

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

Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 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

	Note	September 30, 2019 (unaudited) \$	December 31, 2018 \$
Assets			
Current			
Cash and cash equivalents		221,582	2,753,143
Interest receivable		50,056	11,651
		271,638	2,764,794
Non-Current			
Reclamation deposits		57,152	60,724
Investments	3	2,116,357	507,071
Convertible debenture receivable	4	500,000	-
Note receivable	5	214,110	-
		2,887,619	567,795
		3,159,257	3,332,589
Liabilities			
Current			
Accounts payable and accrued liabilities		9,205	12,000
		9,205	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		(29,070,068)	(28,893,294)
		3,150,052	3,320,589
		3,159,257	3,332,589

Nature of operations and going concern (Note 1)
Subsequent event (Note 8)

These condensed consolidated interim financial statements were approved by Board of Directors on November 21, 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 September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
		\$	\$	\$	\$
Finance fees and bank charges		18	18	213	303
Consulting fees		-	75,000	25,125	110,000
Filing and transfer agent fees		6,361	5,947	17,694	37,401
Office, rent and administration		37,342	89,342	131,822	182,969
Professional fees		3,457	43,217	19,706	93,645
Marketing		-	191,108	-	682,086
Share-based payments	6,7	-	151,363	6,237	864,808
Travel		-	4,513	-	37,047
		(47,178)	(560,508)	(200,797)	(2,008,259)
Finance income		34,911	6,541	64,737	11,575
Change in fair value of investments	3	(8,572)	-	(40,714)	-
		26,339	6,541	24,023	11,575
Net loss and comprehensive loss		(20,839)	(553,967)	(176,774)	(1,996,684)
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	48,225,756	48,255,756	47,519,822

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)	-	-	-	-	864,808	-	864,808
Net loss for the period	-	-	-	-	-	(1,996,684)	(1,996,684)
Balance at September 30, 2018	48,225,756	30,460,233	-	620,052	1,207,464	(27,979,788)	4,307,961
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	-	-	-	-	-	(176,774)	(176,774)
Balance at September 30, 2019	48,225,756	30,449,956	-	347,173	1,422,991	(29,070,068)	3,150,052

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

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows used in operating activities		
Net loss for the year	\$ (176,774)	\$ (1,996,684)
Adjustments for:		
Share-based payments	6,237	864,808
Change in fair value of investments	40,714	-
Accretion on promissory note receivable	(14,110)	(11,575)
Reclamation deposit	3,572	-
Changes in non-cash working capital items:		
Interest receivable	(38,405)	15,608
Prepaid expenses	-	(183,903)
Accounts payable and accrued liabilities	(2,795)	(11,933)
Net cash used in operating activities	(181,561)	(1,323,679)
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)	(1,307,396)
Net cash used in investing activities	(2,350,000)	(1,307,396)
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	(2,531,561)	(2,078,520)
Cash and cash equivalents, beginning	2,753,143	4,932,737
Cash and cash equivalents, ending	\$ 221,582	\$ 2,854,217
Cash and cash equivalents are comprised of:		
Cash	\$ 59,582	\$ 2,854,217
Guaranteed Investment Certificate	162,000	-
	\$ 221,582	\$ 2,854,217

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

BLOCK X CAPITAL CORP. (formerly Lions Gate Metals Inc.)
Notes to Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2019 and 2018
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 nine months ended September 30, 2019 the Company incurred net losses of \$20,839 (2018 - \$553,967) and \$176,774 (2018 - \$1,996,684), respectively and as of September 30, 2019, the Company’s deficit was \$29,070,068 (December 31, 2018 – \$28,893,294). As at September 30, 2019 the Company had working capital of \$262,433, 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 November 21, 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.

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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 September 30, 2019
	\$	\$	\$	\$
iComply Investor Services Inc.	-	-	-	-
Silota Research and Development Inc.	-	-	-	-
Eli Technologies Corp.	157,500	-	-	157,500
Abaxx Technology Inc.	250,000	-	-	250,000
Qusitive Technology Solutions Inc.	83,571	-	(40,714)	42,857
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	(40,714)	2,116,357

(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 share and one share purchase warrant.

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4. Convertible debenture receivable – continued

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.

During the three and nine months ended September 30, 2019, the Company recognized finance income of \$15,123 and \$31,561, respectively, for interest related to the convertible debenture.

5. Note receivable

On June 19, 2019, the Company issued a \$250,000 loan to MineHub, 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.

During the three and nine months ended September 30, 2019, the Company recognized \$18,904 and \$21,164, respectively, in finance income 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.

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 September 30, 2019 (December 31, 2018 – 1,193,000). The weighted average remaining contractual life of the warrants outstanding at September 30, 2019 was 0.15 years.

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6. Share capital – continued

Expiry Date	Warrants outstanding			Warrants exercisable		
	Exercise Price	Warrants	Weighted Average Exercise Price	Weighted average remaining contractual life (years)	Warrants	Weighted Average Exercise Price
	\$		\$			\$
October 30, 2019	0.20	790,000	0.13	0.06	790,000	0.13
January 8, 2020	0.40	403,000	0.14	0.09	403,000	0.14
		1,193,000	0.27	0.15	1,193,000	0.27

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 vested 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. During the three and nine months ended September 30, 2019, the Company recognized share-based payments of \$nil (2018 - \$151,363) and \$6,237 (2018 - \$864,808), respectively.

The balance of stock options outstanding and exercisable for the period ended September 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, September 30, 2019	3,265,000	0.310
Weighted average remaining contractual life		2.77 years

Expiry Date	Options outstanding			Options exercisable	
	Exercise Price	Options	Remaining contractual life (years)	Options	Exercise Price
	\$				\$
December 8, 2021	0.165	1,525,000	2.19	1,525,000	0.165
January 11, 2023	0.430	1,740,000	3.28	1,740,000	0.430

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7. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key management personnel compensation

During the nine months ended September 30, 2019, the Company paid \$20,125 (2018 - \$75,000) to the interim CEO and CFO of the Company for consulting services.

During the three and nine months ended September 30, 2019, compensation to key management personnel included share-based payments of \$nil (2018 - \$40,134) and \$nil (2018 - \$229,305), respectively.

8. Subsequent event

Subsequent to September 30, 2019, 790,000 share purchase warrants expired unexercised.