaid service expenses	$	86,818	$	51,375
		86,818		**51,375**
Long-term prepaids				
Hosting equipment deposit		60,116		236,100
Hydro infrastructure deposit		401,025		220,125
		461,141		**456,225**
Total prepaids	**$**	**547,959**	**$**	**507,600**

6. RECLAMATION DEPOSITS

As at September 30, 2021, the Company had $15,000 (March 31, 2021 - $15,000) in term deposits, recorded at cost, which are held as security for the Provincial Government of British Columbia related to certain exploration and evaluation assets called Wood Mining Group claims in British Columbia, Canada.

7. INVESTMENT IN MININGSKY CONTAINER LTD.

On July 5, 2021, the Company incorporated MiningSky Container Ltd. (“MiningSky Container”) under the laws of the province of British Columbia to be engaged in the business of manufacturing and marketing containers for use in cryptocurrency mining. In accordance with MiningSky Container’s shareholder investment agreement executed on August 6, 2021 the Company will make a total capital investment of $250,000 in exchange for 25% of the total common shares issued and outstanding. As at September 30, 2021, the Company made capital investment of $159,550, representing 25% of the total share capital of Miningsky Container and recorded a loss on investment of $11,692.

The Company provides consulting services and produces containers for Miningsky Container. From Miningsky Container’s inception in July, 2021 to September 30, 2021 the Company recorded sales of $36,000 to and revenue of $85,000 for consulting services provided for Miningsky Container. As at September 30, 2021 the Company had a balance receivable of $114,833 from Miningsky Container which was paid in October, 2021.

8. MANITOBA HOSTING SITE

In June 2020, the Company’s wholly-owned subsidiary MiningSky Manitoba (“Lessee”) entered into a lease agreement with an arm’s length party (“Lessor”) for a 1.6-acre (0.65-hectare) parcel of land in Manitoba approved for construction and operation of a 12MW capacity cryptocurrency mining hosting facility (the “Manitoba Site”). Monthly payments of $25,000 were to commence October 1, 2020 for a two-year term. The term is renewable for a second term of 36 months at $40,000 per month and then renewable for a 60-month term at market price. Manitoba Hydro Permits and construction contract are assigned from the Lessor with the lease agreement. The Lessee has an option to acquire the land prior to the end of the three lease terms or March 1, 2030 for an exercise price at market price but not lower than $3,000,000. The lease agreement was subsequently amended on August 1, 2021 to extend the lease payment commencement date to August 1, 2021 and lease termination date to July 23, 2023. An additional payment of $50,000 was made to the Lessor as consideration for the extension.

As at September 30, 2021 a total of $401,025 (March 31, 2021 - $220,125) has been paid to the hydro authority as a deposit towards construction of the power connection, and a total of $$315,146 was expended on the design, engineering and construction of the Manitoba Hosting Site.

(Expressed in Canadian dollars)

9. PROPERTY AND EQUIPMENT

	Vehicles	Office Furniture	Transformers	Containers	Forklift	Parts and tools	Manitoba site equipment under development	Rendering computer equipment	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance, March 31, 2020	15,354	-	154,389	576,864	21,889	889,193	-	-	2,126,061
Additions	-	-	-	-	-	100,390	-	-	100,390
Dispositions	-	-	-	(452,151)	-	(82,207)	-	-	(534,358)
Foreign currency translation adjustment	-	-	-	-	-	(9,058)	-	-	(9,058)
Balance, March 31, 2021	15,354	-	154,389	124,713	21,889	898,318	-	-	1,683,035
Additions	-	8,641	-	-	-	11,421	1,564,936	419,938	2,004,936
Dispositions	-	-	-	-	-	(132,692)	-	-	(132,692)
Foreign currency translation adjustment	-	-	-	-	-	(856)	-	-	(856)
Balance, September 30, 2021	15,354	8,641	154,389	124,713	21,889	776,191	1,564,936	419,938	3,554,423
Accumulated amortization									
Balance, March 31, 2020	9,127	-	112,881	482,765	11,407	-	-	-	1,084,552
Additions	5,953	-	41,508	94,099	7,399	11,563	-	-	160,522
Dispositions	-	-	-	(452,151)	-	-	-	-	(452,151)
Balance, March 31, 2021	15,080	-	154,389	124,713	18,806	11,563	-	-	792,923
Additions	274	-	-	-	3,083	34,694	-	-	38,051
Balance, September 30, 2021	15,354	-	154,389	124,713	21,889	46,257	-	-	830,974
Net book value									
As at March 31, 2021	274	-	-	-	3,083	886,755	-	-	890,112
As at September 30, 2021	-	8,641	-	-	-	729,934	1,564,936	419,938	2,723,449

