

Blockchain Holdings Ltd.

Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2019 and 2018
(Expressed in United States dollars)

NOTICE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the 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 have been prepared by management, and were not reviewed by the Company's independent auditor.

Blockchain Holdings, Ltd.
Unaudited Condensed Consolidated Interim Statements of Financial Position

(expressed in United States dollars)

| | Notes | As at March 31, 2019 | As at December 31, 2018 |
|---|---------|----------------------------|-------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | | \$ 464 | \$ 508,195 |
| Prepayment | | 8,722 | 19,681 |
| Total current assets | | 9,187 | 527,876 |
| Non-current assets | | | |
| Investment in Airbeam | 6 and 8 | 390,196 | - |
| Total non-current assets | | 390,196 | - |
| Total assets | | \$ 399,383 | \$ 527,876 |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 4 and 6 | \$ 76,266 | \$ 228,326 |
| Total current liabilities | | 76,266 | 228,326 |
| Total liabilities | | \$ 76,266 | \$ 228,326 |
| Shareholders' equity | | | |
| Share capital | 5 | 10,391,030 | 10,222,879 |
| Other reserves | 5 | 1,513,866 | 1,513,866 |
| Accumulated Other Comprehensive Loss | | (28,762) | (28,762) |
| Deficit | | (11,553,018) | (11,408,433) |
| | | 323,116 | 299,550 |
| Total liabilities and shareholders' equity | | \$ 399,383 | \$ 527,876 |

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

signed on its behalf by:

signed "James Passin"

 Director

signed "Wayne Lloyd"

 Director

Blockchain Holdings, Ltd.
Unaudited Consolidated Statements of Comprehensive Loss

(expressed in United States dollars)

| | Notes | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|---|-------|---|---|
| Operating expenses | | | |
| Bank charges | | 830 | 9,739 |
| General and administrative | 7 | 19,070 | 3,203 |
| Management fees | 6 | 50,528 | 15,000 |
| Professional fees | 6 | 80,543 | 56,007 |
| Regulatory and transfer agent fees | | 13,174 | 6,163 |
| | | <u>(164,144)</u> | <u>(90,112)</u> |
| Accretion expense | | | (30,267) |
| Foreign exchange loss | | (624) | 7,390 |
| Gain on settlement of debt | 6 | 20,183 | - |
| Recovery of payables | | - | 40,148 |
| Net loss and comprehensive loss for the year | | <u>\$ (144,585)</u> | <u>\$ (72,841)</u> |
| Loss per common share: | | | |
| Basic and diluted | | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> |
| Weighted average number of common shares outstanding: | | | |
| Basic and diluted | | <u>19,829,191</u> | <u>6,530,235</u> |

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

Blockchain Holdings, Ltd.
Unaudited Condensed Consolidated Interim Statements of Changes in Equity

(expressed in United States dollars)

| | Number of common shares (#) | Share Capital | Reserves | | | Accumulated Other Comp Income (Loss) | Deficit | Attributable to Equity Holders of the Parent | Non - Controlling Interest | Shareholders' equity |
|---|-----------------------------------|----------------------|-----------------------------------|------------------|--------------------|--|---------------------|---|----------------------------------|-------------------------|
| | | | Share based payment reserve | Loans | | | | | | |
| Balance at December 31, 2017 | 6,530,235 | \$ 8,049,254 | \$ 1,334,269 | \$ 79,337 | \$ (28,762) | \$ (9,975,943) | \$ (527,202) | \$ (355,632) | \$ (882,834) | |
| Obligation to issue shares | - | - | - | - | - | - | 34,500 | - | 34,500 | |
| Amortization of imputed interest | - | - | - | - | - | - | (7,003) | - | (7,003) | |
| Total comprehensive loss for the period | - | - | - | - | - | (72,841) | (72,841) | - | (72,841) | |
| Balance at March 31, 2018 | 6,530,235 | \$ 8,049,254 | \$ 1,334,269 | \$ 79,337 | \$ (28,762) | \$ (10,048,784) | \$ (572,546) | \$ (355,632) | \$ (928,178) | |
| Balance at December 31, 2018 | 19,784,875 | \$ 10,222,879 | \$ 1,513,866 | \$ - | \$ (28,762) | \$ (11,408,433) | \$ 299,550 | \$ - | \$ 299,550 | |
| Private placement | 443,156 | 168,151 | - | - | - | - | 168,151 | - | 168,151 | |
| Total comprehensive loss for the period | - | - | - | - | - | (144,585) | (144,585) | - | (144,585) | |
| Balance at March 31, 2019 | 20,228,031 | \$ 10,391,030 | \$ 1,513,866 | \$ - | \$ (28,762) | \$ (11,553,018) | \$ 323,116 | \$ - | \$ 323,116 | |

