HIVE Blockchain Technologies Ltd.

(formerly Leeta Gold Corp.)

Consolidated Financial Statements

For The Years Ended March 31, 2018 and 2017

(Expressed in US dollars)

Independent Auditor's Report

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To the Shareholders of
HIVE Blockchain Technologies Ltd.

We have audited the accompanying consolidated financial statements of HIVE Blockchain Technologies Ltd. which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of loss and comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of HIVE Blockchain Technologies Ltd. as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The consolidated financial statements of HIVE Blockchain Technologies Ltd. for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on July 31, 2017.

Grant Thornton LLP

Vancouver, Canada
July 17, 2018

Chartered Professional Accountants

HIVE Blockchain Technologies Ltd. (formerly Leeta Gold Corp.)
Consolidated Statements of Financial Position
(Expressed in US dollars unless otherwise indicated)

	March 31, 2018	March 31, 2017 *Restated - Note 2*	March 31, 2016 *Restated - Note 2*
Assets			
Current assets			
Cash	**$ 14,729,290**	$ 30,912	$ 1,685
Amounts receivable and prepaids (Note 7)	**25,601,843**	1,251	2,945
Digital currencies (Note 8)	**7,754,307**	-	-
	48,085,440	32,163	4,630
Data centre equipment (Note 9)	**57,086,779**	-	-
Deposits - data centre equipment (Note 9)	**56,000,000**	-	-
Exploration and evaluation assets (Note 10)	**-**	446,752	144,592
Deferred acquisition costs (Note 23)	**195,640**	-	-
Total assets	**$ 161,367,859**	$ 478,915	$ 149,222
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities (Note 11)	**$ 10,034,134**	$ 2,559,199	$ 2,516,488
Loans payable (Note 12)	**-**	117,180	492,729
	10,034,134	2,676,379	3,009,217
Deferred tax liability (Note 14)	**227,000**	-	-
Total liabilities	**10,261,134**	2,676,379	3,009,217
Equity (deficiency)			
Share capital (Note 15)	**180,366,602**	6,360,537	5,228,837
Share subscriptions received (Note 15)	**-**	11,935	11,935
Reserves and accumulated other comprehensive income	**4,442,582**	255,885	189,920
Deficit	**(33,702,459)**	(8,825,821)	(8,290,687)
Total equity (deficiency)	**151,106,725**	(2,197,464)	(2,859,995)
Total liabilities and equity	**$ 161,367,859**	$ 478,915	$ 149,222

Nature of operations and change of business (Note 1)
Subsequent events (Note 9, 15, 23)

Approved by the Board of Directors and authorized for issue on July 17, 2018:

"Harry Pokrandt" Director

"Frank Holmes" Director

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

(Expressed in US dollars unless otherwise indicated)

	Years ended March 31, **2018**	2017 *Restated - Note 2*
Revenues	**$ 13,081,395**	$ -
Cost of sales		
Operating and maintainance costs (Note 13)	**(2,941,464)**	-
Depreciation (Note 9)	**(3,197,911)**	-
	6,942,020	-
Revaluation of digital currencies	**(5,256,034)**	-
Gain on sale of digital currencies (Note 8)	**18,973**	-
Expenses		
General and administrative (Note 17)	**(4,541,282)**	(56,136)
Foreign exchange	**(414,602)**	-
Share based compensation (Note 15)	**(4,817,019)**	-
	(9,772,903)	(56,136)
Finance income (expense)	**240,284**	(478,998)
Consideration for strategic relationship with Genesis (Note 6)	**(17,741,024)**	-
	(17,500,740)	(478,998)
Net loss from continuing operations before tax	**(25,568,684)**	(535,134)
Deferred tax expense (Note 14)	**(227,000)**	-
Net loss from continuing operations	**(25,795,684)**	(535,134)
Loss from discontinued operations (Note 10)	**(446,752)**	-
Net loss for the year	**$ (26,242,436)**	$ (535,134)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation adjustment	**30,189**	65,965
Other comprehensive income	**30,189**	65,965
Net loss and comprehensive loss for the year	**$ (26,212,247)**	$ (469,169)
Basic and diluted loss per share	**$ (0.14)**	$ (0.01)
Weighted average number of common shares outstanding		
Basic and diluted (Note 16)	**191,047,744**	47,419,955

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

HIVE Blockchain Technologies Ltd. (formerly Leeta Gold Corp.)
Consolidated Statements of Changes in Equity
(Expressed in US dollars unless otherwise indicated)

