NEPTUNE DIGITAL ASSETS CORP.
(formerly Neptune Dash Technologies Corp.)

Consolidated Financial Statements
For the Years Ended August 31, 2020 and 2019

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Neptune Digital Assets Corp. (Formerly Neptune Dash Technologies Corp.)

Opinion

We have audited the consolidated financial statements of Neptune Digital Assets Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at August 31, 2020 and 2019, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated 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 then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Consolidated

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

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
December 22, 2020

Neptune Digital Assets Corp.
(formerly Neptune Dash Technologies Corp.)
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at		August 31, 2020		August 31, 2019
ASSETS				
Current				
Cash	$	117,558	$	509,996
Amounts receivable and prepaid expenses		77,948		52,031
Digital currencies (Note 3)		121,752		167,309
Loan receivable (Note 3)		765,638		-
Short-term investments (Note 4)		392,088		-
		1,474,984		729,336
Digital currencies (Note 3)		2,323,974		2,085,580
	$	3,798,958	$	2,814,916
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Notes 6 and 7)	$	233,818	$	129,293
Loans (Notes 6 and 7)		-		100,000
		233,818		229,293
Equity				
Share capital (Note 7)		25,171,684		24,611,377
Reserves (Note 7)		4,174,587		4,412,626
Accumulated other comprehensive income		494,304		-
Deficit		(26,275,435)		(26,438,380)
		3,565,140		2,585,623
Total Liabilities and Equity	$	3,798,958	$	2,814,916

Nature and continuance of operations (Note 1)

On behalf of the Board on December 22, 2020:

"Cale Moodie" Director *"Kalle Radage"* Director

Neptune Digital Assets Corp.
(formerly Neptune Dash Technologies Corp.)
Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

For the year ended		**August 31, 2020**		**August 31, 2019**
Revenue	$	149,071	$	202,311
Cost of Sales				
Operating and maintenance costs		(6,157)		(10,207)
		142,914		192,104
Expenses				
Consulting fees (Note 6)		320,681		452,016
Depreciation (Note 5)		-		5,622
Directors' fees		42,000		51,000
Marketing		421		31,184
Office and miscellaneous		27,213		62,437
Professional fees		130,298		98,987
Share-based compensation (recovery) (Note 7)		(72,439)		310,139
Transfer agent		17,372		11,224
Travel, road shows and conferences		-		914
		(465,546)		(1,023,523)
Loss before other expenditures		(322,632)		(831,419)
Other items				
Interest income		13,001		11,321
Unrealized gain on foreign exchange		21,099		-
Loss on disposal of equipment		-		(15,647)
Gain (loss) on settlement of debt (Note 7)		(111,513)		35,606
Realized loss on sale of digital tokens (Note 3)		(2,470,180)		(104,409)
Revaluation of digital currencies (Note 3)		3,033,170		(3,456,729)
Net income (loss)		162,945		(4,361,277)
Other comprehensive income (loss)				
Revaluation of digital currencies		494,304		-
Comprehensive income (loss) for the year	$	657,249	$	(4,361,277)
Weighted Average Number of Common Shares Outstanding				
Basic and Diluted		82,865,783		80,506,160
Income (Loss) per Common Share				
Basic and diluted	$	0.01	$	(0.05)

