

EAGLE BLOCKCHAIN ENTERPRISES INC.

Interim Financial Statements

For the six months ended March 31, 2020

(Expressed in Canadian Dollars)

EAGLE BLOCKCHAIN ENTERPRISES INC.

March 31, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

EAGLE BLOCKCHAIN ENTERPRISES INC.

Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	March 31, 2020	September 30, 2019
<u>ASSETS</u>			
Current assets			
Cash		\$ 917	\$ 66
Total assets		<u>\$ 917</u>	<u>\$ 66</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable and accrued liabilities (Note 3)		\$ 42,024	\$ 36,498
Loans payable		15,723	-
Due to related parties (Note 3)		9,487	11,332
Total liabilities		<u>67,234</u>	<u>47,830</u>
<u>SHAREHOLDERS' EQUITY (DEFICIT)</u>			
Share capital		5,000	5,000
Deficit		<u>(71,317)</u>	<u>(52,764)</u>
Total shareholders' equity (deficit)		<u>(66,317)</u>	<u>(47,764)</u>
Total liabilities and shareholders' equity		<u>\$ 917</u>	<u>\$ 66</u>
Corporate information (Note 1)			

Approved and authorized for issuance on behalf of the Board on May 28, 2020:

/s/ "Kristal Stewart"

Kristal Stewart, Director

/s/ "John Brydle"

John Brydle, Director

(The accompanying notes are an integral part of these financial statements)

EAGLE BLOCKCHAIN ENTERPRISES INC.

Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Expenses				
General and administrative (Note 3)	\$ 3,850	\$ 1,427	\$ 3,850	\$ 1,676
Accounting & audit fees (Note 3)	4,410	7,000	7,560	10,000
Interest expense (Note 3)	2,937	-	4,833	-
Transfer agent and regulatory fees	2,310	2,729	2,310	3,183
Loss before other items	(13,507)	(11,156)	(18,553)	(14,859)
Net loss and total comprehensive loss	\$ (13,507)	\$ (11,156)	\$ (18,553)	\$ (14,859)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares	100,177,879	100,177,879	100,177,879	100,177,879

(The accompanying notes are an integral part of these financial statements)

EAGLE BLOCKCHAIN ENTERPRISES INC.

Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share capital		Share subscriptions received	Reserve	Deficit	Total shareholders' equity
	Number of shares	Amount \$				
Balance, September 30, 2018	100,177,878	5,000	-	-	(23,095)	(18,095)
Total comprehensive loss					(14,859)	(14,859)
Balance, March 31, 2019	100,177,878	5,000	-	-	(37,954)	(32,954)
Balance, September 30, 2019	100,177,878	5,000	-	-	(52,764)	(47,764)
Total comprehensive loss					(18,553)	(18,553)
Balance, March 31, 2020	100,177,878	5,000	-	-	(71,317)	(66,317)

(The accompanying notes are an integral part of these financial statements)

EAGLE BLOCKCHAIN ENTERPRISES INC.

Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

	Three months ended March 31,		Six months ended March 31,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating Activities				
Net loss	\$ (13,489)	\$ (11,156)	\$ (18,553)	\$ (14,859)
Items not involving cash:				
Depreciation	-	-	-	-
	(13,489)	(11,156)	(18,553)	(14,859)
Changes in non-cash working capital:				
Accounts payable and accrued liabilities	4,924	3,150	5,526	6,358
Due to related parties	-	-	-	-
Cash used in operating activities	(8,565)	(8,006)	(13,027)	(8,501)
Investing Activities				
Investment	-	-	-	-
Cash used in investing activities	-	-	-	-
Financing Activities				
Advances from related parties	8,972	5,000	(1,845)	5,000
Loan payables	462	-	15,723	-
Cash from financing activities	9,434	5,000	13,878	5,000
Increase/(decrease) in cash	869	(3,006)	851	(3,501)
Cash, beginning	48	3,675	66	4,170
Cash, end	\$ 917	\$ 669	\$ 917	\$ 669

(The accompanying notes are an integral part of these financial statements)

EAGLE BLOCKCHAIN ENTERPRISES INC.

Notes to the Interim Financial Statements
For the six months ended March 31, 2020
(Expressed in Canadian Dollars)

1. Corporate Information

Eagle Blockchain Enterprises Inc. (the "Company") was incorporated in the province of British Columbia on September 5, 2017. The Company was a wholly-owned subsidiary of Totally Hip Technologies Inc. ("Totally Hip"). On September 9, 2017, the Company and Totally Hip entered into an arrangement agreement (the "Arrangement") for the spin out of the Company. On November 24, 2017, the Arrangement was completed which resulted in the Company becoming a reporting issuer in British Columbia and Alberta. The Company is currently searching for a business opportunity. The Company's head office is located at Suite 702, 889 West Pender Street, Vancouver, BC, V6C 3B2.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

These 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 did not generate any revenues and has incurred negative cash flow from operations. As at March 31, 2020, the Company has a working capital deficit of \$66,317 and an accumulated deficit of \$71,317. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

(b) Application of New IFRS

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new expected credit loss ("ECL") model for all financial assets in scope of the impairment requirements. The new ECL will result in an allowance for credit losses being recorded on financial assets irrespective of whether there has been an actual loss event.

The Company adopted the amendments to IFRS 9, effective October 1, 2018 using the full retrospective method, with no significant impact on the Company's financial statements.

EAGLE BLOCKCHAIN ENTERPRISES INC.

Notes to the Interim Financial Statements
For the six months ended March 31, 2020
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(c) Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include unrecognized deferred income tax assets.

The application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

EAGLE BLOCKCHAIN ENTERPRISES INC.

Notes to the Interim Financial Statements
For the six months ended March 31, 2020
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(f) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

EAGLE BLOCKCHAIN ENTERPRISES INC.

Notes to the Interim Financial Statements
For the six months ended March 31, 2020
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(g) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

(i) Comprehensive 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 the statement of operations.

(j) 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 September 30, 2020, and have not been applied in preparing these financial statements.

New standard IFRS 16, "Leases"

The Company has not early adopted this new standard and it will not have any impact on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

EAGLE BLOCKCHAIN ENTERPRISES INC.

Notes to the Interim Financial Statements
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3. Related Party Transactions

- (a) As at March 31, 2020, the Company owes \$51,510 to companies controlled by a significant shareholder of the Company, of which \$42,023 is included in accounts payable and accrued liabilities. The amounts due are non-interest bearing, unsecured, and due on demand.
- (b) During the six months ended March 31, 2020, the Company incurred general and administrative expense of \$2,671, interest expenses of \$4,833 and accounting fees of \$3,150 to companies controlled by a significant shareholder of the Company.

4. Share Capital

Authorized: unlimited common shares without par value

On November 24, 2017, the Company completed the Arrangement by issuing 100,177,878 common shares to the shareholders of Totally Hip. Totally Hip provided the Company with \$5,000 as part of the Arrangement. Totally Hip returned 1 common share to the Company which was cancelled.

5. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

EAGLE BLOCKCHAIN ENTERPRISES INC.

Notes to the Interim Financial Statements
For the six months ended March 31, 2020
(Expressed in Canadian Dollars)

6. Financial Instruments and Risk Management

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at March 31, 2020 as follows:

	Fair value measurements using			Balance, March 31, 2020 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	917	–	–	917

The fair values of financial instruments, which includes accounts payable and accrued liabilities, and amounts due to related parties, approximates their carrying values due to the relatively short-term maturity of this instrument.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.