	Share capital		Share subscriptions received	Equity reserve	Cumulative translation adjustment	Deficit	Total equity (deficiency)
	Shares issued March 31	Amount $	$	$	$	$	$
At March 31, 2016 *restated* (Note 2)	31,639,133	5,228,837	11,935	39,883	150,037	(8,290,687)	(2,859,995)
Share subscriptions received	-	-	737,451	-	-	-	737,451
Shares issued	34,285,714	1,142,651	(737,451)	-	-	-	405,200
Share issuance costs	-	(10,951)	-	-	-	-	(10,951)
Net loss for the year	-	-	-	-	-	(535,134)	(535,134)
Translation adjustment	-	-	-	-	65,965	-	65,965
At March 31, 2017 *restated* (Note 2)	65,924,847	6,360,537	11,935	39,883	216,002	(8,825,821)	(2,197,464)
Private placements	128,496,817	160,601,160	-	-	-	-	160,601,160
Share issuance costs	-	(10,337,923)	-	-	-	-	(10,337,923)
Settlement with shareholder (Note 11)	-	-	-	-	-	1,365,798	1,365,798
Repayment of share subscriptions	-	-	(11,935)	-	-	-	(11,935)
Shares issued on Genesis acquisition	71,374,199	17,157,259	-	-	-	-	17,157,259
Shares issued on second Iceland acquisition (Note 9)	2,040,000	3,166,587	-	-	-	-	3,166,587
Share based compensation	-	-	-	4,817,019	-	-	4,817,019
Interest expense settled through warrant issuance	-	-	-	40,094	-	-	40,094
Exercise of warrants	34,285,714	1,373,627	-	-	-	-	1,373,627
Exercise of options	5,603,248	2,045,355	-	(700,605)	-	-	1,344,750
Net loss for the year	-	-	-	-	-	(26,242,436)	(26,242,436)
Translation adjustment	-	-	-	-	30,189	-	30,189
At March 31, 2018	**307,724,825**	**180,366,602**	-	**4,196,391**	**246,191**	**(33,702,459)**	**151,106,725**

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

(Expressed in US dollars unless otherwise indicated)

	For the years ended March 31, **2018**	2017 *Restated - Note 2*
Operating activities		
Loss from continuing operations	**$ (25,795,684)**	$ (534,134)
Adjusted for:		
Depreciation	**3,197,911**	-
Deferred tax expense	**227,000**	-
Share-based compensation	**4,817,019**	-
Interest expense settled through warrant issuance	**40,094**	-
Consideration for strategic relationship with Genesis (Note 6)	**17,157,259**	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	**(25,211,531)**	1,645
Digital currencies	**(7,754,307)**	-
Accounts payable and accrued liabilities	**8,070,182**	78,047
Cash used in operating activities	**(25,252,057)**	(454,442)
Investing activities		
Acquisition of data centre equipment	**(57,118,103)**	-
Deposit for data centre equipment	**(56,000,000)**	-
Exploration and evaluation asset expenditures	**-**	(278,541)
Cash used in investing activities	**(113,118,103)**	(278,541)
Financing activities		
Exercise of warrants and options	**2,718,377**	-
Issuance of loans payable	**168,269**	8,674
Proceeds on private placements, net of share issuance costs	**150,263,237**	1,131,700
Repayment of loans payable	**(285,449)**	(377,381)
Repayment to related parties	**-**	(1,674)
Repayment of share subscriptions	**(11,935)**	-
Cash provided by financing activities	**152,852,498**	761,320
Effect of exchange rate changes on cash	**216,040**	890
Net increase in cash during the year	**14,698,378**	29,227
Cash, beginning of year	**30,912**	1,685
Cash, end of year	**$ 14,729,290**	$ 30,912
Supplemental cash flow information		
Share consideration issued for data centre equipment	**$ 3,166,587**	$ -

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

1. Nature of Operations and Change in Business

HIVE Blockchain Technologies Ltd. (the "Company") was incorporated in the province of British Columbia on June 24, 1987. In September 2017, the Company completed a change of business transaction on the TSX Venture Exchange ("TSXV") and changed its name from Leeta Gold Corp. to HIVE Blockchain Technologies Ltd. The Company is listed on the TSX Venture Exchange under the symbol "HIVE". The Company's registered address is 25th floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

In connection with the Company's change of business filed in September 2017 ("Change of Business"), the Company acquired digital currency mining data centre equipment in Iceland (the "Genesis Transaction") from Genesis Mining Ltd. ("Genesis") (Note 6). Following the initial acquisition, the Company acquired additional data centre equipment in Iceland and Sweden throughout fiscal 2018. Phases one and two of Sweden commenced operations on January 15, 2018 and March 31, 2018 respectively, while phase three commenced operations on April 30, 2018 (Note 9). The Company is in the business of providing infrastructure solutions, including the provision of computational capacity to distributed networks, in the blockchain industry. The Company's operations are focused on the mining and sale of digital currencies. Since the Change of Business, the Company has raised over C$200 million from equity financings (Note 15).

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRIC").

The Company is in the business of the mining and sale of digital currencies, many aspects of which are not specifically addressed by current IFRS guidance. The Company is required to make judgements as to the application of IFRS and the selection of accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgements; however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's earnings and financial position as presented.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on July 17, 2018.

(b) Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

As of March 31, 2018, the Company had three wholly owned subsidiaries, HIVE Blockchain Iceland ehf., HIVE Blockchain Switzerland AG and Boden Technologies AB.

2. Basis of Presentation (continued…)

(c) Presentation and functional currency

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

In September 2017, the Company completed its Change of Business and made a decision to change the Company's presentation currency from Canadian dollars to United States dollars so that investors can better understand the Company's financial results and financial position.

