



**NEPTUNE DASH TECHNOLOGIES CORP.**  
(formerly Crossroad Ventures Inc.)

Consolidated Financial Statements  
Period From Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)



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## **INDEPENDENT AUDITORS' REPORT**

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To the Shareholders of  
Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

We have audited the accompanying consolidated financial statements of Neptune Dash Technologies Corp. which comprise the consolidated statement of financial position as at August 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the period then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' 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 our 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, we consider 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 financial position of Neptune Dash Technologies Corp. as at August 31, 2018, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, British Columbia  
December 20, 2018

**Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**  
Consolidated Statement of Financial Position  
(Expressed in Canadian Dollars)

		August 31, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$	1,062,306
Amounts receivable and prepaid expenses		73,363
Digital currencies (Note 4)		148,282
		<u>1,283,951</u>
Digital currencies (Note 4)		5,458,379
Office equipment (Note 5)		26,269
	\$	<u>6,768,599</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable	\$	31,838
Due to related party (Note 6)		100,000
		<u>131,838</u>
<b>Equity</b>		
Share capital (Note 7)		24,353,044
Reserves (Note 7)		4,360,820
Deficit		<u>(22,077,103)</u>
		6,636,761
<b>Total Liabilities and equity</b>	<b>\$</b>	<b><u>6,768,599</u></b>

Nature and continuance of operations (Note 1)  
Subsequent events (Note 11)

**On behalf of the Board on December 20, 2018:**

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"Cale Moodie" Director "Troy Wong" Director

**Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**  
Consolidated Statement of Loss and Other Comprehensive Loss  
(Expressed in Canadian Dollars)

	Period from Incorporation on October 30, 2017 to August 31, 2018
<b>Revenue</b> (Note 4)	\$ 423,416
<b>Expenses</b>	
Consulting fees (Note 6)	479,975
Depreciation (Note 5)	4,859
Directors fees	31,500
Listing fees (Note 3)	3,533,309
Marketing	604,956
Office and miscellaneous	100,757
Professional fees	149,884
Share-based compensation (Note 7)	3,822,544
Travel, road shows and conferences	137,829
	<u>8,865,613</u>
Net loss before other expenditures	(8,442,197)
Other items	
Interest income	8,806
Realized loss on sale of digital tokens (Note 4)	(2,291)
Revaluation of digital currencies (Note 4)	(13,641,421)
	<u>(13,634,906)</u>
Net loss and comprehensive loss	<u>\$ (22,077,103)</u>
Loss per common share – Basic and diluted	<u>\$ (0.33)</u>
Weighted average number of shares outstanding – Basic and diluted	<u>66,983,603</u>

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

**Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**

Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Shares	Share Capital	Reserves		Deficit	Total equity
			Share-based payments	Warrant reserve		
Balance on incorporation, October 30, 2017	-	\$ -	\$ -	\$ -	\$ -	\$ -
Seed shares	12,000,000	600,000	-	-	-	<b>600,000</b>
Private placements	18,000,000	2,400,000	-	-	-	<b>2,400,000</b>
Convertible Debenture Financing	41,400,000	20,700,000	-	-	-	<b>20,700,000</b>
Finders fees	1,200,000	180,000	-	-	-	<b>180,000</b>
Share issuance costs	-	(3,173,621)	-	1,132,276	-	<b>(2,041,345)</b>
Shares issued for services	500,000	100,000	-	-	-	<b>100,000</b>
Acquisition of Crossroads	7,093,329	3,546,665	-	-	-	<b>3,546,665</b>
Share-based payments	-	-	3,228,544	-	-	<b>3,228,544</b>
Comprehensive loss for the period	-	-	-	-	(22,077,103)	<b><u>\$(22,077,103)</u></b>
<b>Balance, August 31, 2018</b>	<b>80,193,329</b>	<b>\$ 24,353,044</b>	<b>\$ 3,228,544</b>	<b>\$ 1,132,276</b>	<b>\$(22,077,103)</b>	<b>\$ 6,636,761</b>

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

**Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**  
Consolidated Statement of Cash Flows  
(Expressed in Canadian Dollars)

