

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

**Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 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 unaudited condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated 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 condensed consolidated interim financial statements

The Company's independent auditors have not performed a review of these unaudited condensed consolidated 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	June 30, 2019	December 31, 2018
		\$	\$
Assets			
Current			
Cash and cash equivalents		290,441	2,753,143
Interest receivable		27,795	11,651
		318,236	2,764,794
Non-Current			
Reclamation deposits		57,107	60,724
Investments	3	2,124,929	507,071
Convertible debenture receivable	4	500,000	-
Note receivable	5	201,507	-
		2,883,543	567,795
		3,201,779	3,332,589
Liabilities			
Current			
Accounts payable and accrued liabilities		30,888	12,000
		30,888	12,000
Equity			
Share capital	6	30,449,956	30,449,956
Warrant reserve	6	347,173	347,173
Option reserve	6	1,422,991	1,416,754
Deficit		(29,049,229)	(28,893,294)
		3,170,891	3,320,589
		3,201,779	3,332,589

Nature of operations and going concern (Note 1)

These condensed consolidated interim financial statements were approved by Board of Directors on August 26, 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

		Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	Note	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		\$	\$	\$	\$
Consulting fees		1,196	5,000	25,125	35,000
Filing and transfer agent fees		5,071	9,396	11,333	31,454
Office, rent and administration		45,566	59,878	94,480	93,627
Professional fees		14,080	34,928	16,249	50,428
Share-based payments	6,7	1,095	279,623	6,237	713,445
Finance fees and bank charges		173	113	195	285
Marketing		-	214,122	-	490,978
Travel		-	5,511	-	32,534
		(67,181)	(608,571)	(153,619)	(1,447,751)
Finance income		19,718	4,906	29,826	5,034
Change in fair value of investments	3	(12,857)	-	(32,142)	-
		6,861	4,906	(2,316)	5,034
Net loss and comprehensive loss		(60,320)	(603,665)	(155,935)	(1,442,717)
Net loss per share					
Basic and diluted		(0.00)	(0.01)	(0.00)	(0.03)
Weighted average number of common shares outstanding					
Basic and diluted		48,255,756	48,172,423	48,255,756	47,161,005

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 \$
Balance at December 31, 2017	44,059,700	29,805,654	334,000	510,576	342,656	(25,983,104)	5,009,782
Shares issued for cash, net share issue costs (Note 6)	1,695,500	517,000	(334,000)	-	-	-	183,000
Shares issued on exercise of warrants (Note 6)	2,470,556	247,055	-	-	-	-	247,055
Warrant reserve on finders' warrants (Note 6)	-	(109,476)	-	109,476	-	-	-
Share-based payments (Note 6)	-	-	-	-	713,445	-	713,445
Net loss for the period	-	-	-	-	-	(1,442,717)	(1,442,717)
Balance at June 30, 2018	48,225,756	30,460,233	-	620,052	1,056,101	(27,425,821)	4,710,565
Balance at December 31, 2018	48,225,756	30,449,956	-	347,173	1,416,754	(28,893,294)	3,320,589
Share-based payments (Note 6)	-	-	-	-	6,237	-	6,237
Net loss for the period	-	-	-	-	-	(155,935)	(155,935)
Balance at June 30, 2019	48,225,756	30,449,956	-	347,173	1,422,991	(29,049,229)	3,170,891

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 Cash Flows
Expressed in Canadian dollars - unaudited

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash flows used in operating activities		
Net loss for the year	\$ (155,935)	\$ (1,442,717)
Adjustments for:		
Share-based payments	6,237	713,445
Change in fair value of investments	32,142	-
Accretion on promissory note receivable	(1,507)	(4,906)
Reclamation deposit	3,617	-
Changes in non-cash working capital items:		
Interest receivable	(16,144)	(21,226)
Prepaid expenses	-	(379,014)
Accounts payable and accrued liabilities	18,888	(33,120)
Net cash used in operating activities	(112,702)	(1,167,538)
Cash flows used in investing activities		
Investment in convertible debenture receivable	(500,000)	-
Investment in note receivable	(200,000)	-
Purchase of investments	(1,650,000)	(1,300,774)
Net cash used in investing activities	(2,350,000)	(1,300,774)
Cash flows from financing activities		
Proceeds from issuance of shares, net of costs	-	430,055
Proceeds from subscriptions received	-	122,500
Net cash generated by financing activities	-	552,555
Change in cash and cash equivalents	(2,462,702)	(1,915,757)
Cash and cash equivalents, beginning	2,753,143	4,932,737
Cash and cash equivalents, ending	\$ 290,441	\$ 3,016,980
Cash and cash equivalents are comprised of:		
Cash	\$ 128,441	\$ 3,016,980
Guaranteed Investment Certificate	162,000	-
	\$ 290,441	\$ 3,016,980