During the six months ended September 30, 2021 and 2020, equipment amortization of $37,776 and $116,737 was recorded as costs associated with hosting services, respectively. During the six months ended September 30, 2021 and 2020, equipment amortization of $274, and $2,976 was recorded as operating expenses, respectively.

10. LEASE

a) *Right-of-use assets*

A reconciliation of the Company's right-of-use assets for the six months ended September 30, 2021 is as follows:

	Office	Manitoba Hosting Site
Balance, March 31, 2021	$ 44,574	$ -
Addition	-	1,580,443
Depreciation of ROU	(44,574)	-
Balance, September 30, 2021	$ -	$ 1,580,443

(Expressed in Canadian dollars)

10. LEASE *(Continued)*

b) *Lease liabilities*

A reconciliation of the Company's lease liabilities for the six months ended September 30, 2021 is as follows:

	Office	Manitoba Hosting Site
Balance, March 31, 2021	$ (48,790)	$ -
Addition	-	(1,580,443)
Accretion of interest	(1,569)	(14,833)
Lease payments	50,359	150,000
Balance, September 30, 2021	$ -	$ (1,445,276)

As at September 30, 2021, the Company measured the present value of its lease liabilities using a discount rate of 12% for Manitoba Hosting Site as determined from its incremental borrowing rate.

Short-term leases are not included in the calculation of lease liabilities; but are recognized as cost of operations.

11. CUSTOMER DEPOSITS

The Company usually requests a deposit upon entering the hosting service agreements with customers, which apply to the first months and last months of the service agreement.

12. LOAN FROM HOUSTON BC MINING POWER CORP.

On June 18, 2019, MiningSky, the Company's subsidiary, received a loan facility of up to $150,000 from Houston BC Mining Power Corp. (the "Lender"). MiningSky has provided the Lender hosting services at its Houston site since April 2018.

The proceeds were to be used to build a higher-voltage power substation at the Houston site. The loan was due and repayable (the "Maturity") commencing on the date that is the earlier of i) August 15, 2020, and ii) when the substation becomes fully permitted for operation. The loan bears interest at a rate of 12% per annum starting August 15, 2019 and repayable at the following schedule:

i) 25% of the loan principal plus any accrued interest on the last day of the 6th month following the Maturity;
ii) 25% of the loan principal plus any accrued interest on the last day of the 12th month, 18th month, and 24th month following the Maturity.

In consideration of the Lender providing the loan to MiningSky, MiningSky agreed to pay the Lender a fee equal to $0.003 per KWH for all the power used through the substation, and reduce its hosting service price from $0.10 per KWH to $0.0125 per KWH plus electrical costs. As at March 31, 2021 and 2020, the substation was not in operation.

MiningSky provided all of its present and future personal property as security to the Lender.

During the year ended March 31, 2021, the Company received loan proceeds of $Nil (2020 - $113,025) and accrued interest expense of $13,563 (2020 - $6,223). As of March 31, 2021, the balance of the loan was $132,811 (March 31, 2020 - $119,248), and reclassified to short-term loan. During the six months ended September 30, 2021 interest expense of $2,416 was accrued to the loan, and the total loan proceeds and accrued interest balance of $135,227 were repaid to the Lender with the issuance of the Company's common shares (See Note 15).

(Expressed in Canadian dollars)

13. CONVERTIBLE LOANS

2020 Convertible Loan

In December 2019, the Company issued a convertible promissory note of $141,000 to a relative of a director of the Company. The convertible promissory note is unsecured, has a maturity date of December 31, 2020, and bears a simple interest rate of 3.5% per annum. The creditor may, at any time and from time to time up to maturity, elect to convert the outstanding loan and any interest accrued and unpaid thereon into common shares in the capital of the Company at a price of $0.10 per share.