	Period from Incorporation on October 30, 2017 to August 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss for the period	\$ (22,077,103)
Items not affecting cash:	
Depreciation (Note 5)	4,859
Listing fee (Note 3)	3,336,983
Realized loss on sale of digital currencies (Note 4)	2,291
Revaluation of digital currencies (Note 4)	13,641,421
Revenue from digital currencies (Note 4)	(423,416)
Share-based compensation (Note 7)	3,822,544
Shares issued for services	100,000
Changes in non-cash working capital items:	
Amounts receivable and prepaid expenses	(73,363)
Digital currencies	(150,573)
Accounts payable	23,381
	<u>(1,792,976)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	(31,128)
Purchase of digital currencies (Note 4)	(18,676,384)
	<u>(18,707,512)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from share issuance (Note 7)	23,106,000
Share issuance costs	(1,861,345)
Shareholder loan (Note 6)	100,000
	<u>21,344,655</u>
<b>Net change in cash</b>	844,167
<b>Cash, beginning of period</b>	-
<b>Cash acquired on acquisition of Crossroads Ventures Inc. (Note 3)</b>	<u>218,139</u>
<b>Cash, end of period</b>	<u>\$ 1,062,306</u>
<b>Non-cash Financing Transactions</b>	
Seed shares issued to founders	\$ 594,000
Common shares and warrants issued for share issue costs	\$ 1,132,276
Common shares issued for services	\$ 100,000

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

## **Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.) (the “Company” or “Neptune”) was incorporated on March 15, 2000 under the laws of the province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (TSX-V) under the symbol DASH. The head office, registered and records office of the Company is located at 620 – 1155 West Pender Street, Vancouver, BC, V6E 2P4.

Neptune is engaged in the business that builds, owns and operates digital currency infrastructure assets. Its core assets and primary business model is to build, operate and own masternodes on the Dash blockchain network.

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

During the period the Board of Directors authorized a 20-for-1 share split. The number of issued and outstanding shares has been retrospectively restated for all periods unless otherwise stated.

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

### **REVERSE TAKEOVER**

On December 1, 2017, the Company and Neptune Dash Nodes Corp. (“Dash”), entered in to an Amalgamation Agreement whereby the Company acquired all of the outstanding shares of Dash, being 31,700,000 shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Amalgamation Agreement, the shareholders of Dash held approximately 81.72% of the Company. Accordingly, Dash is considered to have acquired the Company with the transaction being accounted for as a reverse takeover of the Company by Dash shareholders (the “RTO”).

As Dash is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on October 30, 2017 are included in the consolidated financial statements at their historical carrying value. The Company’s results of operations are included from December 1, 2017 onwards. Concurrent with the RTO, the Company converted the \$20,700,000 financing and issued an additional 41,400,000 common shares (Note 7). On completion of the RTO the company changed its name to Neptune Dash Technologies Corp.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

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

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

#### **Basis of presentation**

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

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

#### **Basis of Consolidation**

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

#### **Significant accounting judgments and estimates**

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

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

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

#### *Significant judgements*

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

#### (i) Going concern

The assessment of the Company’s ability to execute its strategy by effectively operating the Company involves judgement. Management closely monitors the operations and cash flows in the Company. Further information regarding going concern is outlined in Note 1.

#### (ii) Income taxes

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



## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

#### Significant accounting judgments and estimates (continued)

##### *Significant judgements (continued)*

##### (iii) Functional currency

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

##### (iv) Digital currencies

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

##### *Significant estimates*

##### (i) Digital currency valuation

Digital currencies consist of cryptocurrency denominated assets (Note 4) and are included in both current and long-term assets. Digital currencies are carried at their fair market value determined by the spot rate based on the hourly volume weighted average from [www.cryptocompare.com](http://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. In addition, management estimates that selling costs will be nominal.

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

##### (ii) Share based compensation

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

## **Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

#### **Significant accounting policies**

##### **Revenue recognition**

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

##### **Digital Currencies**

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

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

##### **Shared-based payments**

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

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

**Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

**Significant accounting policies (continued)**

**Income taxes**

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

**Provisions**

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

**Earnings (loss) per share**

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

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

#### Significant accounting policies (continued)

##### Financial instruments

###### i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. The Company's accounting policy for each category is as follows:

**Fair value through profit or loss** - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized 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 less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

**Held-to-maturity** - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

**Available-for-sale** - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through other comprehensive income (loss).

###### ii) Financial liabilities

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

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

**Other financial liabilities** - This category consists of liabilities carried at amortized cost using the effective interest method.

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

#### Significant accounting policies (continued)

##### Impairment

##### i) Non-financial assets

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

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

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

##### ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

##### **Equipment**

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

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

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Period from Incorporation on October 30, 2017 to August 31, 2018

(Expressed in Canadian Dollars)

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

#### Significant accounting policies (continued)

##### Comprehensive income (loss)

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

##### Future changes in accounting policies

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC (International Financial Reporting Interpretations Committee) that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standards will be effective for annual periods beginning on or after January 1, 2018:

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company's preliminary assessment is that the standard is not expected to have a significant impact on the recognition or measurement of revenue. As facts and circumstances may change during the period leading up to the initial date of recognition, the Company's assessment of the potential impact is subject to change.