These consolidated financial statements have been prepared in US dollars as if the US dollar had been the presentation currency since April 1, 2015 and all comparative prior-period financial statements have been restated to US dollars in accordance with IAS 21 "Effect of Changes in Foreign Exchange Rates". For the purposes of presentation of the comparative consolidated financial statements, all assets and liabilities have been converted to US dollars at the rate prevailing at the end of the reporting period. Equity transactions are converted at the date of the transaction or at the average exchange rate for the period depending on the nature of the underlying transaction. The functional currency for HIVE Blockchain Technologies Ltd. is the Canadian dollar, and is the US dollar for its wholly owned subsidiaries. The exchange rates used in converting Canadian dollars to US dollars were as follows:

	Year ended March 31	
	2018	2017
Exchange rate comparisons at year end	US$1 = C$1.2892	US$1 = C$1.3310
Average exchange rate for the year	US$1 = C$1.2831	US$1 = C$1.3129

3. Significant Judgements

(a) 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 the currencies in which 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.

(b) Classification of digital currencies as current assets

The Company's determination to classify its holding of digital currencies as current assets is based on management's assessment that its digital currencies held can be considered to be commodities, the availability of liquid markets to which the Company may sell a portion of its holdings and that the Company is actively selling its digital currencies in the near future to generate a profit from price fluctuations.

3. Significant Judgements (continued…)

(c) Asset acquisition

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. The Company completed the Genesis Transaction in September 2017 (Note 6) and concluded that the transactions did not qualify as a business combination under IFRS 3, "Business Combinations", as significant processes were not acquired. Accordingly, the Genesis Transaction has been accounted for as an asset acquisition.

(d) Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss in accordance with the Company's treatment of its digital currencies as a traded commodity.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received.

4. Significant Estimates

(a) Determination of asset fair values and allocation of purchase consideration

Significant asset acquisitions require judgements and estimates to be made at the date of acquisition in relation to determining the relative fair value of computing equipment and the strategic relationship with Genesis, as well as the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgements and estimates about future events, including but not limited to availability of hardware and expertise, future production opportunities, future digital currency prices and future operating costs.

(b) Carrying value of data centre equipment

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal

4. Significant Estimates (continued…)

(b) Carrying value of data centre equipment (continued…)

sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit and loss.

(c) Depreciation

Depreciation of data centre equipment is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

(d) Deferred taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

(e) Digital currency valuation

Digital currencies consist of cryptocurrency denominated assets (Note 8) and are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the hourly volume weighted average from www.cryptocompare.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.

4. Significant Estimates (continued…)

(f) 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, officers, employees, consultants and charities. 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 a limited operating history and is in an emerging industry with no comparable publicly traded competitors at the time of grant. Due to the emerging nature of the industry, volatility estimates require significant estimates. The Company estimated volatility based on historic share prices of companies operating in emerging innovative industries. Historical volatility is not necessarily indicative of future volatility. The expected life of stock options was determined based on the estimate that they would be exercised evenly over their term. There was no recent history of stock option exercises available to consider in the estimate of expected life at the time of grant.

5. Significant Accounting Policies

(a) Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. A coin 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. The coins are recorded on the statement of financial position as digital currencies at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss.

(b) Data centre equipment

Items of data centre equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Data centre equipment is amortized on a straight-line basis over a four year life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced parts is derecognized. All other repairs and maintenance are charged to profit or loss during the fiscal period in which they are incurred.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

(c) Reserves

Equity reserves includes consideration recognized pursuant to share-based compensation and cumulative translation adjustments.

5. Significant Accounting Policies (continued…)

(d) Share capital

For unit offerings, the proceeds from the issuance of units are allocated between common shares and share purchase warrants using the residual method, allocating fair value to the common shares and then share purchase warrants.

(e) Digital currencies

Digital currencies consist of cryptocurrency denominated assets (Note 8) and are included in current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through the statement of profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the US dollar.

(f) Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit 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. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. 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, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

(g) Share-based compensation

The Company operates a stock option plan (Note 15). Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of 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. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions on grant date. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based compensation is transferred to deficit.

5. Significant Accounting Policies (continued…)

(h) Financial instruments

Financial assets
The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near-term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies other receivables as loans and receivables.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities
Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method and includes accounts payable and accrued liabilities and loans payable.

As at March 31, 2018, the Company does not have any derivative financial liabilities.

(i) 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, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. 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 tax
Deferred tax is provided for, based 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 profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred 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 tax assets and deferred 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.

5. Significant Accounting Policies (continued…)

(j) Loss per share

Basic earnings (loss) per share is computed by dividing 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 shares 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.

(k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended March 31, 2018 and have not been applied in preparing these consolidated financial statements. The new and revised standards are as follows:

- IFRS 15 – "Revenue from Contracts with Customers": The IASB issued this new standard in May 2014 which specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company is examining the impact and scope of this standard, including whether the Company's mining operations meet the definition of a 'contract with a customer'. As a result, the Company expects the adoption of this standard to impact the presentation and classification of income from digital currency mining.

- IFRS 2 – Share-based Payments: The amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

- IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018. The Company does not expect that the adoption of this standard will have a significant effect on the Company's financial reporting or disclosure.

- IFRS 16 - Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is evaluating the effect of this standard on the Company's consolidated financial statements.

- IFRIC 23 - Uncertainty Over Income Tax Treatments: Clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company is evaluating the effect of this standard on the Company's consolidated financial statements.

