

Red River Capital Corp.
Condensed Interim Financial Statements

For the three months ended June 30, 2020

(Unaudited)

(Expressed in Canadian Dollars)

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, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The interim financial statements of Red River Capital Corp. for the three months ended June 30, 2020 have not been reviewed by the auditor of the Corporation.

Red River Capital Corp.
Condensed Interim Statements of Financial Position
As at:

	Note	June 30, 2020 (Unaudited)	March 31, 2020 (Audited)
Assets			
Current			
Cash and cash equivalents	4	\$ 241,503	\$ 242,649
Accrued Interest		1,686	820
Total assets		\$ 243,189	\$ 243,469
Liabilities & Shareholder's Equity			
Current Liabilities			
Accounts payable and accruals		\$ 20,052	\$ 15,581
Shareholders' Equity			
Share capital	5	\$ 314,270	\$ 314,270
Contributed Surplus	5	82,200	82,200
Deficit		(173,333)	(168,582)
Total shareholders' equity		223,137	227,888
Total liabilities and shareholders' equity		\$ 243,189	\$ 243,469

Approved on behalf of the Board

"Julian Klymochko"

Director

"David McGoey"

Director

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

Red River Capital Corp.
Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited)

Three months ended June 30

		2020	2019
Interest income	\$	892	1,010
Expenses			
Professional fees	\$	4,772	10,194
General and administrative		871	2,613
Total Expenses		5,643	12,807
Loss and comprehensive loss	\$	4,751	11,797
Loss per share (Note 5)			
Basic and Diluted	\$	(0.00)	(0.00)
Weighted shares outstanding		3,000,000	3,000,000

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

Red River Capital Corp.
Condensed Interim Statement of Changes in Equity
(Unaudited)

	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
As at March 31, 2020	314,270	82,200	(168,582)	227,888
Loss for the period	-	-	(4,751)	(4,751)
As at June 30, 2020	314,270	82,200	(173,333)	223,137

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

Red River Capital Corp.
Condensed Interim Statement of Cash Flows
For the three months ended June 30, 2020
(Unaudited)

	2020	2019
Cash provided by (used for) the following activities:		
Operating activities		
Net loss for the period	\$ (4,751)	\$ (11,797)
Changes in non-cash working capital		
Accrued interest	(866)	(1,010)
Accounts payable and accruals	4,471	9,832
Cash used in operating activities	(1,146)	(2,975)
Increase in cash	(1,146)	(2,975)
Cash and cash equivalent, beginning of period	242,649	277,637
Cash and cash equivalent, end of period	\$ 241,503	\$ 274,662
 Cash and cash equivalents is comprised of:		
Cash	7,978	4,662
Guaranteed Investment Certificate	233,525	270,000
	241,503	274,662

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

1. Incorporation and operations

Red River Capital Corp. (the "Company") was incorporated under the laws of the Province of Alberta on December 20, 2017 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The address of the registered office is 1900, 520 3rd Avenue SW Calgary, Alberta.

The Company issued 2,500,000 common shares for an amount of \$125,000 and on the Company's prospectus for an Initial Public Offering ("IPO") of the Company's common shares was receipted by the regulatory authorities. The IPO closed on July 26, 2018 with 3,000,000 common shares being issued at a price of \$0.10 per common share. The Company's shares commenced trading on July 30, 2018 under the symbol XBT.P.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international Accounting Standards Board ("IASB"), and comply with IAS 34. This condensed interim financial report does not include all of the information required of a full audited financial report and it is therefore recommended that this report be read in conjunction with the annual financial statements for the period ended March 31, 2020.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 7, 2020.

Basis of measurement

These financial statements are stated in Canadian dollars, which is the Company's functional currency, and were prepared on a going concern basis, under the historical cost convention except for share based compensation.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Red River Capital Corp.
Notes to the Condensed Interim Financial Statements
For the three and nine months ended December 31, 2019
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3. Significant accounting policies

Unless otherwise noted, the revised standards and amendments as disclosed in Note 3 of the March 31, 2020 year end financial statements are effective for the annual period beginning January 1, 2020.

4. Cash

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

5. Share capital

Authorized

Unlimited number of voting Common Shares, without nominal or par value

Unlimited number of non-voting Preferred Shares, without nominal or par value

Issued Common Shares

	Number of Shares	\$
At incorporation	-	-
Issued for cash (i)	2,500,000	125,000
As at March 31, 2018	2,500,000	125,000
Issued on IPO (ii)	3,000,000	300,000
Share issue costs (ii)	-	(110,730)
As at December 31, 2019	5,500,000	314,270

- i) These common shares are issued to directors and officers and are held in escrow until completion of a Qualifying Transaction. 10% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

- ii) The Company completed its IPO of 3,000,000 shares for gross proceeds of \$300,000 on July 26, 2018. The Agent was granted the option to purchase up to 300,000 common shares at a price of \$0.10 per Common Share. This option expires 24 months from July 26, 2018. The value of the Agent's options, as determined by the Black-Scholes option pricing model, being \$12,900, was recorded to share issue costs. Included in share issue costs is \$44,750 relating to the March 31, 2018 deferred financing costs. Common shares issued upon the exercise of the Agent's options are restricted such that only 50% of the issued shares on exercise of such options may be sold prior to the Company completing a qualifying transaction.

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Common

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Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Common Shares of the Company issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

In conjunction with the closing of the IPO, the Company granted share options to purchase an aggregate of 550,000 common shares at an exercise price of \$0.10 per Common Share to directors and officers of the Corporation, which expire five years from July 26, 2018. The estimated fair value of director and officer options of \$69,300 was charged to operations during the year ended March 31, 2019.

The assumptions for the Black-Scholes Pricing Model for all the stock options are as follows:

	Directors & Officers	Agent
Stock price	\$0.10	\$0.10
Exercise price	\$0.10	\$0.10
Risk free interest rate	2.19%	2.05%
Expected life (years)	5	2
Expected annual volatility	116%	78%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The following table reflects the continuity of options granted under the Plan as of June 30, 2020:

	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	-	-
Issued to directors & officers	550,000	0.10
Issued to agent	300,000	0.10
Balance, end of period	850,000	0.10

Expiry Date	Exercise Price	Outstanding March 31 st	Exercisable	Remaining Contractual Years
July 2023	\$0.10	550,000	550,000	3.0
July 2020	\$0.10	300,000	300,000	0.0

6. Related party transactions

Key management personnel consist of officers and directors of the Company. Other than stock options granted to directors, no compensation was paid to key management personnel during the current or prior years

Transactions with related parties are incurred in the normal course of business.

7. Capital disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at year end.

8. Letter of intent

On June 1, 2020, the Company entered into a non-binding letter of intent pursuant to which the Company and 1739001 Alberta Ltd. ("Bitcoin Solutions"), an arms length company incorporated under the laws of Alberta, intend to complete a plan of arrangement, merger, exempt takeover bid or other form of arrangement whereby the shareholders of Bitcoin Solutions will control between 93.5% to 95.5% of the issued and outstanding shares of the Company (the "**Transaction**"). The Transaction is intended to serve as the Company's "qualifying transaction" as that term is defined in the policies of the Exchange. Completion of the Transaction is subject to satisfactory completion of due diligence, the execution of a definitive agreement and regulatory body approvals including approval of the Exchange. Trading in the common shares of the Company has been halted and is not expected to resume trading until the Transaction is completed or until the Exchange receives the requisite documentation to resume trading.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

The current challenging economic climate relating to the effect of the Coronavirus (COVID-19) may lead to challenges in managing cash flows and the ability to raise capital. These items may have a direct adverse impact on the Company's ability to close the Transaction.