Neptune Digital Assets Corp.
(formerly Neptune Dash Technologies Corp.)
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		**Reserves**				
	Number of Common Shares	**Share Capital**	**Share-based payments**	**Warrant reserve**	**Accumulated Other Comprehensive Income**	**Deficit**	**Total**
Balance at August 31, 2018	80,193,329	$ 24,353,044	$ 3,228,544	$ 1,132,276	$ -	$ (22,077,103)	$ 6,636,761
Share-based compensation	-	-	310,139	-	-	-	310,139
Restricted Share Units	516,666	258,333	(258,333)	-	-	-	-
Loss and comprehensive loss for the year	-	-	-	-	-	(4,361,277)	(4,361,277)
Balance at August 31, 2019	80,709,995	24,611,377	3,280,350	1,132,276	-	(26,438,380)	2,585,623
Private Placement	1,250,000	100,000	-	-	-	-	100,000
Share issuance costs	-	(9,419)	-	-	-	-	(9,419)
Shares for debt	3,379,182	304,126	-	-	-	-	304,126
Share-based compensation recovery	-	-	(72,439)	-	-	-	(72,439)
Restricted Share Units	530,001	165,600	(165,600)	-	-	-	-
Income for the year	-	-	-	-	-	162,945	162,945
Revaluation of digital currencies	-	-	-	-	494,304	-	494,304
Balance at August 31, 2020	85,869,178	$ 25,171,684	$ 3,042,311	$ 1,132,276	$ 494,304	$ (26,275,435)	$ 3,565,140

Neptune Digital Assets Corp.
(formerly Neptune Dash Technologies Corp.)
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)

For the year ended	**August 31, 2020**	**August 31, 2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the year	$ 162,945	$ (4,361,277)
Items not affecting cash:		
Depreciation (Note 5)	-	5,622
Interest	(8,640)	-
Realized loss on sale of digital currencies (Note 3)	2,470,180	104,409
Revaluation of digital currencies (Note 3)	(3,033,170)	3,456,729
Revenue from digital currencies (Note 3)	(149,071)	(202,311)
Share-based compensation (recovery) (Note 7)	(72,439)	310,139
Loss on disposal of equipment	-	15,647
Loss (gain) on settlement of debt (Note 7)	111,513	(35,606)
Unrealized gain on foreign exchange (Note 4)	(21,098)	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(25,917)	21,332
Accounts payable	197,138	128,006
	(368,559)	(557,310)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of digital currencies (Note 3)	(47,843)	-
Purchase of short-term investments (Note 4)	(370,990)	-
Redemption of short-term investments (Note 4)	1,547	-
Proceeds on sale of digital currencies	302,826	-
Disposal of equipment	-	5,000
	(114,460)	5,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	100,000	-
Share issuance costs	(9,419)	-
	90,581	-
Net change in cash	(392,438)	(552,310)
Cash, beginning of year	509,996	1,062,306
Cash, end of year	$ 117,558	$ 509,996

Non-cash Financing Transactions:		
Fully vested restricted share units	$ 165,600	$ 258,333
Shares issued for debt	$ 304,126	$ -
Fair value of BTC issued as loan receivable	$ 629,005	$ -
Fair value of common shares issued to settle loans	$ 157,895	$ -
Fair value of common shares issued to accounts payable	$ 146,231	$ -
Transfer of DASH to BTC	$ 473,074	$ -

1. NATURE AND CONTINUANCE OF OPERATIONS

Neptune Digital Assets Corp. (the "Company" or "Neptune") (formerly Neptune Dash Technologies Corp.) was incorporated on October 31, 2017 under the laws of the province of British Columbia. On December 17, 2020, the Company changed its name to Neptune Digital Assets Corp. The Company's shares are listed on the TSX Venture Exchange (TSX-V) under the symbol DASH. The head office, registered and records office of the Company is located in Vancouver, BC.

Neptune is engaged in the business that builds, owns and operates digital currency infrastructure assets. Its core assets are digital currencies and it's primary business model is to stake various digital currencies and invest in blockchain technologies in order to maximize profitability.

On February 16, 2018 the Company incorporated a wholly owned subsidiary, Neptune Stake Technologies Corp. ("Neptune Stake") which holds a portfolio of digital currencies.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is subject to risks and uncertainties common to digital currency companies, including technological change, potential infringement on intellectual property of and by third parties, new product development, regulatory approval and market acceptance of its products, activities of competitors and its limited operating history. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise funds in the future, however the Company has not been significantly impacted by the outbreak and its effects.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are prepared on historical costs, except for financial instruments classified as fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The functional currency of the Company is Canadian dollars.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Neptune Stake Technologies Corp. All inter-company balances and transactions are eliminated on consolidation.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the valuation and impairment of Dash digital tokens and other digital currencies, and share-based payment calculations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the evaluation of the Company's ability to continue as a going concern

(i) Going concern - The assessment of the Company's ability to execute its strategy by effectively operating the Company involves judgment. Management closely monitors the operations and cash flows in the Company. Further information regarding going concern is outlined in Note 1.