6. Genesis Transaction

In September 2017, the Company completed its transaction with Genesis whereby the Company acquired digital currency mining equipment in Reykjanes, Iceland from Genesis, as well as entered into certain other agreements, collectively being the Genesis Transaction. The Genesis Transaction consisted of four agreements, with the Transaction Agreement encompassing the remaining three: the Investor Rights Agreement, the Master Data Centre Equipment Purchase Agreement and the Master Services Agreement, as well as supplementary purchase and service orders. In conjunction with the Genesis Transaction, the Company also completed a concurrent equity financing for gross proceeds of C$16,500,000 (Note 15).

The Transaction Agreement describes the general terms under which the Company acquired the computing equipment for the digital currency mining centre and arranged the ongoing maintenance and operation of the equipment as well as the future acquisition framework whereby Genesis would provide, on a best efforts basis, up to four additional data centre opportunities in Iceland or Sweden over a period of one year, at an additional cost to the Company. In consideration, the Company issued to Genesis 67,975,428 common shares, being 30% ownership of the Company, and paid $9,000,000 for data centre equipment.

Pursuant to the terms of the Investor Rights Agreement, Genesis is entitled to participate in future equity financings to allow Genesis to maintain its percentage ownership in the Company as well as certain other rights such as representation on the board of directors for a period of two years. During the year ended March 31, 2018, Genesis participated in each of the Company's three additional financings (Note 15) and accordingly, as of March 31, 2018, Genesis owns 25.16% of the Company on a non-diluted basis. Subsequent to the Genesis transaction, Genesis became a related party.

Pursuant to the terms of the Master Data Centre Equipment Purchase Agreement and supplemental purchase order, the Company acquired the computing equipment at a cost of $9,000,000. This agreement also governs the construction, delivery, installation, acceptance, warranty and other terms of the acquisition of computing equipment for current and future transactions.

Pursuant to the terms of the Master Services Agreement and supplemental service order for this initial acquisition, the Company will pay Genesis for the maintenance and operation of the computing equipment, for a monthly fee of $144,700 for a minimum term of one year. Each service order automatically renews and Genesis may only terminate the agreement by providing notice six months prior to the expiration of the most recently renewed term. The monthly cost may be subject to adjustment where there is a change in the underlying costs.

During the year ended March 31, 2018, the Company entered into further acquisition agreements with Genesis in Iceland and Sweden (Note 9) and anticipates a continued relationship with Genesis as a significant shareholder of the Company.

The Genesis Transaction has been accounted for as one transaction and the fair value of the consideration has been allocated to its components on the date of acquisition. The 67,975,428 common shares issued as consideration were valued at C$0.30 ($0.24) per share, being the price of the concurrent equity financing for a total value of $16,340,247, along with cash consideration of $9,000,000. The Company also incurred cash transaction costs of $583,765 (of which $326,805 was paid to Fiore (Note 17)) and issued 3,398,771 shares valued at $817,012, for total transaction costs of $1,400,777.

Management identified two components to the Genesis Transaction, the computing equipment and the formation of a strategic relationship with Genesis, and allocated the consideration between these two items. A value of $9,000,000 has been capitalized as computing equipment while the remaining incremental amount paid by the Company to Genesis for the strategic relationship was in recognition of the value expected to be derived by the Company as a result of Genesis' knowledge, expertise and market position in the business.

(Expressed in US dollars unless otherwise indicated)

6. Genesis Transaction (continued…)

In examining the strategic relationship with Genesis, it was determined not to meet the definition of an asset for the following reasons:

i. Genesis' best efforts to identify future data centres cannot be separated and therefore does not meet the requirements for identifiability;
ii. There is significant uncertainty in the Company's ability to control the future economic benefit with respect to the future data centres due to the lack of definitions as to what constitutes identification of such assets as well as the size, scope and nature of additional data centres; and
iii. The terms of the Transaction Agreement do not provide the Company with the ability to acquire assets for a price other than fair value and do not prohibit Genesis from acquiring any such assets for itself or selling to others.

As a result of the above, and without being able to define the nature of the future economic benefits, management determined that the excess costs incurred over the fair value of the data centre equipment acquired, including the 67,975,428 common shares issued to Genesis, were unable to meet the definition of control over a future economic benefit. Accordingly, the excess consideration incurred of $17,741,024 has been expensed as consideration for a strategic relationship with Genesis in profit and loss.

On October 11, 2017, the Company issued 2,000,000 options to individuals associated (as employees, consultants or otherwise) with Genesis. These options were granted under the Company's Stock Option Plan, carry an exercise price of $2.00, a ten year expiry and were immediately exercisable upon grant. The options were issued as compensation for contributions outside of any formal employment, consultant or service agreements. Neither these individuals nor Genesis have otherwise been compensated for such contributions, nor do either have any obligation for continuing services of this nature. As such, the Company has expensed the fair value of the options at grant date of $1,735,099 which is presented as share based compensation expense.