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 and six months ended June 30, 2019 the Company incurred net losses of \$60,320 (2018 - \$603,665) and \$155,935 (2018 - \$1,442,717), respectively and as of June 30, 2019, the Company’s deficit was \$29,049,229 (December 31, 2018 – \$28,893,294). As at June 30, 2019 the Company had working capital of \$287,348, which is expected to be sufficient to finance operating costs over the next twelve months. Additional financing may be required to acquire new investments. Future funding for investments 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 August 26, 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 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.)
Notes to Condensed Consolidated Interim Financial Statements
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2. Significant accounting policies – continued

b) Accounting standards issued but not yet adopted

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

3. Investments

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

	Fair value at December 31, 2018	Additions	Fair value adjustment	Fair value at June 30, 2019
	\$	\$	\$	\$
Eli Technologies Corp.	157,500	-	-	157,500
Abaxx Technology Inc.	250,000	-	-	250,000
Fusion Agiletech Partners Inc.	83,571	-	(32,142)	51,429
FansUnite Entertainment Inc.	16,000	-	-	16,000
Canivate Growing Systems Ltd. (i)	-	1,350,000	-	1,350,000
MineHub Technologies Inc. (ii)	-	300,000	-	300,000
Total	507,071	1,650,000	(32,142)	2,124,929

(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.

On May 10, 2019, the Company purchased 1,000,000 units at \$1.00 per unit via private placement. Each unit represents one common share and one share purchase warrant, exercisable at \$2.00 for five years from the issue date.

(ii) On April 4, 2019, the Company purchased 1,000,000 common shares of MineHub Technologies Inc. ("MineHub") at \$0.25 per share via private placement for \$250,000.

On June 19, 2019, the Company received 200,000 common shares of MineHub in relation to a loan provided to MineHub (Note 5).

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.

In the three and six months ended June 30, 2019, the Company recognized finance income of \$14,794 and \$16,438, respectively, for interest related to the convertible debenture.

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5. Note receivable

On June 19, 2019, the Company issued a \$250,000 loan to MineHub Technologies, Inc., an arm's length third party. The note receivable bears interest at 10% and matures on June 18, 2020. In addition, bonus securities of 200,000 common shares of MineHub were issued to the Company. The common shares received were recognized at their fair value of \$50,000. The note receivable was recorded at its amortized cost of \$200,000 and will be accreted to face value over the term of the loan.

The Company recognized finance income of \$2,260 for the three and six months ended June 30, 2019 related to interest and accretion on the note receivable.

6. 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 June 30, 2019 (December 31, 2018 – 1,193,000). The weighted average remaining contractual life of the warrants outstanding at June 30, 2019 was 0.40 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	0.22	790,000	0.13
January 8, 2020	0.40	403,000	0.14	0.18	403,000	0.14
		1,193,000	0.27	0.40	1,193,000	0.27

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6. 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 June 30, 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	(900,000)	0.430
Balance, June 30, 2019	3,265,000	0.310
Weighted average remaining contractual life		3.03 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	2.44	1,525,000	0.165
January 11, 2023	0.430	1,740,000	0.430	3.54	1,740,000	0.430

7. Related party transactions

Related party transactions relate to share-based payments for the January 11, 2018 stock option grant (Note 6). For the three and six months ended June 30, 2019, share-based payments to related parties were \$1,095 (2018 - \$279,623) and \$6,237 (2018 - \$713,445), respectively.

During the six months ended June 30, 2019, the Company paid \$23,929 (2018 - \$Nil) to the interim CEO and CFO of the Company for consulting services.