(ii) Income taxes - Management exercises judgment to determine the extent to which deferred tax assets are recoverable and can therefore be recognized in the statements of financial position and comprehensive income or loss.

(iii) Functional currency - The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

(iv) Digital currencies - Digital currencies are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital currencies are treated as intangible asset in accordance with IAS 38 "Intangible Assets".

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Significant estimates

(i) Digital currency valuation **-** Digital currencies consist of cryptocurrency denominated assets (Note 3) and are included in both current and long-term assets. Digital currencies such as DASH and ATOM are carried at their fair market value determined by the spot rate based on the hourly volume weighted average from www.cryptocompare.com. The other digital currencies are carried at their fair market value determined by the spot rate based on volume weighted average from www.coinmarketcap.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 earnings and financial position. In addition, management estimates that selling costs will be nominal.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital currencies.

(ii) Share based compensation **-** The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, employees, and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based compensation calculation value, however the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has had limited history and is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

Significant accounting policies

Revenue recognition

The Company recognizes revenue from the provision of masternode server operations within digital currency networks, commonly termed "masternode hosting" or "delegating". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("Dash" or "ATOM"). Revenue is measured based on the fair value of the Dash or ATOM received. The fair value is determined using the spot price based on the hourly volume weighted average from www.cryptocompare.com of Dash or ATOM on the date of receipt. A Dash or ATOM is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured.

Digital Currencies

Digital currencies that are being held with a short-term nature are recorded as current assets on the statement of financial position while Digital currencies being held to maintain the Company's masternodes are classified as long-term assets.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Digital Currencies (continued)

Management of the Company view the Digital currencies as an intangible asset as it is an identifiable non-monetary asset without physical substance and accordingly the Company uses the revaluation model, as permitted under IAS 38 “Intangible Assets”, to measure its digital currencies. Initially the digital currencies are measured at cost and will not be subject to amortization. The revaluation model under IAS 38 requires intangible assets, after initial recognition, to be carried at revalued amounts less any accumulated amortization and accumulated impairment losses. The revalued amounts are determined at each reporting period at their fair market value which is calculated using the spot rate based on the hourly volume weighted average from www.cryptocompare.com. Increases in the carrying amounts are measured through Other Comprehensive Income. Decreases that offset previous increases are measured through Other Comprehensive Income and all other decreases are measured through profit and loss. On disposal, any cumulative revaluation surplus associated with the dash digital tokens is transferred directly to retained earnings.

Shared-based payments

Share-based payments include option and stock grants granted to directors, employees and consultants. The Company accounts for share-based compensation using a fair value-based method with respect to all share-based payments measured and recognized, to directors, employees and consultants. For directors and employees, the fair value of the options and stock grants is measured at the date of grant. For consultants, the fair value of the options and stock are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. For directors, employees and consultants, the fair value of the options and stock grants is accrued and charged to operations, with the offsetting credit to share based payment reserve for options, and commitment to issue shares for stock grants over the vesting period. If and when the stock options are exercised, the applicable amounts are transferred from share-based payment reserve to share capital. When the stock grants are issued, the applicable fair value is transferred from commitment to issue shares to share capital. Option based compensation awards are calculated using the Black-Scholes option pricing model while stock grants are valued at the fair value on the date of grant.

The Company has granted certain directors and consultants restricted share units (“RSUs”) to be settled in shares of the Company. The fair value of the estimated number of RSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the RSUs is estimated using the market value of the underlying shares as well as assumptions related to the market and non-market conditions at the grant date.

Income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is not recognized. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Financial instruments

(i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit or loss ("FVTPL") - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in profit and loss.

Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit and loss.

