

**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**

**Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2019**

**(Expressed in Canadian Dollars - unaudited)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for unaudited consolidated interim financial statements

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

**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**  
**Condensed Consolidated Interim Statements of Financial Position**  
*(Expressed in Canadian dollars - unaudited)*

	Note	March 31, 2019	December 31, 2018
		\$	\$
<b>Assets</b>			
Current			
Cash and cash equivalents		1,835,414	2,753,143
Receivables		18,212	11,651
		<b>1,853,626</b>	<b>2,764,794</b>
Non-Current			
Reclamation deposits		60,724	60,724
Investments	3	837,786	507,071
Convertible debenture receivable	4	500,000	-
		<b>1,398,510</b>	<b>567,795</b>
		<b>3,252,136</b>	<b>3,332,589</b>
<b>Liabilities</b>			
Current			
Accounts payable		10,020	-
Accrued liabilities		12,000	12,000
		<b>22,020</b>	<b>12,000</b>
<b>Equity</b>			
Share capital	5	30,449,956	30,449,956
Warrant reserve	5	347,173	347,173
Option reserve	5	1,421,896	1,416,754
Deficit		<b>(28,988,909)</b>	<b>(28,893,294)</b>
		<b>3,230,116</b>	<b>3,320,589</b>
		<b>3,252,136</b>	<b>3,332,589</b>

**Nature of operations and going concern (Note 1)**

**Subsequent events (Note 7)**

These consolidated financial statements were approved by Board of Directors on May 28, 2019 and were signed on its behalf by:

**On behalf of the Board:**

*“Emily Davis”*

Director

*“Hani Zabaneh”*

Director

**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**  
*(Expressed in Canadian dollars - unaudited)*

	Note	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
		\$	\$
Finance fees and bank charges		22	172
Consulting fees	5	23,929	30,000
Filing and transfer agent fees		6,262	22,058
Office, rent and administration		48,914	33,749
Professional fees		2,169	15,500
Marketing		-	276,856
Travel		-	27,023
Share-based payments	5,6	5,142	433,822
		<b>(86,438)</b>	<b>(839,180)</b>
Finance income		10,108	128
Change in fair value of investments		(19,285)	-
		<b>(9,177)</b>	128
<b>Net loss and comprehensive loss</b>		<b>(95,615)</b>	<b>(839,052)</b>
<b>Net loss per share</b>			
Basic and diluted		<b>(0.00)</b>	<b>(0.02)</b>
<b>Weighted average number of common shares outstanding</b>			
Basic and diluted		<b>48,225,756</b>	<b>46,111,091</b>

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

**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
*(Expressed in Canadian dollars - unaudited)*

	Common Shares #	Share Capital \$	Shares to be issued \$	Warrant Reserve \$	Option Reserve \$	Deficit \$	Total \$
<b>Balance at December 31, 2017</b>	<b>44,059,700</b>	<b>29,805,654</b>	<b>334,000</b>	<b>510,576</b>	<b>342,656</b>	<b>(25,983,104)</b>	<b>5,009,782</b>
Shares issued for cash, net share issue costs (Note 5)	1,695,000	407,524	(334,000)	109,476	-	-	183,000
Shares issued on exercise of warrants (Note 5)	2,390,556	239,055	-	-	-	-	239,055
Share-based payments (Note 5)	-	-	-	-	433,822	-	433,822
Net loss for the period	-	-	-	-	-	(839,052)	(839,052)
<b>Balance at March 31, 2018</b>	<b>48,145,756</b>	<b>30,452,233</b>	<b>-</b>	<b>620,052</b>	<b>776,478</b>	<b>(26,822,156)</b>	<b>5,026,607</b>
<b>Balance at December 31, 2018</b>	<b>48,225,756</b>	<b>30,449,956</b>	<b>-</b>	<b>347,173</b>	<b>1,416,754</b>	<b>(28,893,294)</b>	<b>3,320,589</b>
Share-based payments (Note 5)	-	-	-	-	5,142	-	5,142
Net loss for the period	-	-	-	-	-	(95,615)	(95,615)
<b>Balance at March 31, 2019</b>	<b>48,225,756</b>	<b>30,449,956</b>	<b>-</b>	<b>347,173</b>	<b>1,421,896</b>	<b>(28,988,909)</b>	<b>3,230,116</b>

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**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**  
**Notes to Condensed Consolidated Interim Financial Statements**  
*(Expressed in Canadian dollars- unaudited)*

