

SQUIRE MINING LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the twelve months ended October 31, 2018

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

The accompanying financial statements for the twelve months ended October 31, 2018 and 2017 and as at October 31, 2018 and October 31, 2017 have been prepared by management and have not been reviewed or audited by the Company's auditors.

SQUIRE MINING LTD.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

ASSETS

	October 31, <u>2018</u>	As at October 31, <u>2017</u>
Current		
Cash and cash equivalents	\$ 19,609,018	\$ 533,056
Amounts receivable	48,475	7,003
Investment – Note 5	240,900	-
Prepaid expense	<u>88,487</u>	<u>3,150</u>
	19,986,880	543,209
Investment in joint operation – Note 6	2,372,954	-
License – Note 8	225,000	-
Exploration and evaluation assets – Note 7	<u>133,388</u>	<u>78,653</u>
	<u>\$ 22,718,222</u>	<u>\$ 621,862</u>

LIABILITIES

Current		
Accounts payable – Note 11	\$ 52,602	\$ 98,191
Accrued liabilities	<u>-</u>	<u>9,447</u>
	<u>\$ 52,602</u>	<u>\$ 107,638</u>

SHAREHOLDERS' EQUITY

Share capital – Note 9	\$ 30,244,580	\$ 903,738
Reserve	1,495,663	99,850
Accumulated deficit	<u>(9,074,623)</u>	<u>(489,364)</u>
	<u>22,665,620</u>	<u>514,224</u>
	<u>\$ 22,718,222</u>	<u>\$ 621,862</u>

Nature of operations and going concern – Notes 1 and 2(b)

Subsequent events – Note 14

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

For the three and twelve months ended October 31, 2018 and 2017

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended October 31,		Twelve months ended October 31,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General and administrative expenses				
Accounting and audit fees	\$ 16,000	\$ 6,400	\$ 16,300	\$ 12,900
Administration services – Note 11	17,194	-	53,660	-
Bank charges	2,702	181	7,563	1,161
Bonus to management	-	-	368,000	-
Consulting fees – Note 11	129,448	27,500	341,931	50,000
Insurance	-	-	10,000	-
Legal fees	112,362	9,466	294,561	25,357
Management fees – Note 11	784,902	22,500	905,202	45,000
Marketing and advertising	563,062	1,638	563,062	1,638
Office and miscellaneous	6,061	195	37,000	3,766
Regulatory filing fees	14,522	1,375	25,568	8,230
Rent	57,954	3,000	66,954	3,000
Salaries and wages	1,756	-	1,756	-
Share-based payments – Notes 9&11	672,000	10,000	1,321,632	10,000
Transfer agent fees	-	2,361	24,217	6,389
Travel	41,541	-	248,273	2,413
Loss before other item	\$ (2,419,504)	\$ (84,616)	\$ (4,285,679)	\$ (169,854)
Other item:				
Equity in loss of joint operation-Note 6	(3,210,065)	-	(4,154,737)	-
Gain (Loss) on foreign exchange	(5,231)	-	23,362	-
Interest income	4,356	-	4,356	-
Project investigation costs – Note 13	-	(2,000)	(157,962)	(49,045)
Unrealized gain on investments-Note 5	(115,400)	-	(14,599)	-
Net loss and comprehensive loss for the period	\$ (5,745,844)	\$ (86,616)	\$ (8,585,259)	\$ (218,899)
Basic and diluted loss per common share	\$ <u>(0.05)</u>	\$ <u>(0.00)</u>	\$ <u>(0.14)</u>	\$ <u>(0.01)</u>
Weighted average number of common shares outstanding	<u>115,054,384</u>	<u>23,042,193</u>	<u>60,567,156</u>	<u>23,042,193</u>