Amortized cost: This category includes accounts payables and accrued liabilities, which are recognized at amortized cost.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Equipment

Equipment is recorded at historical cost less accumulated depreciation. The Company provides for depreciation using the straight-line method at rates designed to depreciate the cost of equipment over the estimated useful life. The estimated useful lives of office furniture and equipment is 5 years.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets and digital currency, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income. During the year ended August 31, 2020, the Company recognized $494,304 in other comprehensive income.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted

IFRS 16, *Leases*

The Company adopted IFRS 16 - Leases ("IFRS 16") on September 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at September 1, 2019.

3. DIGITAL CURRENCIES

Digital currencies are recorded at their fair value on the acquisition date or when they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined from digital currency exchanges..

Dash and ATOM

As at August 31, 2020, the Company has 9,084 units of Dash digital tokens with a fair value of $1,057,294.

The Company has setup and operates nine masternodes which require 1,000 Dash digital tokens each in order to operate on the Dash blockchain network. The remaining 84 Dash digital tokens will be used towards the construction of future Dash masternodes or investments within Neptune Stake. All nine of the Company's Dash masternodes are operational and processing transactions on the Dash blockchain network. During the year ended August 31, 2020 the Company exchanged 5,154 Dash digital tokens with a cost of $4,776,060 and a fair value of $473,074 for 38.49 Bitcoin. During the year ended August 31, 2020, the Company sold 3,054 Dash digital tokens with a cost of $2,812,773 for $302,827 and recognized a realized loss on the transaction of $2,509,946.

During the year ended August 31, 2019, the Company exchanged 3,656 Dash digital tokens with a cost of $3,495,373 and a fair value of $702,305 for ATOM as described below.

During the year ended August 31, 2020, the Company earned 910 (2019 – 1,213) Dash digital tokens with a fair value of $92,789 (2019 – $189,618), this is inclusive of pooling (discontinued August 2019) revenue earned. The amounts have been recorded as revenue in the current year.

(Expressed in Canadian Dollars)

3. DIGITAL CURRENCIES (continued)

Dash and ATOM (continued)

As at August 31, 2020, the fair value of the 9,084 Dash digital tokens is as follows:

	Number		Amount
Balance, August 31, 2018	18,825	$	5,458,379
Dash earned	1,213		189,618
Dash exchanged	(3,656)		(702,305)
Revaluation of Dash digital tokens	-		(3,204,572)
Balance, August 31, 2019	16,382		1,741,120
Dash earned	910		92,789
Dash sold	(3,054)		(302,827)
Dash exchanged	(5,154)		(473,074)
Revaluation of Dash digital tokens	-		(714)
Balance, August 31, 2020	9,084	$	1,057,294

The fair value of the Dash digital tokens held as at August 31, 2020 is based on the quoted value of Dash digital tokens on August 31, 2020.

On May 28, 2019, the Company announced its intent to add a Cosmos Validator node to its inventory of node assets. The Company executed this transaction through dismantling a single Dash masternode and used the proceeds of disposition to purchase sufficient ATOM in order to setup a Cosmos Validator node.

During the year ended August 31, 2019, the Company received 40,000 ATOM with a fair value of $253,527 from directors of the Company. The Company transferred 3,656 Dash with a fair value of $702,305 into the portfolio and exchanged these for 120,394 ATOM, of which 40,000 was returned to the directors. The fair value of the ATOM returned to directors was $248,471 and the Company recognized a gain on the settlement of the debt of $5,056.

During the year ended August 31, 2020, the Company earned 11,510 (2019 – 2,858) ATOM valued at $56,282 (2019 - $12,693).