	<b>Three Months Ended March 31, 2019</b>	Three Months Ended March 31, 2018
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss for the year	\$ (95,615)	\$ (839,052)
Adjustments for:		
Share-based payments	5,142	433,822
Change in fair value of investments	19,285	-
Changes in non-cash working capital items:		
Receivables	(6,561)	(13,496)
Prepaid expenses	-	(574,129)
Accounts payable and accrued liabilities	10,020	(2,001)
<b>Net cash used in operating activities</b>	<b>(67,729)</b>	<b>(994,856)</b>
<b>Cash flows from investing activities</b>		
Investment in convertible debenture receivable	(500,000)	-
Purchase of investments	(350,000)	(150,000)
<b>Net cash used in investing activities</b>	<b>(850,000)</b>	<b>(150,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares, net of costs	-	422,055
Proceeds from subscriptions received	-	122,500
<b>Net cash generated by financing activities</b>	<b>-</b>	<b>544,555</b>
<b>Change in cash and cash equivalents</b>	<b>(917,729)</b>	<b>(600,301)</b>
<b>Cash and cash equivalents, beginning</b>	<b>2,753,143</b>	<b>4,932,737</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 1,835,414</b>	<b>\$ 4,332,436</b>
Cash and cash equivalents is comprised of:		
Cash	\$ 135,414	\$ 4,332,436
Guaranteed Investment Certificate	1,700,000	-
	<b>\$ 1,835,414</b>	<b>\$ 4,332,436</b>

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

**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**  
**Notes to Condensed Consolidated Interim Financial Statements**  
*(Expressed in Canadian dollars- unaudited)*

**1. Nature of operations and going concern**

Block X Capital Corp. (formerly Lions Gate Metals Inc.) (the “Company”) was incorporated under the Canada Business Corporations Act on March 28, 1980, and currently is in the business of acquiring and investing in companies with blockchain technology. The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the symbol “BXXX”. The Company’s registered and records office is located at 918 – 1030 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2Y3.

These unaudited condensed consolidated interim financial statements (“financial statements”) are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2019 the Company incurred a net loss of \$95,615 (2018: \$839,052) and as of that date the Company’s deficit was \$28,988,909 (December 31, 2018: \$28,893,294). As at March 31, 2019 the Company had working capital of \$1,831,606, which is expected to be sufficient to finance operating costs over the next twelve months. Additional financing may be required to acquire new projects. Future funding for projects may not be available or may be available but on terms that may not be suitable for the Company. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts in its condensed consolidated interim statement of financial position.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these financial statements should be read in conjunction with the Company’s December 31, 2018 audited annual consolidated financial statements and the notes to such financial statements.

These financial statements are based on the IFRS issued and effective as of May 28, 2019, the date these financial statements were authorized for issuance by the Company’s Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

(a) New accounting standard and interpretation

The Company has adopted the following new accounting standard and interpretation:

IFRS 16, Leases (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases on the condensed consolidated statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company has applied a modified retrospective transition approach. The Company does not have any leases, and as a result, this standard had no impact on the Company’s financial statements on adoption.

IFRIC 23, Uncertainty over Income Tax Treatments (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company’s financial statements.

**BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)**  
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**3. Investments**

Investments consist of common shares purchased and are classified as FVTPL. The summary of investments are as follows:

	Percentage of Ownership	Cost	Fair value adjustment	Impairment*	Fair value at March 31, 2019
	%	\$	\$	\$	\$
Eli Technologies Corp.	1.88	157,500	-	-	157,500
Abaxx Technology Inc.	1.64	250,000	-	-	250,000
Silota Research and Development Inc.	12.50	24	-	(24)	-
Fusion Agiletech Partners Inc.	0.57	150,000	(85,714)	-	64,286
FansUnite Entertainment Inc.	1.15	200,000	(184,000)	-	16,000
Icomply Investor Services Inc.	3.10	249,999	-	(249,999)	-
Canivate Growing Systems Ltd.	(i)	350,000	-	-	350,000
<b>Total</b>		<b>1,357,523</b>	<b>(269,714)</b>	<b>(250,023)</b>	<b>837,786</b>

\* During the year ended December 31, 2018, the Company recognized an impairment on its investments in Silota Research and Development Inc. and Icomply Investor Services Inc. of \$24 and \$249,999, respectively. The Company was unable to obtain information to support that the investments had future economic benefit

- (i) On January 16, 2019, the Company purchased 1,000,000 units of Canivate Growing Systems Ltd. at \$0.35 per unit via private placement for \$350,000. Each unit represents one common share and one share purchase warrant, exercisable at \$0.50 for three years from the issue date.

**4. Convertible debenture receivable**

On March 22, 2019, the Company invested in a \$500,000 convertible debenture in Canivate Growing Systems Ltd. The convertible debenture bears interest at 12% and matures in five years from the date of issuance. The debenture is convertible at the Company's option until maturity at \$1 per unit. Each unit includes one common shares and one share purchase warrant.