7. Amounts Receivable and Prepaids

	March 31, 2018	March 31, 2017
Sales tax receivable	$ 25,326,833	$ 1,251
Prepaid expenses and other receivables	275,010	-
Total	**$ 25,601,843**	$ 1,251

8. Digital Currencies

As at March 31, 2018, the Company's digital currencies consisted of the below digital currencies, with a fair value of $7,754,307. Digital currencies are recorded at their fair value on the date they are received as revenues, and are revalued to their current market value at each reporting date. Fair value is determined by taking the hourly volume weighted average price (per the Central European Time zone) from www.cryptocompare.com.

The Company's holdings of digital currencies consist of the following:

	March 31, 2018	March 31, 2017
Ethereum	$ 6,938,832	$ -
Ethereum Classic	777,564	-
ZCash	37,911	-
Total	**$ 7,754,307**	$ -

(Expressed in US dollars unless otherwise indicated)

8. Digital Currencies (continued…)

The continuity of digital currencies was as follows:

		March 31, 2018		March 31, 2017
Opening balance	$	-	$	-
Digital currency mined		13,081,395		-
Digitial currency sold		(71,054)		-
Revaluation adjustment		(5,256,034)		-
Ending balance	**$**	**7,754,307**	$	-

During the year ended March 31, 2018 the Company sold digital currencies totalling $90,027 (cost of $71,054) and recorded a gain on sale of $18,973.

9. Data Centre Equipment

Cost		**Data Centres**
Balance, March 31, 2016 and 2017	$	-
Additions		60,284,690
Balance, March 31, 2018	**$**	**60,284,690**
Accumulated depreciation		
Balance, March 31, 2016 and 2017	$	-
Depreciation		3,197,911
Balance, March 31, 2018	**$**	**3,197,911**
Carrying amount		
Balance, March 31, 2016 and 2017	$	-
Balance, March 31, 2018	**$**	**57,086,779**

In September 2017, the Company acquired $9,000,000 of data centre equipment from Genesis (Note 6). In October 2017, the Company acquired an additional digital currency mining facility in Iceland from Genesis for consideration of C$5,000,000 and the issuance of 2,000,000 common shares as well as 40,000 shares and $123,533 in transaction costs, of which the shares and $78,660 were paid to Fiore (Note 17). The total consideration of equipment acquired is $7,284,690, being share consideration of $3,166,587 (Note 15) and cash consideration of $4,118,103.

During the year ended March 31, 2018, the Company entered into binding letter agreements to acquire a total of 20.4 MW of GPU mining rigs in Sweden and 20 MW of SHA-256 ASIC (“application specific integrated circuit chips) mining rigs in Sweden during calendar 2018 at a cost of $66,000,000 for the GPU mining rigs and $34,000,000 for the SHA-256 ASIC mining rigs. Phase 1, consisting of 6.8 MW, commenced mining on January 15, 2018, while Phase 2 and 3 were delivered on March 31, and April 30, 2018 respectively. The 20 MW of SHA-256 ASIC mining rigs will be housed in a separate facility and delivery of the computing capacity is expected at the end of September 2018. As at March 31, 2018, the Company has paid advances of $22,000,000 towards the Sweden GPU mining rigs and $34,000,000 towards the SHA-256 ASIC mining rigs, for a total of $56,000,000 which is included in Deposits in the statement of financial position.

Genesis also provides hosting, maintenance and related services for this facility pursuant to the existing Master Services Agreement (Note 13).

(Expressed in US dollars unless otherwise indicated)

9. Data Centre Equipment (continued…)

The Company's acquisitions of equipment are summarized as follows:

Facility	Commencement date	Purchase price
Iceland GPU - phase I	September 2017	$ 9,000,000
Iceland GPU - phase II	October 2017	7,284,690
Sweden GPU - phase I	January 2018	22,000,000
Sweden GPU - phase II	March 2018	22,000,000
Total		**$ 60,284,690**

The Deposits at March 31, 2018 consist of:

Facility	Commencement date	Deposit amount
Sweden GPU - phase III	April 2018	$ 22,000,000
ASIC - SHA 256	*Estimated September 2018*	34,000,000
Total		**$ 56,000,000**

10. Discontinued Operations

Prior to the Company's Change of Business in September 2017, the Company was in the business of exploration and evaluation of mineral resources and held an interest in certain claims in British Columbia, Canada. Subsequent to the Genesis Transaction, these claims were sold to another party for nominal consideration and the balance written off.

The disposal of this asset is presented as discontinued operations, which consists entirely of the write down of the carrying value of the exploration and evaluation asset of $446,752.

11. Accounts Payable and Accrued Liabilities

In June 2017, a company controlled by a former significant shareholder of the Company agreed to extinguish a total of $1,365,798 of accounts payable and accordingly the Company recorded this amount as write-off of accounts payable (Note 13). This transaction was considered to be between shareholders acting in their capacity as shareholders and therefore has been recorded directly within equity.

12. Loans Payable

During year ended March 31, 2018, the Company received a loan of C$210,000 ($168,269) from a company owned by the Chief Executive Officer of the Company, which bore interest at 6% per annum, was unsecured, and had a term of one year. In connection with this loan, the Company issued 699,999 bonus warrants with an exercise price of C$0.30 and a term of one year (Note 13c). In October 2017, the Company repaid the principal and accrued interest of $1,506.