IFRS 9 Financial Instruments – In November 2009, as part of the IASB project the ASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flows characteristics. The Company's preliminary assessment is that the standard is not expected to have a significant impact on the financial statements. As facts and circumstances may change during the period leading up to the initial date of recognition, the Company's assessment of the potential impact is subject to change.

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

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Period from Incorporation on October 30, 2017 to August 31, 2018

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

#### Future changes in accounting policies (continued)

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The Company is currently evaluating the impact of the new standard on the Company's financial statements.

### 3. ACQUISITION OF CROSSROAD VENTURES INC

On December 1, 2017, the Company and Neptune Dash Nodes Corp. ("Dash"), entered in to an Amalgamation Agreement whereby the Company acquired all of the outstanding shares of Dash, being 31,700,000 shares, in consideration for securities of the Company on a 1 for 1 basis. After completion of the Amalgamation Agreement, the shareholders of Dash held approximately 81.72% of the Company. Accordingly, Dash is considered to have acquired the Company with the transaction being accounted as a reverse takeover of the Company by Dash shareholders.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 – *Business Combinations* ("IFRS 3") since Crossroad Ventures Inc. ("Crossroad"), prior to acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 – *Share-based Payments* whereby the Company is deemed to have issued shares in exchange for the net assets of Crossroad together with its listing status at the fair value of the consideration received.

As a result of this transaction, a listing expense of \$3,533,309 has been recorded. This reflects the difference between the estimated fair value of the Dash's shares deemed to have been issued to the Company's shareholders, plus transaction costs incurred, less the net fair value of the assets of the Company acquired.

In accordance with reverse acquisition accounting:

- i) The assets and liabilities of Dash are included in the statement of financial position at their carrying values.
- ii) The net assets of the Company are included at their fair value of \$209,681.

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Net assets acquired:	
Cash	\$ 218,139
Accounts payable	<u>(8,458)</u>
Fair value of net assets	<u>\$ 209,681</u>

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

### Notes to Consolidated Financial Statements

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#### 3. ACQUISITION OF CROSSROAD VENTURES INC (continued)

- iii) The listing expense of \$3,533,309 was determined as follows:
- The number of the Company's common shares held by former Dash shareholders outstanding was 31,700,000 or 81.72% of the combined entity.
  - The fair value of Dash is \$15,850,000, which is based on the concurrent financing price of \$0.50 per common share.
  - The fair value of the shares issued to acquire the Company under the reverse acquisition accounting was \$3,546,665 calculated as 7,093,329 common shares at approximately \$0.50 per share.
  - The difference between the fair value of \$3,546,665 being the consideration paid, and the fair value of the net assets of the Company of \$209,681, plus transaction costs of \$196,325 amounted to a net listing expense of \$3,533,309.

#### 4. DIGITAL CURRENCIES

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

##### *Dash*

As at August 31, 2018, the Company has 18,825 units of Dash digital tokens with a fair value of \$5,458,379.

During the period ended August 31, 2018, the Company purchased 18,000 Dash digital currency tokens at a total cost of \$18,676,384. The Company has setup and operates 18 masternodes which require 1,000 Dash digital tokens each in order to operate on the Dash blockchain network. The remaining 825 Dash digital tokens will be used towards the construction of future Dash masternodes. All 18 of the Company's Dash masternodes are operational and processing transactions on the Dash blockchain network.

During the period ended August 31, 2018, the Company earned 825 Dash digital tokens with a fair value of \$423,416. The amounts have been recorded as revenue in the current period.

As at August 31, 2018, the fair value of the 18,825 Dash digital tokens is as follows:

	Number	Amount
Balance on incorporation	-	\$ -
Purchases	18,000	18,676,384
Dash earned	825	423,416
Balance at book value, August 31, 2018	18,825	19,099,800
Revaluation of Dash digital tokens	-	(13,641,421)
Balance, August 31, 2018	18,825	\$ 5,458,379

The fair value of the Dash digital tokens held as at August 31, 2018 is based on the quoted value of Dash digital tokens on August 31, 2018.