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Twelve months ended October 31,	
	<u>2018</u>	<u>2017</u>
Operating Activities		
Net loss for the period	\$ (8,585,259)	\$ (218,899)
Items not involving cash:		
Share-based payments	1,321,632	10,000
Changes in non-cash working capital items related to operations:		
Amounts receivable	(41,472)	6,733
Prepaid expenses	(85,337)	(3,150)
Accounts payable	(45,589)	75,056
Accrued liabilities	<u>(9,447)</u>	<u>(5,853)</u>
	<u>\$ (7,445,472)</u>	<u>\$ (136,113)</u>
Investing Activities		
License	\$ (225,000)	\$ -
Investment in joint operation	(2,372,954)	-
Investment mCloud	(240,900)	-
Exploration and evaluation costs	<u>(54,735)</u>	<u>(10,000)</u>
	<u>\$ (2,893,589)</u>	<u>\$ (10,000)</u>
Finance Activity		
Shares issued for cash, net of share issue costs	<u>\$ 29,415,023</u>	<u>\$ 382,000</u>
	<u>\$ 29,415,023</u>	<u>\$ 382,000</u>
Increase(decrease) in cash during the period	19,075,962	235,887
Cash and cash equivalents, beginning of the period	<u>533,056</u>	<u>297,169</u>
Cash and cash equivalents, end of the period	<u>\$ 19,609,018</u>	<u>\$ 533,056</u>

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY for the twelve months ended October 31, 2018 and 2017 (Stated in Canadian Dollars) (Unaudited – Prepared by Management)

	<u>Number of Common Shares</u>	<u>Amount</u>	<u>Reserve</u>	<u>Deficit</u>	<u>Total</u>
Balance, October 31, 2016	28,921,167	\$ 903,738	\$ 99,850	\$ (270,465)	\$ 733,123
Net loss for the period	-	-	-	(218,899)	(218,899)
Balance, October 31, 2017	<u>28,921,167</u>	<u>\$ 903,738</u>	<u>\$ 99,850</u>	<u>\$ (489,364)</u>	<u>\$ 514,224</u>
Share issuances:					
For cash:					
Private placements	87,057,833	28,816,950	-	-	28,816,950
Options exercised	2,877,441	432,740	-	-	432,740
Warrants exercised	2,066,666	165,333	-	-	165,333
Share issue cost					
Agent's units	1,632,065	-	-	-	-
Fair value of warrants attached to agent's	-	(337,217)	337,217	-	-
Fair value of stock options exercised	-	263,036	(263,036)	-	-
Share-based payments	-	-	1,321,632	-	1,321,632
Net loss for the period	-	-	-	(8,585,259)	(8,585,259)
Balance, October 31, 2018	<u>122,555,172</u>	<u>\$ 30,244,580</u>	<u>\$ 1,495,663</u>	<u>\$ (9,074,623)</u>	<u>\$ 22,665,620</u>

SEE ACCOMPANYING NOTES

Squire Mining Ltd.

Notes to the Condensed Interim Financial Statements

October 31, 2018

(Stated in Canadian Dollars)

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Note 1 Nature of Operations

Squire Mining Ltd. (the “Company”) is a reporting issuer in the Canadian provinces of British Columbia, Alberta and Ontario whose common shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “SQR”.

The Company was incorporated under the Business Corporations Act (British Columbia) on March 23, 2011. On January 13, 2015 the Company changed its name from 0906251 B.C. Ltd. to Squire Mining Ltd. The Company’s corporate office is located at Suite 202 – 5626 Larch Street, Vancouver, B.C. V6M 4E1. The records office of the Company is 1100-595 Howe Street, Vancouver V6C 2T5.

From its incorporation to 2018, the Company was engaged primarily in the exploration of mineral resource properties.

In August 2018, the Company completed a change of business and is now engaged, through its subsidiaries, in the development, operation and manufacture of data mining infrastructure and system technology to support global blockchain applications in the mining space including application specific integrated circuit (ASIC) chips and next generation mining rigs to mine Bitcoin SV, Bitcoin Core and other associated SHA-256 derived cryptocurrencies.

Note 2 Basis of Preparation

a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and which were in effect as of October 31, 2018.

The condensed interim financial statements were authorized for issue by the Board of Directors on December 28, 2018.