As at August 31, 2020, the fair value of the 134,762 ATOM digital tokens is as follows:

	Number		Amount
Balance, August 31, 2018	-	$	-
Receipt of ATOM Loan	40,000		253,527
Exchange of Dash into portfolio	120,394		702,305
Return of ATOM loan	(40,000)		(248,471)
ATOM earned	2,858		12,693
Revaluation of digital currencies	-		(375,594)
Balance, August 31, 2019	123,252		344,460
ATOM earned	11,510		56,282
Revaluation of digital currencies	-		865,938
Balance, August 31, 2020	134,762	$	1,266,680

As at August 31, 2020 the fair value of the Dash and ATOM digital tokens held is $2,323,974 (2019 - $2,085,580). During the year ended August 31, 2020, the Company recognized $494,304 in other comprehensive income relating to the increase in revaluation of ATOM.

(Expressed in Canadian Dollars)

3. DIGITAL CURRENCIES (continued)

Other

During the year ended August 31, 2018 the Company acquired holdings in a portfolio of digital currencies, including Bitcoin, Ethereum, Litecoin, Stellar, NEO, Dash, Omisego, and QTUM. The holdings are weighted based on the various digital currency market capitalizations. The Company intends to stake these assets and earn income subject to protocol upgrades in the future.

		Amount
Balance, August 31, 2018	$	148,282
Revaluation of digital currencies		19,027
Balance, August 31, 2019		167,309
Purchase of digital currencies		47,843
Exchange of digital currencies		473,074
Digital currencies issued as loan receivable		(589,239)
Digital currencies received as interest on loan receivable		2,914
Revaluation of digital currencies		19,851
Balance, August 31, 2020	$	121,752

On July 10, 2020, the Company entered into a loan agreement whereby it loaned 50 BTC to a third party maturing on October 13, 2020. The loan bears interest at 6.5% per annum, payable monthly in BTC. The BTC had a cost base of $589,239 and a fair value of $629,005 on the date of issuance. During the year ended August 31, 2020, the Company had received one interest payment of 0.19 BTC with a value of $2,914 and accrued an amount receivable of 0.27 BTC at a fair value of $4,178 as at year end. On October 13, 2020, the maturity date was extended to April 30, 2021.

The change in the loan receivable for the year ended August 31, 2020 is as follows:

	Number		Amount
Balance, August 31, 2019	-	$	-
BTC loaned	50.00		629,005
Interest accrued	0.46		7,092
Interest received	(0.19)		(2,914)
Revaluation of digital currencies	-		132,455
Balance, August 31, 2020	50.27	$	765,638

As at August 31, 2020, the fair value of the digital currency portfolio is $121,752 (August 31, 2019 - $167,309). A summary of the digital currency balances is as follows:

	Holdings, August 31, 2020	Fair Value, August 31, 2020	Holdings, August 31, 2019	Fair value, August 31, 2019
Bitcoin	5	76,584	11	146,136
Ethereum	67	37,935	67	15,410
Litecoin	38	3,048	38	3,300
Stellar	12,784	1,622	12,784	1,075
NEO	44	1,164	44	513
Dash	6	651	6	617
Omisego	77	518	77	113
QTUM	52	230	52	145

(Expressed in Canadian Dollars)

Balance	$	121,752	$	167,309

3. DIGITAL CURRENCIES (continued)

Other (continued)

The fair value of the digital currencies held as at August 31, 2020 is based on the quoted value of the digital currencies on August 31, 2020.

4. SHORT-TERM INVESTMENTS

The Company's short-term investments include two investments into private funds made during the year ended August 31, 2020. The fair values of the investments are remeasured based on monthly valuation reports provided to the Company by the funds.

The change in short-term investments for the year ended August 31, 2020 is as follows:

		August 31, 2020
Balance, opening	$	-
Additions		370,990
Interest income		1,547
Redemptions		(1,547)
Foreign exchange impact		21,098
Balance, August 31, 2020	$	392,088

5. OFFICE EQUIPMENT

		Office Equipment
Cost		
Balance, August 31, 2018	$	31,128
Disposals for the year		(31,128)
Balance, August 31, 2019 and August 31, 2020	$	-
Accumulated depreciation		
Balance, August 31, 2018	$	4,859
Depreciation for the year		5,622
Disposals for the year		(10,481)
Balance, August 31, 2019 and August 31, 2020	$	-
Carrying amounts		
As at August 31, 2019 and August 31, 2020	$	-

During the year ended August 31, 2019, the Company disposed of all of its equipment with a net book value of $20,647 for proceeds of $5,000 and recognized a loss on disposal of $15,647.