For accounting purposes, the convertible promissory note is separated into its liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash flows of the loan assuming a 15% discount rate, which was the estimated rate for a similar loan without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the loan and the fair value of the liability component.

The following table summarizes accounting for the convertible promissory note during the six months ended September 30, 2021 and the year ended March 31, 2021.

	Short-term Loan	Liability Component	Equity Component
Convertible debenture – March 31, 2020 balance	$ -	$ 131,508	$ 14,578
Interest accretion	-	14,602	-
Convertible debenture – balance upon maturity	-	146,110	14,578
Reclassified to contributed surplus	-	-	(14,578)
Reclassified to short-term loan from related party	146,110	(146,110)	-
Accrued interest	1,230	-	-
Loan from related party – March 31, 2021 balance	147,340	-	-
Accrued interest	1,148	-	-
Loan repayment	(148,488)	-	-
Loan from related party – September 30, 2021 balance	$ -	$ -	$ -

The convertible promissory note matured on December 31, 2020, upon which the equity component of $14,578 was reclassified to contributed surplus. The loan principal and accrued interest was repaid during June, 2021.

(Expressed in Canadian dollars)

13. CONVERTIBLE LOAN *(continued)*

2022 Convertible Loan

On June 3, 2021, the Company issued a convertible debenture of $2,000,000, which bears simple annual interest at a rate of 1% and payable every six months after the issuance date, matures four years from the issuance date subject to an option on the part of the holder to extend the maturity for an additional 12 months, is convertible into the Company's common shares at $0.85 per share, and is secured against the Company's Manitoba Site. A finder's fee of $120,000 was paid in relation to the convertible debenture.

For accounting purposes, the convertible promissory note is separated into its liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash flows of the loan assuming a 15% discount rate, which was the estimated rate for a similar loan without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the loan and the fair value of the liability component.

The following table summarizes accounting for the net proceeds of $1,880,000 from the issuance of the convertible promissory note during the six months ended September 30, 2021.

	Liability Component	Equity Component
Convertible debenture at issuance	$ 1,169,088	$ 710,912
Interest accretion	57,280	-
Payment	(5,000)	-
Balance – September 30, 2021	$ 1,226,368	$ 710,912

14. GOVERNMENT LOAN PAYABLE AND GRANT

Canada Emergency Rent Subsidy ("CERS")

Due to the outbreak of the COVID-19 pandemic, the federal government of Canada introduced the Canada Emergency Rent Subsidy ("CERS") which provides eligible businesses the ability to claim a subsidy on eligible expenses including rent.

The amount of subsidy received is based on an entity's decrease in revenue and can be a maximum of 65% of the eligible expense. During the six months ended September 30, 2021 and 2020, the amount received by the Company from the CERS totaled $37,398 and $Nil respectively, and included as part of other income in the consolidated statement of loss and comprehensive loss.

14. GOVERNMENT LOAN PAYABLE AND GRANT *(Continued)*

Canada Emergency Business Account ("CEBA")

Due to the outbreak of the COVID-19 pandemic, the federal government of Canada introduced the Canada Emergency Business Account ("CEBA") which provides an interest-free loan ("CEBA loan") of $40,000 to eligible businesses. Repayment of $30,000 CAD of the $40,000 CAD loan balance on or before December 31, 2022 will result in a loan forgiveness of the remaining $10,000.

In April 2020, the Company received $40,000 CAD in accordance with the CEBA loan. In December 2020, the federal government of Canada introduced an expansion to the CEBA in the amount of $20,000 CAD ("CEBA expansion") whereby eligible businesses can receive this amount in addition to the original $40,000 CAD. The Company received the $20,000 CAD expansion to the CEBA loan in error as it is not considered a CCPC (Canadian Controlled Private Corporation). The $20,000 CAD CEBA expansion is recorded in accounts payable.