Squire Mining Ltd.

Notes to the Condensed Interim Financial Statements

October 31, 2018

(Stated in Canadian Dollars)

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Note 2 Basis of Preparation – (cont'd)

b) Going Concern

The Company has not generated revenue from operations and incurred a net loss of \$8,585,259 for the period ended October 31, 2018, has accumulated a deficit at October 31, 2018 of \$9,074,623 and expects to incur further losses in the development of its business. These financial statements have been prepared on a 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 for the foreseeable future.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

c) Basis of Measurement

These financial statements have been prepared using the historical cost basis in Canadian dollars, which is the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Note 3 Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at October 31, 2017. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2017. The following accounting policies are those materially relevant policies that have become effective for the Company subsequent to October 31, 2017.

Squire Mining Ltd.

Notes to the Condensed Interim Financial Statements
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(Stated in Canadian Dollars)
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Note 3 Significant Accounting Policies – (cont'd)

Intangible assets

Intangible assets consist of an interest in an exclusive eight-year license acquired externally and are recorded at cost less accumulated amortization and impairment losses. The intangible assets will be amortized on a straight-line basis over 8 years commencing February 1, 2018.

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Note 4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Estimates

Share-based payments

Squire Mining Ltd.

Notes to the Condensed Interim Financial Statements

October 31, 2018

(Stated in Canadian Dollars)

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Note 4 Use of Estimates and Judgments – (cont'd)

Estimates – (cont'd)

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

Judgments:

Exploration and evaluation expenditure

The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position, utilize the cost model and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. Management regularly tests for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

Intangible assets

The recoverability of expenditures incurred on its intangible assets requires judgment and the Company evaluates these amounts at least annually for indicators of impairment.

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future is a judgment. The factors considered by management are disclosed in Note 2.

Note 5 Investment

The investment is classified as a held-for-trading financial asset and accordingly changes in its fair value are reported in operations on a quarterly basis.

Investment is comprised of 730,000 shares of Universal mCloud Corp. (“mCloud”), a public company trading on the TSX Venture Exchange. The adjustment to fair market value at the end of the period resulted in an unrealized loss of \$14,599 for the period.

Squire Mining Ltd.

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Note 6 Investment in joint operation

On June 6, 2018, the Company entered into a shareholders' agreement and formed an incorporated joint venture "the JV" undertaking the joint design, development and manufacture of ASIC (application specific integrated circuits) chips for mining bitcoin and other cryptocurrencies.

The company originally owned a 66.67% interest in the JV and, after spending US\$3,000,000 towards the business of the JV, the ownership percentage increased to 75%. During the period ending October 31, 2018, the company invested \$6,267,363, and this investment was decreased due to the proportionate share of the loss incurred by the joint venture of \$3,959,651.

On August 14, 2018, the Company entered into a shareholders' agreement and formed an incorporated joint venture, Arasystems Technology Corp. ("Arasystems"), to manage the development, manufacturing and assembly of the Company's mining systems. The Company owns 75% interest in Arasystems. During the period ended October 31, 2018, company invested \$260,328, and this investment was decreased due to the proportionate share of the loss incurred by the Arasystems of \$195,086.

Note 7 Exploration and Evaluation Assets

Star Property

	Balance October 31, <u>2016</u>	<u>Additions</u>	Balance October 31, <u>2017</u>	<u>Additions</u>	Balance, October 31, <u>2018</u>
Acquisition costs	\$ 18,000	\$ 10,000	\$ 28,000	\$ 10,000	\$ 38,000
Deferred exploration costs					
Assays	22,792	-	22,792	-	22,792
Equipment rental	7,322	-	7,322	-	7,322
Food and accommodations	5,531	-	5,531	-	5,531
Geological	40,470	-	40,470	44,735	85,205
Supplies	<u>2,021</u>	<u>-</u>	<u>2,021</u>	<u>-</u>	<u>2,021</u>
	<u>78,136</u>	<u>-</u>	<u>78,136</u>	<u>44,735</u>	<u>122,871</u>
Mineral Exploration Tax Credits	<u>(27,483)</u>	<u>-</u>	<u>(27,483)</u>	<u>-</u>	<u>(27,483)</u>
Balance, ending	<u>\$ 68,653</u>	<u>\$ 10,000</u>	<u>\$ 78,653</u>	<u>\$ 54,735</u>	<u>\$ 133,388</u>