(Expressed in Canadian Dollars)

6. RELATED PARTY BALANCES AND TRANSACTIONS

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.

During the year ended August 31, 2020 the Company incurred the following related party transactions:

	August 31, 2020	August 31, 2019
Consulting fees	$ 285,004	$ 396,004
Directors fees	42,000	51,000
Share-based compensation	98,597	304,250

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The Company has the right to terminate the agreements with the officers of the Company by providing 12-24 months' notice or paying the equivalent of 12-24 months in fees to each officer.

As at August 31, 2020 there was $194,889 (August 31, 2019 - $111,980) due to directors and officers of the Company. The balances to related parties are unsecured, non-interest bearing and without fixed repayment terms. During the year ended August 31, 2020, the Company issued an aggregate of 1,624,797 common shares to related parties, valued at $146,232 to settle accounts payable and accrued liabilities of $92,614. The Company recognized a loss of $53,618 on the common share issuance.

On October 30, 2017 the Company entered into a shareholders' rights agreement where a shareholder of the Company provided a non-interest-bearing demand promissory note of $100,000. The note is unsecured and due on demand or in any event within 10 years from the date the funds were advanced. During the year ended August 31, 2020 the Company issued 1,754,385 common shares valued at $157,895 to settle the note. The Company recognized a loss of $57,895 on the common share issuance.

7. SHARE CAPITAL

Authorized Capital

Unlimited common shares without par value

Shares issued

During the year ended August 31, 2020, the Company:

a) issued 3,379,182 common shares valued at $0.09 per common share, for a total value of $304,126, in settlement of accounts payable and accrued liabilities and loans with related parties in the amount of $192,614 (Note 6). The Company recognized a loss of $111,513 on settlement of debt to the statement of loss and comprehensive loss;

b) entered into a non-binding agreement for a drawdown equity facility of up to $4-million in units. Each unit consisting of one common share and one common share purchase warrant, at discounts ranging from 15% to 25% of the market price of the Shares and warrants at a 25% premium over the market price of the shares. During the year ended August 31, 2020, the Company issued 1,250,000 units (each, a "Unit") at a price of $0.08 per Unit for gross proceeds of $100,000. Each Unit consists of one common share and one common share purchase warrant, entitling the holder to purchase an additional common share at a price of $0.13 for a period of three years. In connection with the closing, the Company incurred share issuance costs of $9,419; and

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Authorized Capital (continued)

c) issued an aggregate of 530,001 common shares relating to 250,000 restricted share units vested and 280,001 newly issued restricted share units that vested immediately.

During the year ended August 31, 2019 the Company issued 516,666 common shares due to the vesting of restricted share units during the year, there were no other shares issued during the year ended August 31, 2019.

Share Purchase Warrants and Stock Options

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants			Stock Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, August 31, 2018 and August 31, 2019	4,039,360	$	0.44	6,075,000	$	0.50
Issued*	1,250,000		0.13	-		-
Cancelled	-		-	(4,325,000)		0.50
Expired	(4,039,360)		0.44	(1,750,000)		0.50
Outstanding, August 31, 2020	1,250,000	$	0.13	-	$	-
Number currently exercisable	1,250,000	$	0.13	-	$	-

*warrants expire 3 years from date of issuance on May 25, 2023

As at August 31, 2020, $nil (6,075,000 as at August 31, 2019) incentive stock options were outstanding.

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common stock. 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 10 years and vest as determined by the board of directors.

During the years ended August 31, 2020 and 2019 the Company did not grant any stock options and in the year ended August 31, 2020 cancelled all 6,075,000 stock options previously held by directors, officers, employees, and consultants.