The bonus warrants are considered to be a cost of the financing and have an estimated fair value of $40,094, which is included in interest expense, using the following Black Scholes assumptions: i) volatility of 65%; ii) term of one year; iii) interest rate of 0.93% - 1.21%; and iv) dividend rate of 0%.

As at March 31, 2017, the Company had certain loans outstanding due to related parties, which were settled (Note 13) prior to the completion of the Change of Business.

13. Related Party Transactions

The Company had the following related party transactions not otherwise disclosed in these financial statements (Note 6 and 17):

a) As at March 31, 2018, an amount of $nil (March 31, 2017 - C$44,010) was owed to a company controlled by the former President of the Company.
b) As at March 31, 2018, included in accounts payable and accrued liabilities is an amount of $nil (March 31, 2017 - C$3,341,269) owing to a shareholder of the Company and companies controlled by this shareholder.
c) As at March 31, 2018 loans payable of $nil owed to various related and unrelated parties and accrued interest of $nil were owed to a company owned by the Chief Executive Officer of the Company. As at March 31, 2017, $117,180 of loans payable, including accrued interest of $3,849 were due to former related parties of the Company.
d) In June 2017, a company controlled by a shareholder of the Company agreed to extinguish a total of $1,365,798 of accounts payable. As at March 31, 2018, included in accounts payable and accrued liabilities is an amount of $nil (March 31, 2017 - C$1,836,589) owing to this company.
e) As at March 31, 2018, the Company had $8,500,000 due to Genesis for the VAT portion of the deposits paid, as well as $125,396 due to directors for the reimbursement of expenses included in accounts payable and accrued liabilities.
f) For the year ended March 31, 2018 operating and maintenance costs of $2,941,464 (2017 - $Nil) were paid to Genesis pursuant to the Master Services Agreement.

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company’s Board of Directors and corporate officers.

For the year ended March 31, 2018, key management compensation includes salaries and wages (included in management fees) paid to key management personnel and directors of $813,136 and share-based payments of $1,892,447 to directors and management.

(Expressed in US dollars unless otherwise indicated)

14. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		Year ended March 31, 2018		Year ended March 31, 2017
Loss for the period from continuing operations before tax	**$**	**(25,569,000)**	$	(535,000)
Expected income tax recovery	$	6,648,000	$	139,000
Change in statutory, foreign tax, foreign exchange rates and other		(94,000)		-
Non-deductible amounts		(1,127,000)		3,000
Share issue costs		3,052,000		-
Adjustment to prior years provision and other		(65,000)		
Change in unrecognized deductible temporary differences		(8,641,000)		(142,000)
Deferred tax expense	**$**	**(227,000)**	$	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

		March 31, 2018		March 31, 2017
Deferred tax assets (liabilities)				
Loss carryforwards	$	446,000	$	-
Data centre equipment		(516,000)		-
Digital currencies		(157,000)		-
Net deferred tax liability	**$**	**(227,000)**	$	-

The significant components of the Company's unrecognized temporary differences, unused tax credits and unused losses that have not been recognized on the statement of financial position are as follows:

		March 31, 2018		March 31, 2017
Share issue costs and other	$	9,254,000	$	1,231,000
Loss carryforwards		23,982,000		2,969,000
	$	**33,236,000**	$	4,200,000

Due to the Company's Change of Business on September 14, 2017, the majority of the Company's unrecognized temporary differences, unused tax credits and unused tax losses incurred prior to this date are not expected to be accessible to the Company and are not included in the unrecognized temporary differences, unused tax credits and unused losses as at March 31, 2018.

15. Equity

(a) Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

(b) Issued and fully paid common shares

During the year ended March 31, 2018, the Company:

- Issued 34,285,714 common shares for proceeds of C$1,714,286 ($1,373,627) pursuant to the exercise of 34,285,714 warrants at C$0.05 per warrant;
- Issued 5,603,248 common shares for proceeds of C$2,559,665 ($2,045,355) pursuant to the exercise of 5,603,248 options at a price of C$0.30 per option. An amount of $700,605 was reallocated from reserves to share capital in connection with the exercise of these options;
- Refunded share subscriptions received of $11,935;
- Issued 71,374,199 common shares with a value of C$21,412,260 ($17,157,259) pursuant to the Genesis Transaction (Note 6);
- Completed a private placement of C$16,500,000 ($13,221,154) pursuant to the conversion of 55,000,000 subscription receipts into 55,000,000 common shares of the Company;
- Completed a private placement of C$37,000,000 ($29,604,737) through the issuance of 24,666,667 common shares at a price of C$1.50 per share. As part of the financing, Genesis acquired 4,666,667 shares at a price of C$1.50 for proceeds of C$7,000,000 ($5,600,896);
- Issued 2,040,000 common shares with a value of C$3,957,600 ($3,166,581) to acquire data centre equipment in Iceland (Note 9);
- Completed a private placement of C$34,502,300 ($27,096,756) through the issuance of 12,322,250 units at a price of C$2.80 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$3.90 until November 14, 2019. As part of this financing, Genesis acquired 1,818,180 units at a price of C$2.80 for proceeds of C$5,090,904 ($3,998,197);
- Completed a private placement for gross proceeds of C$115,000,000 ($90,678,513) through the issuance of 36,507,900 units at a price of $3.15 per unit. Each unit consists of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$3.90 until November 14, 2019. As part of this financing, Genesis acquired 952,380 units at a price of C$3.15 for proceeds of C$3,000,000 ($2,391,391); and
- In connection with the above financings and equity issuances, the Company incurred share issuance costs of $10,337,923 of which $1,422,013 was paid to Fiore (Note 17).