By a mineral property option agreement dated October 5, 2013 and amended on December 5, 2014, the Company could acquire up to a 100% interest in the Star Property. This property consisted of six mineral tenures and is located approximately 80 kilometres west southwest of Quesnel, British Columbia.

Squire Mining Ltd.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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Note 7 Exploration and Evaluation Assets – (cont'd)

In order to earn a 51% interest in the Star Property, the Company was to pay \$78,000 in cash and incur \$885,000 in exploration work over four years. As at October 31, 2017, the Company had paid \$28,000 and incurred in excess of \$35,000 in exploration, the minimum required amount.

The Company could earn an additional 10% interest in the Star Property by completing a pre-feasibility study and a further 9% interest upon successful completion of a senior financing required to put the Star Property into production.

As at October 31, 2017, the Company has forfeited two of the original six claims as the Company did not consider it to be part of the core claims.

Prior to October 5, 2013, the date of the option agreement, the Company incurred an aggregate total of \$26,948 in costs related to the evaluation of the Star Property, which have been previously expensed to the Statement of Loss and Comprehensive Loss.

At October 31, 2017, the Company had not paid the required property payment or incurred the required exploration costs due by twenty-four months after the listing date. By an agreement dated February 1, 2018 the Company replaced the prior agreements with a new option agreement effective February 15, 2018 such that in order to earn the 51% interest in the Star Property, the Company shall pay \$60,000 in cash and incur \$785,000 in exploration work as follows:

Date	Payment	Exploration Work
February 15, 2018 (Completed)	\$ 10,000	\$ 35,000
August 15, 2018	10,000	-
February 15, 2019	10,000	250,000
August 15, 2019	10,000	-
February 15, 2020	10,000	500,000
August 15, 2020	<u>10,000</u>	<u>-</u>
	<u>\$ 60,0000</u>	<u>\$ 785,000</u>

The term of the option shall be until August 15, 2020. If the option is not exercised or the cash and exploration work has not been paid in full on or before August 15, 2020, the option shall terminate.

The Company may earn an additional 14% interest in the Star Property by completing a preliminary economic assessment and a further 15% interest upon successful completion of a financing sufficient to carry out a feasibility study on the property. When the Company earned 80% ownership, the project will continue as a joint venture with the exploration programs being funded proportionality to ownership. If either party is unable or unwilling to participate they will be diluted at a rate based on twice the amount spent on the property when this clause comes into effect. For every 1% of twice the

Squire Mining Ltd.

Notes to the Condensed Interim Financial Statements

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Note 7 Exploration and Evaluation Assets – (cont'd)

expenditures spent by one of the parties and not by the other, 1% ownership will be transferred to the party spending the money. If either party is diluted to 10% or less their interest will revert to a 2% Net Smelter Return (“NSR”) with the majority party having the right to buy 1% for \$1,000,000 and first right of refusal on the second 1%.

Note 8 License

By an agreement dated December 12, 2017, as amended January 29, 2018, the Company purchased an 18% interest in an exclusive eight-year license to commercially exploit a patented (“License”) communications technology designed to create autonomous communication networks without the need to connect to the internet, cellular or other communications infrastructure. This license relates solely to commercial applications for the mining resource industry worldwide. In consideration, the Company paid to the licensee \$225,000. This agreement is subject to the underlying owners’ consent to the assignment of the interest to the Company, a 15% royalty of net revenue received payable to the underlying owner, and the licensee incurring a minimum of \$50,000 on or before December 12, 2018 in qualified expenditures to develop mining-related uses for the technology, failing which the Company’s interest in the license will automatically increase to 25%.