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Blockchain Holdings, Ltd.
Unaudited Condensed Consolidated Interim Statements of Cash Flows

| (expressed in United States dollars) | Note | Three months ended March 31, 2018 | Three months ended March 31, 2018 |
|---|---------|---|---|
| Cash flow from operating activities | | | |
| Loss for the period | | \$ (144,585) | \$ (72,841) |
| Adjustments to reconcile loss to net cash used in operating activities: | | | |
| Accretion | | - | 30,267 |
| Recovery of accounts payable | | - | (40,148) |
| Interest expense | | - | 8,822 |
| Loans for services provided | | - | 16,483 |
| Gain on settlement of debt | 6 | (20,182) | |
| Change in non-cash working capital balances: | | | |
| Prepayments | | 10,959 | 2,894 |
| Deposits received | | - | (8,050) |
| Accounts payable and accrued liabilities | | (131,878) | (50,717) |
| Total cash used in operating activities | | (285,686) | (113,290) |
| Cash flows from financing activities | | | |
| Proceeds from loans | | | 8,619 |
| Share subscription deposits | | - | 34,500 |
| Issuance of shares | 5 | 168,151 | - |
| Total cash provided from financing activities | | 168,151 | 43,119 |
| Cash flows from investing activities | | | |
| Investment in Airbeam | 6 and 8 | (390,196) | - |
| Total cash used in investing activities | | (390,196) | - |
| Effect of foreign exchange on cash | | - | (17,892) |
| Total decrease in cash during the period | | \$ (507,731) | \$ (88,063) |
| Cash and cash equivalents - Beginning of the period | | 508,195 | 223,086 |
| Cash and cash equivalents - End of the period | | \$ 464 | \$ 135,023 |
| Cash interest payments made during the period | | \$ - | \$ - |

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Blockchain Holdings Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2019 and 2018
(Expressed in United States dollars)

1. CORPORATE INFORMATION

Blockchain Holdings Ltd. [the “Company”] is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “BCX”. The Company is currently proposing a change of business to develop broad-based indexing products and blockchain tracking.

The registered office of the Company is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

2. BASIS OF PREPARATION

(a) Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Certain comparative figures have been reclassified to conform to the restated financial statement presentation for the current period. Since the unaudited Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2018.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates, judgements, and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These Financial Statements were authorized for issue by the Board of Directors on May 29, 2019 and have been prepared under the historical cost convention, except for certain financial instruments. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate 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.

Certain comparative figures have been reflected to conform to the restated financial statement presentation for the current period.

Blockchain Holdings Ltd.

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2. BASIS OF PREPARATION (continued)

(b) Going concern

The assessment of the Company's ability to continue as a going concern and ability to fund potential projects, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's business involves a high degree of risk and there can be no assurance that current business development activity will ultimately result in profitable operations. The Company's continued existence is dependent upon its ability to secure future customers and the achievement of profitable operations, or the ability of the Company to raise additional financing.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after January 1, 2018, or later periods.

The following new IFRSs will not have a material effect on the Company's future results and financial position.

- IFRS 9 *Financial Instruments (New; to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9);*
- IFRS 15 *Revenue from Contracts with Customers (New; to replace IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31); and*
- IFRS 16 *Leases (New, to replace IAS 17, IFRIC 4, SIC 15 and SIC 27).*

Other accounting standards or amendments to existing accounting standards that have been issued but have future dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | March 31, 2019 | December 31, 2018 |
|---------------------|----------------|-------------------|
| | \$ | \$ |
| Trade payables | 19,489 | 123,062 |
| Accrued liabilities | 56,777 | 105,264 |
| | <u>76,266</u> | <u>228,326</u> |

Blockchain Holdings Ltd.