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**4. DIGITAL CURRENCIES** (continued)*Other*

During the period ended August 31, 2018 the Company acquired holdings in a portfolio of digital currencies, including Bitcoin, Ethereum, Litecoin, Stellar, NEO, Dash, Omiseego, and QTUM. The holdings are weighted based on the various digital currency market capitalizations. The Company intends to stake these assets and earn income subject to protocol upgrades in the future. The Company invested an initial \$200,000, which was rebalanced based on the market capitalizations on June 1, 2018. As at August 31, 2018, the fair value of the digital currencies is as follows:

	Amount
Balance on incorporation	\$ -
Purchases	200,000
Exchange of digital currencies - disposals	(43,607)
Exchange of digital currencies – acquisitions	43,607
Realized loss on exchanges	(2,291)
Revaluation of digital currencies	(49,427)
Balance, August 31, 2018	\$ 148,282

**5. OFFICE EQUIPMENT**

	Office Equipment
<b>Cost</b>	
Balance, October 30, 2017	\$ -
Acquisitions for the period	31,128
Balance, August 31, 2018	\$ 31,128
<b>Accumulated depreciation</b>	
Balance, October 30, 2017	\$ -
Depreciation for the period	4,859
Balance, August 31, 2018	\$ 4,859
<b>Carrying amounts</b>	
As at October 30, 2017	\$ -
As at August 31, 2018	\$ 26,269

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

### Notes to Consolidated Financial Statements

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#### 6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the period ended August 31, 2018 the Company incurred the following related party transactions:

	August 31, 2018
Consulting fees	\$ 344,168
Directors fees	31,500
Share-based compensation	3,005,645

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

In addition to the transactions above the Company had entered into the following related party transactions:

- The Company agreed to pay \$50,000 as bonuses to two officers if the Company is able to raise \$2.0 million in equity prior to the public listing. The Company issued 500,000 common shares to the officers as bonus payments in accordance to their consulting agreements. The common shares were valued at \$0.20 per share based on the concurrent private placement. As a result, \$100,000 share-based compensation was recorded and included in consulting fees.
- On October 30, 2017 the Company entered into a shareholders rights agreement where a shareholder of the Company provided a non-interest bearing demand promissory note of \$100,000. The note is unsecured and due on demand or in any event within 10 years from the date the funds were advanced.
- The Company purchased 50 units of Dash digital tokens from a director of the Company in the amount of \$51,595 which represents the fair value of the tokens at the acquisition date.
- The Company granted 1,550,000 restricted share units to directors and officers of the Company and recognized \$289,429 in share-based compensation expense.
- The Company granted 5,625,000 stock options to directors and officers of the Company and recognized \$2,728,168 in share-based compensation expense.

As at August 31, 2018 there was \$332 due to directors and officers of the Company and \$27,183 in consulting fees to officers that have been prepaid. The balances to related parties are unsecured, non-interest bearing and without fixed repayment terms.

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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### 7. SHARE CAPITAL

#### Authorized Capital

Unlimited common shares without par value

#### Shares issued

During the period ended August 31, 2018 the Company:

- a) Issued 12,000,000 common shares at \$0.01 per share for a total of \$6,000. Share-based compensation of \$594,000, being the difference between the share subscription price and the market price of 12,000,000 common shares issued to the shareholder of the Company, was charged to the statement of comprehensive income as share-based compensation.
- b) Completed a non-brokered private placement and issued 8,000,000 common shares for gross proceeds of \$400,000. In connection with the private placement, the Company issued 400,000 common shares of Finder's fees at fair value of \$20,000.
- c) Completed a non-brokered private placement and issued 10,000,000 common shares for gross proceeds of \$2,000,000. In connection with the private placement, the Company issued 800,000 common shares and 800,000 warrants as Finder's fees, with a fair value of \$160,000 and \$76,313 respectively. Each agent warrant entitles the holder to purchase a share at a price of CAD\$0.20 per share expiring November 10, 2019. The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Risk-free interest rate – 1.27%; Expected volatility – 89%; Expected dividend yield – nil; Expected life – 2 years; forfeiture rate – 0%.
- d) Issued 500,000 common shares as bonus payment with a fair value of \$100,000, pursuant to the consulting agreements described in Note 6.
- e) Issued 41,400,000 common shares at \$0.50 per share for gross proceeds of \$20,700,000. The financing was raised via a convertible debenture, which as per the terms of the convertible debenture did not incur any interest and was automatically converted upon completion of the RTO (Note 3). In connection with the private placement, the Company issued 3,239,360 warrants as finder's fees at a fair value of \$1,055,963. Each agent warrant entitles the holder to purchase a share at a price of \$0.50 per share expiring January 20, 2020. The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: Risk-free interest rate – 1.80%; Expected volatility – 131%; Expected dividend yield – nil; Expected life – 2 years; forfeiture rate – 0%.