The Company has the Right of First Refusal and option to acquire all or any portion of the Licensee’s remaining interest in the License, if the Licensee receives a bona fide offer from a third party.

Note 9 Share Capital

a) Authorized:

Unlimited common shares without par value.

b) Issued:

During the twelve months ended October 31, 2018:

On December 15, 2017 the Company closed a non-brokered private placement of 10,133,333 units at \$0.06 per unit for gross proceeds of \$608,000. Each unit consists of one common share and one transferable share purchase warrant to purchase one additional common share at \$0.08 per share exercisable until December 21, 2019, as to 7,633,333 warrants, and until December 27, 2019, as to 2,500,000 warrants. The Company also paid a finder’s fees in connection therewith of 560,000 units with the same terms as the private placement. (i.e. Exercisable until December 27, 2019). The Company determined the fair value of the shares in the units at \$0.06 per share totalling \$33,600 and recorded an additional fair value of \$67,200 on the warrants attached to the units utilizing the Black-Scholes option pricing model with the following assumptions – risk-free rate of 1.66%; Dividend yield of Nil, expected volatility of 142.38%; Expected life of 2 years and a forfeiture rate of 0%.

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Notes to the Condensed Interim Financial Statements

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Note 9 Share Capital – (cont'd)

b) Issued: - (cont'd)

On January 12, 2018 directors of the Company exercised 750,000 share purchase options, as to 500,000 at \$0.12 per share and as to 250,000 at \$0.10 per share.

May 9, 2018 – The Company closed the first tranche (“Tranche 1”) of its non-brokered private placement announced on March 14, 2018 and May 4, 2018. A total of 8,000,000 units (the “Units”) were issued at a price of C\$0.25 per Unit for gross proceeds of C\$2,000,000. Each Unit is comprised of one common share and one-half (1/2) of a share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of C\$0.50 for a period of two years.

On May 16, 2018, the Company has issued an additional 1,430,000 units, for a total of \$2,357,500 raised to date. The units were issued at a price of C\$0.25 per unit, with each unit comprised of one common share and one-half (1/2) of a share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of C\$0.50 for a period of two years. Finder’s fees in connection with the \$2,357,500 raised are being paid to arm’s length parties and consist of \$165,025 and 330,050 agent’s warrants, on the same terms as the private placement warrants.

On May 29, 2018, Company issued an additional 3,744,500 units (the “Units”) at a price of C\$0.25 per Unit for gross proceeds of \$936,125. Each Unit consisted of one common share and one-half (1/2) of a share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of C\$0.50 for a period of two years. The Company completed an initial tranche of 9,430,000 Units for gross proceeds of \$2,357,500 on May 16, 2018 for a total combined offering of 13,174,500 Units or \$3,293,625 (the “Offering”). The net proceeds of the Offering will be used for the purposes disclosed on March 14, 2018. Finder’s fees totalling \$180,600 cash, 115,815 Units and 838,215 finder’s warrants were paid to certain arm’s length finders in connection with the Offering. Each finder’s warrant entitles the holder to purchase one common share of the Company at C\$0.50 for a period of two years.

On August 10, 2018, the Company completed a private placement financing of \$25,500,000. The Company has issued a total of 63,750,000 units (the “Units”) at a price of \$0.40 per Unit for gross proceeds of \$25,500,000, each Unit consisting of one common share and one-half (1/2) of one transferable share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.80 on or before August 10, 2020. The Company also paid finder’s fees in connection therewith of 956,250 units with the same terms as the private placement. (i.e. Exercisable until August 10, 2020). The Company determined the fair value of the shares in the units at \$0.40 per share totalling \$382,500 and recorded an additional fair value of \$95,625 on the warrants attached to the units utilizing the Black-Scholes option pricing model with the following assumptions – risk-free rate of 2.10%; Dividend yield of Nil, expected volatility of 144%; Expected life of 2 years and a forfeiture rate of 0%.