During the year ended March 31, 2017, the Company:

- Completed a private placement of C$500,000 ($380,914) through the issuance of 14,285,714 units at a price of C$0.035 per unit. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$0.05 until October 14, 2017; and
- Completed a private placement of C$1,000,000 ($761,737) through the issuance of 20,000,000 units at a price of C$0.05 per unit. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase one common share at a price of C$0.05 until October 14, 2017. In connection with this financing, the Company incurred share issuance costs of C$11,042 ($10,951).

(Expressed in US dollars unless otherwise indicated)

15. **Equity** (continued…)

(c) Stock options

The Company has established a rolling Stock Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than 10 years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to Consultants performing Investor Relations activities shall vest over a minimum of 12 months with no more than 1/4 of such options vesting in any 3 month period. All other options vest at the discretion of the Board of Directors.

Following is a summary of changes in stock options outstanding for year ended March 31, 2018:

	Outstanding		Weighted average exercise price
Balance, March 31, 2017	-	C$	-
Granted	25,649,666		0.52
Cancelled	(46,154)		0.30
Exercised	(5,603,248)		0.30
Balance, March 31, 2018	20,000,264	C$	0.52

The stock options outstanding and exercisable as at March 31, 2018, are as follows:

Outstanding	Exercisable	Exercise price	Expiry date
15,941,688	15,941,688	C$ 0.30	September 14, 2027
1,088,064	88,397	0.30	September 14, 2022
1,953,846	1,953,846	2.00	October 11, 2027
666,666	111,111	2.00	October 11, 2022
350,000	350,000	2.00	March 26, 2028
20,000,264	18,445,042		

Subsequent to March 31, 2018, 750,000 stock options were exercised for proceeds of C$225,000.

Of the 25,649,666 options granted during the year ended March 31, 2018, 14,000,000 options were granted to directors and officers, 2,000,000 options were granted to individuals associated with Genesis, 6,075,000 options granted to various consultants, 1,999,666 options granted for investor relations services, and 1,225,000 were granted to various charities which are associated with directors or advisors of the Company

(d) Warrants

Following is a summary of changes in warrants outstanding for the year ended March 31, 2018:

	Warrants outstanding		Weighted average exercise price
Balance, March 31, 2017	34,285,714	C$	0.05
Issued	49,530,149		3.85
Exercised	(34,285,714)		0.05
Balance, March 31, 2018	49,530,149	C$	3.85

Subsequent to March 31, 2018, 166,666 warrants were exercised for proceeds of C$50,000.

(Expressed in US dollars unless otherwise indicated)

15. **Equity** (continued…)

(d) Warrants (continued…)

The warrants outstanding and exercisable as at March 31, 2018, are as follows:

Outstanding	Exercise price		Expiry date
166,666	C$	0.30	June 22, 2018
533,333		0.30	August 18, 2018
48,830,150		3.90	November 14, 2019
49,530,149			

(e) Share-based compensation

During the year ended March 31, 2018, the Company:

- Granted 21,300,000 stock options with an exercise price of C$0.30 per share and an expiry date of September 14, 2027, which vested immediately; the fair value per option granted was $0.13 with a share-based compensation expense of $2,697,588;
- Granted 1,333,000 stock options with an exercise price of C$0.30 per share, and an expiry date of September 14, 2022, vesting as follows: 25% on each of 3 months, 12 months, 24 months and 36 months after September 14, 2017. The fair value per option of the options granted is estimated at $0.09 per option and the share-based compensation expense recognized for the vesting of these options to March 31, 2018 was $74,581;
- Granted 2,000,000 stock options with an exercise price of C$2.00 per share, and an expiry date of October 11, 2027, which vested immediately; the fair value per option granted was $0.87 with a share-based compensation expense of $1,735,099; and
- Granted 666,666 stock options with an exercise price of C$2.00 per share, and an expiry date of October 11, 2022, which vest 1/6 on March 1, 2019 and then a further 1/6 every three months thereafter with the final tranche vesting on June 1, 2020. The fair value per option granted was $0.62 per option and the share-based compensation expense recognized for the vesting of these options to March 31, 2018 was $98,440.
- Granted 350,000 stock options with an exercise price of C$2.00 per share, and an expiry date of March 26, 2028, of which 200,000 vested immediately and 150,000 vest in six months. The fair value per option granted was $0.76 per option and the share-based compensation expense recognized for the vesting of these options to March 31, 2018 was $211,311.

The following weighted average assumptions were used for the valuation of the stock options:

	2018	2017
Risk-free interest rate	1.96%	-
Expected life (years)	4.92	-
Annualized volatility	65.00%	-
Dividend rate	0.00%	-

(Expressed in US dollars unless otherwise indicated)

16. Loss per share

Loss per common share represents net loss for the year divided by the weighted average number of common shares outstanding during the year.