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Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

**7. SHARE CAPITAL (continued)****Escrowed Shares**

In accordance with the policies of the TSXV, as at August 31, 2018 an aggregate of:

- a) 13,171,665 common shares of the Company remain in escrow. The Escrowed Shares are being released from escrow as follows: 25% (6,585,833) upon issuance of the Final Bulletin (release)' 25% (6,585,833) on date that is six months after the date of the Final Bulletin (released); 25% (6,585,833) on the date that is 12 months after the date of the Final Bulletin; and 25% (6,585,832) on the date that is 18 months after the date of the Final Bulletin
- b) 4,280,000 common shares of the Company are subject to seed share resale restrictions and remain in escrow. The remaining shares will be released over the course of one year, such that 20% (2,140,000) are released upon the Final Bulletin (released) and 20% (2,140,000) released every three months thereafter.

**Share Purchase Warrants and Stock Options**

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

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, October 30, 2017	-	\$ -	-	\$ -
Granted	4,039,360	0.44	6,075,000	0.50
Outstanding, August 31, 2018	4,039,360	\$ 0.44	6,075,000	\$ 0.50
Number currently exercisable	4,039,360	\$ 0.44	6,075,000	\$ 0.50

As at August 31, 2018 the following incentive stock options and share purchase warrants were outstanding:

	Number of Shares	Exercise Price	Remaining life (years)	Expiry Date
<b>Stock options</b>	6,075,000	\$ 0.50	9.4	January 20, 2028
<b>Agents warrants</b>	800,000	0.20	1.70	November 10, 2019
	3,239,360	0.50	1.89	January 20, 2020

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

Notes to Consolidated Financial Statements

Period from Incorporation on October 30, 2017 to August 31, 2018

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### 7. SHARE CAPITAL (continued)

#### Share-based payments (continued)

During the period ended August 31, 2018, the Company granted 6,075,000 options with a weighted-average fair value of CAD \$0.48 per option to directors, officers and consultants. Total share-based payments recognized in the statement of operations for the period ended August 31, 2018 was \$2,933,514 for incentive options granted and vested. This amount was also recorded as reserves on the consolidated statement of financial position.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the period:

	August 31, 2018
Share price	\$0.50
Risk-free interest rate	2.27%
Expected life of options	10 years
Expected annualized volatility	131%
Dividend yield	0.0%
Forfeiture rate	0.0%

#### Restricted share units

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

During the period the Company granted 1,580,000 RSU's which vest over the course of three years, such that 33.33% vest every 12 months. The total RSU share-based expense recognized in the consolidated statements of comprehensive loss was \$295,030 for the period ended August 31, 2018. The RSU's had a fair value of \$0.50 per unit on grant date based on the market price on the TSX-V for the Company's shares on the date the RUSs were granted.

### 8. CAPITAL DISCLOSURES

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

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**9. INCOME TAXES**

The Company has losses carried forward losses of approximately \$1,346,000 available to reduce income taxes in future years which expire in 2038.

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

	Period ended August 31, 2018
Canadian statutory income tax rate	27%
	\$
Income tax recovery at statutory rate	(5,916,664)
Effect of income taxes of:	
Non-deductible items and other	1,443,034
Change in current and future tax rate	(33,385)
Change in unrecognized deferred income tax asset	4,507,015
Deferred income tax expense	-

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

	August 31, 2018
	27%
	\$
Non-capital loss carry forwards	363,469
Share issuance costs	460,363
Digital currencies	3,683,183
Unrecognized deferred income tax assets	4,507,015

**10. FINANCIAL INSTRUMENTS****Classification**

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

## Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)

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### 10. FINANCIAL INSTRUMENTS (continued)

#### Fair values

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market date.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as at August 31, 2018

	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Financial assets</b>			
Cash	1,062,306	-	-
<b>Total financial assets</b>	<b>1,062,306</b>	<b>-</b>	<b>-</b>

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

#### *Credit risk*

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

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at August 31, 2018 relating to cash of \$1,062,306. All cash is held at a Canadian chartered bank, which minimizes credit risk.

#### *Liquidity risk*

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

#### *Interest risk*

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

**Neptune Dash Technologies Corp. (formerly Crossroad Ventures Inc.)**

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**10. FINANCIAL INSTRUMENTS (continued)**

*Foreign currency risk*

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

**10. SEGMENTED INFORMATION**

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

**11. SUBSEQUENT EVENTS**

a) The Company has produced 377 number of Dash from its 18 Dash masternodes from the period September 1, 2018 to December 19, 2018.

b) On October 10, 2018 the Company launched Neptune Pooling, a Dash masternode pooling service that offers external parties the opportunity to stake their Dash tokens and earn income within a shared masternode structure. Since launching the service the Company has created four pooled masternodes.