Restricted share units

The Company has a long-term restricted share unit plan (“RSU’s”). The RSU’s entitle directors, officers or employees to common shares of the Company upon vesting, based on vesting terms determined by the Company’s Board of Directors at the time of grant.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Restricted share units (continued)

During the year ended August 31, 2018 the Company granted 1,580,000 RSU's which vest over the course of three years, such that 33.33% vest every 12 months. During the year ended August 31, 2019, 30,000 RSU's were forfeited. During the year ended August 31, 2020 of the remaining unvested 1,033,333 RSU's, 533,333 RSU's held by former officers and directors were cancelled. In connection with the cancellation, the Company recognized a recovery to share-based compensation of $179,012. For the year ended August 31, 2020, the Company recognized $65,972 in share-based compensation related to the remaining RSU's. During the year ended August 31, 2020, the second tranche of RSU's vested and the Company issued 250,000 common shares.

During the year ended August 31, 2020, the Company granted 280,001 RSU's to certain consultants, officers, and directors. The RSU's vested immediately and shares were issued concurrent with the tranche of vested RSU's as discussed above. The new RSU's were valued at $0.145 per RSU and $40,600 was recognized directly to share-based compensation. The aggregate impact of the cancelled RSU's and the new issuance resulted in the recognition of a recovery of $72,439 (2019 – expense of $310,139) to share-based compensation on the consolidated statements of income (loss) and comprehensive income (loss) for the year ended August 31, 2020.

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire more Dash and fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

9. INCOME TAXES

The Company has losses carried forward losses of approximately $13,213,948 available to reduce income taxes in future years which expire in 2040.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income taxes:

	Year ended August 31, 2020	Year ended August 31, 2019
Canadian statutory income tax rate	27%	27%
	$	$
Income tax expense (recovery) at statutory rate	43,995	(1,177,545)
Effect of income taxes of:	-	-
Non-deductible items and other	9,372	94,394
Change in current and future tax rate	(2,848)	-
Change in unrecognized deferred income tax asset	(50,519)	1,083,151
Deferred income tax expense	-	-

(Expressed in Canadian Dollars)

9. INCOME TAXES (continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	August 31, 2020	August 31, 2019
Non-capital loss carry forwards	3,567,766	1,388,265
Share issuance costs	208,712	307,484
Digital currencies	1,763,169	3,894,417
Unrecognized deferred income tax liabilities	5,539,647	5,590,166

10. FINANCIAL INSTRUMENTS

Classification

The Company's financial instruments consist of cash, accounts payable and due to related party. The Company classifies its cash and short-term investments as fair value through profit and loss, and accounts payable and loans as financial liabilities recognized at amortized cost. The carrying amount of cash, short-term investments, accounts payable and loans approximate their carrying values because of the short-term nature of these instruments.

Fair values

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market date.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at August 31, 2020

	Level 1	Level 2	Level 3
	$	$	$
Financial assets			
Cash	117,558	-	-
Short-term investments	-	392,088	-
Total financial assets	117,558	392,088	-

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. Financial instruments which are potentially subject to credit risk for the Company consist of cash and digital currencies.

10. FINANCIAL INSTRUMENTS

Fair values (continued)

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at August 31, 2020 relating to cash of $117,558 and loan receivable of $765,638. All cash is held at Canadian chartered banks, which minimizes credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates.

Interest risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Company incurs in the future in its operations as well as the currency in which the Company has historically raised capital. The Company is not currently exposed to significant currency risk as the Company's presentation currency is the Canadian dollar and major purchases and financings to date have been transacted in Canadian dollars.

11. SEGMENTED INFORMATION

The Company's sole operation is in Canada. Accordingly, the chief decision makers consider the Company to currently have one segment and, therefore, segmented information is not presented.

12. SUBSEQUENT EVENTS

On December 10, 2020 the Company issued 1,875,000 units at a price of $0.08 per unit and 1,428,571 units at a price of $0.105, with each unit consisting of one common share and one transferable common share purchase warrant entitling the holder to purchase one common share at a price of $0.13 and $0.175 respectively, for a period of three years from the issue date. The securities will be subject to a four-month-and-one-day hold period.