As at September 30, 2021 the Company had not made any repayments of the CEBA loan. Any loan balance remaining after December 31, 2022 will be converted to a 3-year loan with an interest rate of 5% per annum paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

This liability is recognized in accordance with IFRS 9, *Financial Instruments*, as a financial liability at amortized cost. The benefit of below-market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received.

The Company has estimated the initial carrying value of the first CEBA loan at $27,506, using a discount rate of 15%, which was the estimated rate for a similar loan without the interest-free component. The total difference of $12,494 is accreted to each CEBA loan liability over the term of the CEBA loan and offset to other income on the consolidated statement of loss and comprehensive loss.

During the six months ended September 30, 2021 and 2020, total accretion expense recognized for the CEBA loans amounted to $2,272 and $1,693, respectively.

Canada Emergency Wage Subsidy ("CEWS")

On April 11, 2020, the Federal Government of Canada passed legislation enacting the Canada Emergency Wage Subsidy ("CEWS"). The CEWS is a wage subsidy for eligible Canadian employers whose business has been affected by COVID-19. The CEWS helps businesses keep employees on the payroll and encourages employers to rehire workers previously laid off, and better positions businesses to bounce back following crises. The CEWS is originally for up to 24 weeks, retroactive from March 15, 2020 to June 6, 2020.

During the six months ended September 30, 2021 and 2020, an amount of $183,012 and $22,999 in CEWS was recorded as other income in the consolidated statement of loss and comprehensive loss, respectively. There are no unfulfilled conditions and outstanding contingencies regarding the CEWS.

15. SHARE CAPITAL

Authorized

Unlimited common shares without par value

As at September 30, 2021, 19,139,077 (March 31, 2021 – 14,783,007) common shares were issued and outstanding.

Share subscription repayable

During the year ended March 31, 2021 the Company received $286,729 as subscription for 301,820 private placement units at $0.95 per unit. This private placement was cancelled and the amount was returned to the subscribers during the six months ended September 30, 2021.

Share issuance

During the six months ended September 30, 2021, The Company carried out the following common share transactions.

1) Closed a non-brokered private placement by issuing 2,631,579 units at $0.76 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at $1.22 for three years from June 3, 2021. Gross proceeds from this private placement of $2,000,000 were allocated to share capital and $Nil to warrants using the residual method. The Company paid finders' fee of $120,000 related to the private placement.

2) Issued 243,590 common shares to settle debt of $190,000 with an arm's length creditor (See Note 12).

3) Issued 25,000 common shares for warrants exercised at $0.30 per share.

4) Received $2,340 as subscription for 3,000 units of private placement at $0.78 per unit which were issued in July, 2021.

5) Closed a private placement by issuing 516,395 units at $0.78 per unit for gross proceeds of $402,788 of which $316,602 was allocated to share capital and $86,186 was allocated to warrants using the residual method. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common shares of the Company at $1.50 per share for six months from the closing.

6) Closed a private placement by issuing 619,500 units at $0.80 per unit for gross proceeds of $495,600, of which $458,430 was allocated to share capital and $37,170 was allocated to warrants using the residual method. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common shares of the Company at $1.20 per share for two years from the closing.

7) Closed a private placement by issuing 320,006 units at $0.70 per unit for gross proceeds of $224,004, of which $217,604 was allocated to share capital and $6,400 was allocated to warrants using the residual method. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common shares of the Company at $1.20 per share for one year from the closing.

15. SHARE CAPITAL *(continued)*

Share issuance *(continued)*

During the year ended March 31, 2021, The Company:

8) Issued 1,580,000 common shares for warrants exercised at $0.06 per share for gross proceeds of $94,800 of which $40,800 was received during the year ended March 31, 2020.

9) Closed a non-brokered private placement by issuing 1,250,000 units of the Company at $0.20 per unit. Each unit consists of one common share and half a common share purchase warrant (the "Warrant"), with two Warrants entitling the holder thereof to purchase one common share of the Company at an exercise price of $0.30 per share for a period of one year. Gross proceeds from this private placement of $250,000 were allocated to share capital and $Nil to warrants using the residual method. The Company paid $73 in legal fees related to the private placement.