Diluted loss per share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

For all the years presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the dilutive securities.

17. General and administrative expenses

General and administrative expenses were comprised of the following:

		March 31, 2018		March 31, 2017
Management fees, salaries and wages (Note 13)	$	954,827	$	14,856
Marketing		1,306,065		-
Office, administration, and regulatory		352,493		25,519
Professional fees, advisory, and consulting		1,311,538		15,761
Travel		616,359		-
Total	**$**	**4,541,282**	$	56,136

During the year ended March 31, 2018, the Company entered into a strategic advisory agreement dated June 2017 with Fiore Management & Advisory Corp. ("Fiore") for services including monthly administration and on-going advisory support. As consideration, Fiore receives a monthly fee of C$10,000 (increased to C$25,000 February 2018) and a success fee of 0.50% - 2% on certain transactions including asset acquisitions, divestitures, business combinations, as well as debt and equity financings. The Board of Directors of the Company may also grant Fiore stock options from time to time at their discretion. The contract can be terminated after the first year with thirty days' notice.

Other than disclosed elsewhere in these financial statements (Note 6, 9 and 15), the Company paid $133,215 for monthly work fees recorded in professional fees, advisory and consulting and $49,314 for the reimbursement of office rent recorded in office, administration and regulatory for the year ended March 31, 2018. Fiore was granted 1,000,000 stock options at an exercise price of $0.30 and term of 10 years, with a share-based compensation expense for the year ended March 31, 2018 of $146,647.

18. Financial Instruments and Risk Management

The Company is exposed, in varying degrees, to a variety of financial related risks. The fair value of the Company's financial instruments, including cash, amounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short term nature. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts as at March 31, 2018. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

18. Financial Instruments and Risk Management (continued…)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long term obligations as and when they fall due. The Company manages company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations cause in digital currency prices and exchange rates.

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 affect the costs that the Company incurs in its operations as well as the currency in which the Company has historically raised capital.

The Company's presentation currency is the US dollar and major purchases are transacted in US dollars, while all financing to date has been completed in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than an entity's functional currency. A portion of the Company's general and administrative costs are incurred mainly in currencies separate from each entity's functional currency, such as Swiss Francs, the Euro, and Icelandic Kronor. The fluctuation of these currencies in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity.

The Company's net monetary position in the significant foreign currencies as of March 31, 2018 is summarized below with the effect on earnings before tax of a 10% fluctuation of each currency to the USD dollar:

	Net Monetary Position March 31, 2018 (USD$ equivalent)	Impact of 10% variance in foreign exchange rate
US Dollars	9,731,708	973,171
Euros	(55,475)	(5,548)
Swiss Francs	55,501	5,550
Icelandic Kronor	281,969	28,197

Interest rate risk

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

19. Digital Currency and Risk Management

Digital currencies are measured using level two fair values, determined by taking the rate from www.cryptocompare.com.

(Expressed in US dollars unless otherwise indicated)

19. Digital Currency and Risk Management (continued…)

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. The profitability of the Company is directly related to the current and future market price of coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. 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 coin sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. The Company's digital currencies currently consist of Ethereum, Ethereum Classic and ZCash. The table below shows the impact of the 25% variance in the price of each of these digital currencies on the Company's earnings before tax, based on their closing prices at March 31, 2018.

		Impact of 25% variance in price
Ethereum	$	1,734,708
Ethereum Classic		194,391
ZCash		9,478

20. 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 equity comprised of issued share capital and reserves.

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 issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2017.

21. Comparative Figures

Certain comparative data have been reclassified to conform with the presentation of the current year. The Company has grouped together certain items on the statements of financial positions and cash flows, and certain expenses on the statements of loss and comprehensive loss. There is no net impact on the financial position, net loss, cash flows or loss per share in fiscal 2017 as a result of these reclassifications.

22. Segmented Information

The Company operates in one segment, the mining and sale of digital currencies. All revenues were principally generated in Switzerland during the year ended March 31, 2018 (2017 - $Nil). The Company's non-current assets are located in the following foreign jurisdictions:

March 31, 2018	Sweden	Iceland	Total
Data centre equipment	$ 42,854,167	$ 14,232,612	$ 57,086,779

23. Subsequent Events

In May 2018 the Company closed the acquisition of Kolos Norway AS ("Kolos") through a series of agreements pursuant to which HIVE acquired all of the issued and outstanding shares of Kolos for cash consideration in the amount of $7.22 million (NOK 55,580,410), the issuance of 4,750,000 common shares of the Company (the "Shares") and 1,250,000 warrants to purchase common shares of the Company (the "Warrants"), and the assumption of approximately $2.72 million (NOK 20,915,000) of liabilities. The Warrants and 2,650,000 of the Shares issued are subject to vesting provisions set as a combination of fixed time periods and milestones for the construction and commencement of cryptocurrency mining in Norway. The Warrants are exercisable for a period of 5 years from the date of issuance and have an exercise price of $1.24. In connection with this transaction, the Company had incurred directly attributable expenses of $195,640 recorded as deferred acquisition costs as at March 31, 2018.

On April 30, 2018, the final phase of the Company's GPU expansion in Sweden commenced operations (Note 9).