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5. SHARE CAPITAL

Authorized share capital

The authorized capital of the company consists of unlimited common shares without par value.

Issued share capital

On February 19, 2019, the Company completed a private placement of 445,570 common shares at a price of CDN\$0.50 per share for total proceeds of \$ CDN 222,786.

Stock options

The continuity of the number of share purchase options outstanding is as follows:

| | Number | Weighted average exercise price |
|------------------------------------|------------------|---------------------------------|
| Balance, December 31, 2017 | 250,000 | 2.40 |
| Cancelled | (102,500) | 2.40 |
| Forfeited | (65,000) | 2.40 |
| Granted | 1,500,000 | 0.15 |
| Outstanding, December 31, 2018 | 1,582,500 | \$ 0.27 |
| Expired | (70,000) | 2.50 |
| Outstanding, March 31, 2019 | 1,512,500 | 0.21 |

On January 8, 2019, the 70,000 options exercisable at \$2.50 per share expired unexercised.

As at March 31, 2019, the following options were outstanding:

| Number of options | | Expiry date | Exercise price | Weighted remaining contractual life (years) |
|--------------------|--------------------|------------------|----------------|---|
| <i>Outstanding</i> | <i>Exercisable</i> | | | |
| 12,500 | 12,500 | December 3, 2020 | \$ 2.00 | 1.93 |
| 1,500,000 | 1,500,000 | October 15, 2023 | \$ 0.20 | 4.76 |
| 1,512,500 | 1,512,500 | | | |

Blockchain Holdings Ltd.

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6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The Company incurred the following transactions with directors and key management personnel during the periods ended March 31, 2019 and 2018 was as follows:

| | March 31, 2019 | | March 31, 2018 | |
|-------------------|----------------|--------|----------------|--------|
| Management fees | \$ | 50,528 | \$ | 31,346 |
| Professional fees | | 13,389 | | |
| | \$ | 63,917 | \$ | 31,346 |

As at March 31, 2019, there is a balance of \$nil (March 31, 2018: \$nil) accrued as payable to the Company's Chief Financial Officer ("CFO") and \$nil (March 31, 2018: \$15,834) accrued as payable to the Company's former CFO.

As at March 31, 2019, there is a balance of \$nil (March 31, 2018: \$nil) accrued as payable to the Company's Chief Executive Officer and \$nil (March 31, 2018: \$74,298) accrued or payable to the Company's former Chief Executive Officer.

On February 22, 2019, the Company settled debts of \$15,834 and \$108,812 through cash payments of \$11,083 and \$76,169 respectively pursuant to debt settlement agreements.

On February 27, 2019, the Company entered into a share purchase to purchase 21,000,000 shares of Airbeam 60 GHz Holdings Ltd. ("Airbeam") including its 60-gigahertz portfolio of gigabit-class wireless infrastructure assets for a total purchase price of \$2,520,000. As at the March 31, 2019, the Company had paid \$390,196 towards the purchase price. Airbeam is related due to a director in common.

Related parties include the Board of Directors, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

7. GENERAL AND ADMINISTRATIVE EXPENSES

| | March 31, 2019 | | March 31, 2018 | |
|-------------------------|----------------|--------|----------------|-------|
| Insurance | \$ | 10,559 | \$ | 2,895 |
| Meals and entertainment | | 217 | | 216 |
| Office supplies | | 6,543 | | 92 |
| Travel | | 1,751 | | - |
| | \$ | 19,070 | \$ | 3,203 |

Blockchain Holdings Ltd.

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8. SUBSEQUENT EVENTS

On May 13, 2019, the Company closed the first tranche of its private placement financing issuing 2,010,000 common shares at CAD\$0.50 per share for gross proceeds of CAD\$1,005,000.

In addition, the Company paid an additional \$493,000 towards the share purchase of Airbeam for total payments of \$883,196.