As the Company has determined that the equity component of the convertible debenture is not readily measurable, the Company has recorded the \$500,000 convertible debenture as a loan receivable.

To date, the Company has earned \$1,644 interest income in relation to the convertible debenture.



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**5. Share capital**

**a) Share issuances**

On January 5, 2018, the Company completed a non-brokered private placement whereby it issued 1,292,500 common shares at a price of \$0.40 per share for proceeds of \$517,000. In addition, the Company issued 64,000 finders' shares with a fair value of \$27,520 and 64,000 finders' warrants with a fair value of \$19,018. Each finders' warrant is exercisable at \$0.40 until January 8, 2020. The fair value of the finder's warrants was determined using the Black-Scholes Option Pricing Model using the following assumptions: Risk-free rate of 1.59%; expected life of 2 years, expected volatility of 139% and dividend yield of nil. The Company received subscriptions of \$334,000 during the year ended December 31, 2017 toward this private placement.

On January 8, 2018, the Company issued 339,000 finders' shares and 339,000 finders' warrants related to the last private placement in 2017. Finders' shares were issued with a fair value of \$145,770 and the finders' warrants were issued with a fair value of \$100,736. Each warrant is exercisable to January 8, 2020 for \$0.40 per share. The fair value of the finder's warrants was determined using the Black-Scholes Option Pricing Model using the following assumptions: Risk-free rate of 1.59%; expected life of 2 years, expected volatility of 139% and dividend yield of nil.

In March 2018, the Company issued 2,390,556 common shares upon exercise of warrants at an exercise price of \$0.10 for proceeds of \$239,055.

On April 30, 2018, the Company issued 80,000 common shares upon exercise of warrants at an exercise price of \$0.10 for proceeds of \$8,000.

**b) Share purchase warrants**

There was no change in the balance of warrants outstanding at March 31, 2019 (December 31, 2018 – 1,193,000). The weighted average remaining contractual life of the warrants outstanding at March 31, 2019 was 0.64 years.

Expiry Date	Warrants outstanding			Weighted average remaining contractual life (years)	Warrants exercisable	
	Exercise Price	Warrants	Weighted Average Exercise Price		Warrants	Weighted Average Exercise Price
	\$		\$			\$
October 30, 2019	0.20	790,000	0.13	0.40	790,000	0.13
January 8, 2020	0.40	403,000	0.14	0.24	403,000	0.14
		1,193,000	0.27	0.64	1,193,000	0.27

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**5. Share capital - continued**

**c) Stock options**

On January 11, 2018, the Company granted 2,640,000 stock options to directors and consultants of the Company at an exercise price of \$0.43 per common share for a period of five years ending January 11, 2023. The stock options vest as at 25% every three months after the grant date. The fair value of the options granted was determined to be \$1,128,923 using the following assumptions: Risk-free rate of 1.59%; Expected life of 5 years, Expected volatility of 247% and dividend yield of nil.

The balance of stock options outstanding and exercisable for the period ended March 31, 2019 is as follows:

	Number of options	Weighted average exercise price
		\$
Balance, December 31, 2017	1,875,000	0.165
Granted	2,640,000	0.430
Cancelled	(350,000)	0.165
Balance, December 31, 2018	4,165,000	0.330
Cancelled	(550,000)	0.430
Balance, March 31, 2019	3,615,000	0.320
Weighted average remaining contractual life		3.63 years

Expiry Date	Options outstanding			Remaining contractual life (years)	Options exercisable	
	Exercise Price	Options	Exercise Price		Options	Exercise Price
	\$		\$			\$
December 8, 2021	0.165	1,525,000	0.165	2.69	1,525,000	0.165
January 11, 2023	0.430	2,090,000	0.430	3.78	2,090,000	0.430

**6. Related party transactions**

Related party transactions for the three months ended March 31, 2019 include stock-based compensation related to the grant of stock options on January 11, 2018 (note 4). For the three months ended March 31, 2019, stock-based compensation to related parties was \$5,142 (2018 - \$197,191).

During the three months ended March 31, 2019, the Company paid \$23,929 (2018 - \$Nil) to the interim CEO and CFO of the Company for consulting services.

**7. Subsequent events**

On April 4, 2019, the Company invested \$250,000 in MineHub Technologies Inc. by purchasing 1,000,000 shares.

On May 10, 2019, the Company invested \$1,000,000 in Canivate Growing Systems Ltd. by purchasing 1,000,000 units. Each unit consists of one Series A Preferred Share and one common share purchase warrant to purchase one class A common share exercisable at a price of \$2.00 for a period of 60 months from the date of issue.