Escrow shares

In connection with the acquisition of MiningSky completed during the year ended March 31, 2019, the Company entered into an Escrow Agreement dated September 18, 2018, whereby 2,086,658 post-consolidation common shares were held in escrow and are scheduled for release in accordance with the terms of the Escrow Agreement. As at September 30, 2021, there were no common shares in escrow.

Stock options

The Company has established a stock option plan for directors, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of five years. The vesting periods of stock options issued under the plan are determined at the discretion of the Board of Directors.

There were no stock options outstanding as at March 31, 2021 and no stock option transactions during the year ended March 31, 2021.

On July 8, 2021, the Company granted 950,000 options to directors and officers of the Company. The options are exercisable into the Company’s common shares at $0.80 per share for two years. The fair value of $450,914 in respect of this grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 0.47%, expected volatility of 164.47%, an expected option life of 2 years and no expected dividends. All of these options are outstanding on the date of this report.

(Expressed in Canadian dollars)

15. SHARE CAPITAL *(continued)*

Warrants

A summary of share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price $
Balance, March 31, 2020	4,032,000	0.13
Exercised	(1,580,000)	0.06
Expired	(2,452,000)	0.18
Issued	312,500	0.30
Balance, March 31, 2021	312,500	0.30
Exercised	(25,000)	0.30
Expired	(287,500)	0.30
Issued	4,087,480	1.25
Balance, September 30, 2021	4,087,480	1.25

As at September 30, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price $	Expiry Date
2,631,579	1.22	June 3, 2024
516,395	1.50	June 16 and February 3, 2022
619,500	1.20	August 20, 2023
320,006	1.20	September 22, 2022
4,087,480		

(Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management compensation

The Company has identified its directors and certain senior officers of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company, as key management personnel. Key management personnel compensation is comprised of the following:

		Six Months Ended September 30, 2021		Six Months Ended September 30, 2020
Salaries and bonus, CEO	$	186,250	$	36,000
Salaries and bonus, CFO		69,016		31,000
Salaries and consulting fees, a director		37,800		-
Total	$	293,066	$	67,000

Other transactions

During the six months ended September 30, 2021 and 2020 the Company incurred expenditures of $3,000 for internet service through Vling E Business ("Vling"), a company controlled by the CEO. As of September 30, 2021, the balance of $112,186 (March 31, 2021 - $127,956) owing to Vling is included in due to related parties.

During the six months ended September 30, 2021 the Company advanced $6,000 from a private company controlled by a director and of which the CEO is a shareholder. As of September 30, 2021 the balance of $9,000 (March 31, 2021 - $3,000) owing to this private company is included in due to related parties. An additional $31 was owed to the Director on September 30 and March 31, 2021.

The above amounts due to related parties are unsecured, non-interest bearing, and have no specific term of repayment.

Related party loans

During the year ended March 31, 2021, the Company extended a promissory note of $250,000 from the CEO of the Company, which bears a simple annual interest rate of 6%, is unsecured, and repayable upon demand. During the six months ended September 30, 2021 interest expense of $2,711 was recorded on the loan. As at September 30, 2021, the total loan principal and accrued interest of $253,205 was repaid with no balance outstanding.

During the year ended March 31, 2021, the Company extended a promissory note of $63,300 from a director of the Company, which bears a simple annual interest rate of 4%, is unsecured, and repayable upon demand. During the six months ended September 30, 2021 an interest expense of $548 was recorded on the loan and the total loan principal and accrued interest of $63,890 was repaid with no balance outstanding.

(Expressed in Canadian dollars)

17. NON-CONTROLLING INTEREST

The Company has 50% equity interest of Skyrendering (See Note 1). The following summarizes the financial information of Skyrendering at 100% prior to elimination upon consolidation.

		September 30, 2021
Current assets	$	713,215
Non-current assets		419,938
Total Assets	$	1,133,153
Current and total liabilities		26,968

	Six Months Ended September 30, 2021
Expenses	93,815
Net loss and comprehensive loss	(93,815)

Skyrendering's current assets as at September 30, 2021 includes amounts receivable from the Company of $525,682.