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Note 9 Share Capital – (cont'd)

b) Issued: - (cont'd)

During the twelve months ended October 31, 2018, the following options and warrants were exercised:

Options:

635,000	Options exercised at the price	\$0.10
600,000	Options exercised at the price	\$0.12
1,366,667	Options exercised at the price	\$0.15
275,774	Options exercised at the price	\$0.31

Warrants:

2,066,666	Warrants exercised at the price	\$0.08
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During the year ended October 31, 2017:

On September 13, 2017, the Company completed a private placement of 6,366,666 units at \$0.06 per unit for gross proceeds of \$382,000. Each unit consists of one common share and one transferable share purchase warrant to purchase an additional common share at \$0.08 per share until September 8, 2019. The Company also paid a finder's fees in connection therewith of 402,500 units with the same terms as the private placement. The Company determined the fair value of the shares in the unit at \$0.06 per share totalling \$24,150 and recorded an additional fair value of \$16,100 on the warrants attached to the units utilizing the Black Scholes option pricing model with the following assumptions – risk-free rate of 1.58%; Dividend yield of Nil; Expected volatility of 135%; Expected life of 2 years and a forfeiture rate of 0%.

c) Escrow:

Pursuant to an escrow agreement dated March 12, 2015, 16,500,001 common shares were placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date.

As at January 31, 2018, there were 2,475,001 (October 31, 2017: 4,950,001) common shares held in escrow. On December 12, 2017, 2,475,000 common shares were released from escrow and the remaining escrow shares were released on June 12, 2018.

d) Commitments:

Share-based Compensation:

The Company has a share-based compensation plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise

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Note 9 Share Capital – (cont'd)

d) Commitments – (cont'd) Share-based Compensation: - (cont'd)

price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

On November 2, 2017, the Company granted a director of the Company share purchase options to acquire 500,000 common shares at \$0.10 per share. These options expire on November 2, 2022. The Company recorded a fair value of \$35,000 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.62%; Dividend yield of Nil; Expected volatility of 127%; Expected life of 5 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

On January 12, 2018, the Company granted share purchase options to consultants to acquire 3,233,334 common shares at \$0.15 per share. These options expire on January 12, 2020. The Company recorded a fair value of \$323,333 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.84%; Dividend yield of Nil; Expected volatility of 142%; Expected life of 2 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

On March 26, 2018, the Company granted incentive stock options to consultants to purchase up to 450,000 common shares at \$0.30 per share. These options expire on March 26, 2020. The Company recorded a fair value of \$90,000 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.80%; Dividend yield of Nil; Expected volatility of 146%; Expected life of 2 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

May 16, 2018, the Company granted incentive stock options to directors and consultants to purchase up to an aggregate of 1,050,000 common shares at an exercise price of \$0.31 per share, exercisable for a term of two years from the date of grant. The Company recorded a fair value of \$201,299 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.80%; Dividend yield of Nil; Expected volatility of 146%; Expected life of 2 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

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Note 9 Share Capital – (cont'd)

d) Commitments – (cont'd) Share-based Compensation: - (cont'd)

August 10, 2018, the Company granted incentive stock options to directors and consultants to purchase up to an aggregate of 3,000,000 common shares at an exercise price of \$0.40, exercisable for a term of two years from the date of grant. 2,000,000 of these share purchase options vest at the date of the grant. The Company recorded a fair value of \$423,000 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 2.04%; Dividend yield of Nil; Expected volatility of 158%; Expected life of 2 years and a forfeiture rate of 0%. The remaining 1,000,000 of these share purchase options were granted to a consultant performing Investor Relations Activities and, according to the Company's stock option plan, these options vest in stages over 12 months. The fair value of the options granted was \$240,000 and the share-based compensation expense recognized for the vesting of these options to October 31, 2018 was \$40,000.

September 7, 2018, the Company granted a director of the Company share purchase options to acquire 200,000 common shares at \$0.77 per share. These options expire on September 7, 2020. The Company recorded a fair value of \$112,000 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 2.04%; Dividend yield of Nil; Expected volatility of 155%; Expected life of 2 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

October 25, 2018, the Company granted a former director of the Company share purchase options to acquire 200,000 common shares at \$0.425 per share. These options expire on October 25, 2019. The Company recorded a fair value of \$38,000 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 2.04%; Dividend yield of Nil; Expected volatility of 118%; Expected life of 1 year and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

A summary of the Company's share purchase options outstanding at October 31, 2018 and October 31, 2017 and changes during the periods then ended are presented below:

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Note 9 Share Capital – (cont'd)

d) Commitments – (cont'd) Share-based Compensation: - (cont'd)

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable at October 31, 2016	1,125,000	\$0.12
Forfeited	(250,000)	\$0.12
Granted	<u>100,000</u>	<u>\$0.12</u>
Outstanding and exercisable at October 31, 2017	975,000	\$0.12
Forfeited	(1,375,000)	\$0.24
Granted	8,633,334	\$0.28
Exercised	<u>(2,877,441)</u>	<u>\$0.15</u>
Outstanding and exercisable at October 31, 2018	<u>5,355,893</u>	<u>\$0.33</u>

As at October 31, 2018, share purchase options outstanding have a weighted average remaining contractual life of 0.55 (October 31, 2017: 2.6) years.

Outstanding	Exercise Price	Expiry Date
200,000	\$0.31	November 6, 2018
950,000	\$0.15	January 25, 2019
450,000	\$0.30	January 25, 2019
474,226	\$0.31	January 25, 2019
750,000	\$0.40	January 25, 2019
1,000,000	\$0.40	February 15, 2019
200,000	\$0.40	September 7, 2019
31,667	\$0.15	October 25, 2019
200,000	\$0.40	October 25, 2019
200,000	\$0.425	October 25, 2019
300,000	\$0.15	January 12, 2020
100,000	\$0.31	May 16, 2020
300,000	\$0.40	August 10, 2020
200,000	\$0.77	September 7, 2020
<u>5,355,893</u>		

Subsequent to October 31, 2018, 400,000 options were granted to directors at \$0.28, with an expiry date of December 11, 2020.

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Note 9 Share Capital – (cont'd)

d) Commitments – (cont'd)

Agent's Warrants:

A summary of agent's warrants outstanding at as at October 31, 2018 and October 31, 2017 and changes during the periods then ended are presented below:

	<u>Agent's Warrants</u>	<u>Weighted Average Exercise Price</u>
Outstanding, at October 31, 2016	300,000	\$0.10
Issued	402,500	\$0.08
Expired	<u>(300,000)</u>	<u>\$0.10</u>
Outstanding, at October 31, 2017	402,500	\$0.08
Issued	<u>1,934,247</u>	<u>\$0.45</u>
Outstanding, at October 31, 2018	<u>2,336,747</u>	<u>\$0.39</u>

As at October 31, 2018, agent's warrants outstanding have a weighted average remaining contractual life of 1.38 (October 31, 2017: 1.87) years:

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
402,500	\$0.08	September 13, 2019
560,000	\$0.08	December 21, 2019
654,500	\$0.50	May 16, 2020
241,622	\$0.50	May 29, 2020
<u>478,125</u>	\$0.80	August 10, 2020
<u>2,336,747</u>		

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Note 9 Share Capital – (cont'd)

d) Commitments – (cont'd)

Share Purchase Warrants:

A summary of the status of share purchase warrants as of October 31, 2018 and October 31, 2017 and changes during the periods then ended are presented below:

	Share Purchase Warrants	Weighted Average Exercise Price
Balance, at October 31, 2016	-	
Issued	<u>6,366,666</u>	<u>\$0.08</u>
Balance, at October 31, 2017	6,366,666	\$0.08
Issued	48,595,583	\$0.61
Exercised	<u>(2,066,666)</u>	<u>\$0.08</u>
Balance, at October 31, 2018	<u>52,895,583</u>	<u>\$0.57</u>

As at October 31, 2018, share purchase warrants outstanding have a weighted average remaining contractual life of 1.55 (October 31, 2017: 1.85) years.