The continuity of the non-controlling interest is as follows:

Contribution to capital at inception on April 26, 2021	$	600,000
Allocation of net loss and comprehesive loss		(46,908)
Balance, September 30, 2021	$	553,092

18. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity (deficiency). The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and purse its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

19. FAIR VALUE OF FINANCIAL INSTRUCMENTS AND RISK MANAGEMENT

Fair Values and Classification of Financial Instruments

As at September 30, 2021, the Company's financial instruments comprised cash, receivables, accounts payable, due to related parties, long-term loan, government loan, and lease liabilities. With the exception of cash, which is measured at FVTPL, all financial instruments held by the Company are measured at amortized cost.

Financial instruments measured at fair value on a recurring basis are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

At September 30, 2021, cash of $1,106,209 (March 31, 2021 - $2,926) was classified as Level 1. There were no transfers into or out of Level 2 or Level 3 during the period.

Currency risk

A minor portion of the Company's expenses are incurred in United States dollars and financial instrument balances are held in these currencies. A change in the currency exchange rates between the Canadian dollar relative to the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows. However, as the Company does not maintain significant cash balances in foreign currencies and settles any transactions in foreign currencies quickly, its exposure to currency risk is considered insignificant as at September 30, 2021.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is limited to its cash. The Company limits exposure to credit risk by maintaining its cash with large Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2021, the Company had a cash balance of $1,106,209 to settle current liabilities of $1,970,654. The Company needs to raise additional funds to sustain its operation for the next 12 months. As described in Note 1, the Company's access to financing is always uncertain. There can be no assurance of continued access to adequate equity funding.

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2021 are as follows:

	<1 year	2 - 4 Years	Total
Accounts payable and accrued liabilities	$ 1,142,475	$ -	$ 1,142,475
Due to related parties	121,186	-	121,186
Lease liabilities	-	1,965,000	1,965,000
Government loan	-	40,000	40,000
Convertible loan	-	2,000,000	2,000,000
	$ 1,263,661	$ 4,005,000	$ 5,268,661

19. FAIR VALUE OF FINANCIAL INSTRUCMENTS AND RISK MANAGEMENT *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is insignificant.

Price risk

The Company is providing hosting services to cryptocurrency miners. Although the Company does not mine cryptocurrency by itself, the fluctuation of cryptocurrency prices will affect the Company's customers and therefore the Company's operation indirectly.

20. SEGMENTED INFORMATION

The Company has one reportable segment. The Company manufactures and sells parts for cryptocurrency miner containers, and provides consulting services and cryptominers an all-in-one solution by offering warehouse space, low-cost electricity, and maintenance and hosting services in Canada.

21. CONTINGENCIES

AIP Asset Management Inc.

On December 16, 2020, the Company signed a letter of intention with AIP Asset Management Inc. ("AIP") whereby AIP undertook to assist the Company to finance certain acquisitions (the "LOI"). On June 10, 2021, AIP delivered a without prejudice settlement agreement in draft to the Company to settle any and all claims arising from the LOI in the total amount of $100,000. The Company subsequently delivered a counteroffer. As at September 30, 2021, the negotiation for settlement is ongoing and the amount at which a settlement may potentially be reached is not determinable. No amount in this regard has been recorded in the consolidated financial statements.

Proficana Solutions Ltd.

On February 26, 2021, Proficana Solutions Ltd. ("Proficana"), a client of MiningSky Technology Ltd., filed a notice of civil claim in the Supreme Court of British Columbia against MiningSky for a payment of $631,043 for damages arising from an agreement signed between the parties in and around December 2019.

In April 2020, MiningSky responded to the action by filing a response to civil claim and filed a counterclaim against Proficana for $995,469 for damages from two agreements signed between the parties, both in and around December 2019. The pleading period has now closed. The next stage is the discovery process in the litigation. Proficana, as a plaintiff, has not delivered its list of documents, and has not taken any step after its filing of response to counterclaim on May 20, 2021. The potential outcome of the respective claims is not determinable. No amount in this regard has been recorded in the consolidated financial statements.

22. EVENT SUBSEQUENT TO THE REPORTING PERIOD

On November 17, 2021 the Company issued 177,144 common shares to settle debt of $124,000 with arm's length creditors.