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
6,000,000	\$0.08	September 13, 2019
5,933,333	\$0.08	December 21, 2019
2,500,000	\$0.08	December 27, 2019
4,715,000	\$0.50	May 16, 2020
1,872,250	\$0.50	May 29, 2020
<u>31,875,000</u>	<u>\$0.80</u>	<u>August 10, 2020</u>
52,895,583		

Squire Mining Ltd.

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Note 10 Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

Market Risk

Credit Risk

Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and process for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and are comprised of foreign currency risk and interest rate risk.

b) Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

c) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of the short-term nature of the investments.

d) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash. Cash are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

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Note 10 Financial Instruments and Risk Management – (cont'd)

e) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating year.

As at October 31, 2018, the Company had working capital of \$19,930,278. The Company does not currently generate any revenues and as such, may be dependent upon issuance of new equity to advance its business activities. If equity financing is required, failure to obtain financing on a timely basis may cause the Company to postpone developing plans, reduce or terminate its operations.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial position carrying amounts for cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Squire Mining Ltd.

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Note 11 Related Party Transactions

The Company incurred the following expenditures charged by a director, two companies each controlled by a director of the Company and one company controlled by an officer of the Company:

	October 31, <u>2018</u>	October 31, <u>2017</u>
Administrative expenses		
Administration services	\$ <u>47,263</u>	\$ <u>-</u>
Key management compensation		
Consulting fees	\$ 32,500	-
Management fees	694,416	45,000
Management bonus	190,000	-
Share-based payments	<u>637,667</u>	<u>-</u>
	<u>1,554,583</u>	<u>-</u>
	<u>\$ 1,601,846</u>	<u>\$ -</u>

These transactions are in the normal course of operations and were measured by amounts agreed upon by the transacting parties.

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management.

Note 12 Segment Information

As a result of the Change of Business, as at October 31, 2018, the Company has only one operating segment, design, operation and development of data mining infrastructure and system technology to support global blockchain applications in the crypto-asset mining space.

Note 13 Terminated Acquisition

On October 14, 2016, the Company entered into a binding letter of intent (“LOI”) with Strategic Aviation Holdings Ltd. (“SAH”), a privately owned company incorporated under the laws of Ontario, and each of the shareholders of SAH, which set out the terms and conditions pursuant to which the Company, SAH and the SAH shareholders agreed to complete a transaction that would result in the acquisition by the Company of all of the issued and outstanding common shares of SAH.

SAH is a national multi-functional aviation services provider, focusing on airline ground handling and catering logistics services in Canada.

Squire Mining Ltd.

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Note 13 Terminated Acquisition – (cont'd)

The completion of the proposed transaction was subject to a number of terms and conditions, including entering into a definitive agreement, the completion of the financing, the approval of the shareholders of the Company, the approval of the exchange and other relevant regulatory authorities. On January 6, 2017 the LOI was terminated after the parties were unable to meet certain conditions required to complete the transaction on mutually acceptable terms. Included in the Statements of Loss and Comprehensive Loss under project investigation cost, are cost incurred with respect to this terminated acquisition which mainly consisted of legal fees totaling \$49,208.

Note 14 Subsequent Events

On November 30, 2018, the Company entered into a non-binding letter of intent to purchase crypto mining assets owned by Bigfoot Holdings Group Ltd. and certain of its affiliates representing approximately 1 million terahash/s of computing power (or approximately 960 petahash/s) and other blockchain related asset, for total consideration of approximately \$60.3 million consisting of (i) 114,793,565 common shares of the Company, having a value of \$34.4 million based on the closing price of the Company's common shares on the Canadian Stock Exchange on November 29, 2018 of \$0.30 per share, and (ii) a vendor-take-bank note in the amount of \$25.8 million, subject to adjustment at closing. Canaccord Genuity is engaged as the exclusive financial advisor on this transaction.

Subsequent to October 31, 2018, 400,000 options were granted to directors at \$0.28, with an expiry date of December 11, 2020.