

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Scorpion Resources Inc. (the “**Company**”)
800-1199 West Hastings Street
Vancouver, BC V6E 2R1

Item 2 Date of Material Change

December 15, 2017

Item 3 News Release

News release dated December 19, 2017 was disseminated via Stockwatch and Market News.

Item 4 Summary of Material Change

The Company announced that it has entered into a letter of intent dated December 15, 2017 (the “**LOI**”) with BlockStrain Technology Corp. (“**BlockStrain**”), a corporation incorporated under the laws of the Province of British Columbia, pursuant to which the Company has agreed to acquire all of the securities of BlockStrain (the “**Transaction**”). The LOI provides that the Company, or a subsidiary of the Company, will issue 38,350,000 common shares of the Company (each, a “**Scorpion Share**”), at a deemed price of \$0.30 per Scorpion Share, to the holders (the “**Vendors**”) of the common shares of BlockStrain (the “**BlockStrain Shares**”) as at the closing of the Transaction (the “**Closing**”) in exchange for the acquisition of all of the BlockStrain Shares. Upon Closing, BlockStrain will become a wholly-owned subsidiary of the Company.

The Transaction will result in the reverse takeover of the Company by BlockStrain and will constitute the Company’s Qualifying Transaction (as defined in the policies of the TSX Venture Exchange (the “**TSXV**”). The Company and BlockStrain are parties dealing at arm’s length, therefore the Transaction will not be a non-arms’ length transaction under the policies of the TSXV. Upon successful completion of the Transaction, it is anticipated that the Company will be listed as a Tier 2 Industrial Issuer on the TSXV.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has entered into the LOI with BlockStrain, pursuant to which the Company has agreed to acquire all of the securities of BlockStrain. The LOI provides that the Company, or a subsidiary of the Company, will issue 38,350,000 Scorpion Shares at a deemed price of \$0.30 per Scorpion Share, to the Vendors as at the Closing in exchange for the acquisition of all of the BlockStrain Shares. Upon Closing, BlockStrain will become a wholly-owned subsidiary of the Company.

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the Transaction, it is anticipated that the Company will be listed as a Tier 2 Industrial Issuer on the TSXV.

About BlockStrain Technology Corp.

BlockStrain is developing a comprehensive, community-driven cannabis genetics registration and licensing archive platform, dedicated to making it safe and conformable for breeders and growers, large and small, to protect and release their varieties into the public domain, while also being compensated and rewarded. BlockStrain has accomplished this by utilizing blockchain and cryptocurrency features to create an ecosystem that encourages contribution of genetics and intellectual property, coupled with the security, authenticity and verification methods that modern distributed ledger technology provides.

BlockStrain combines traditional cannabis culture with modern crypto-technology to deliver a truly intelligent platform powered by the people. By being open and available to everyone, the platform is expected to help shape the future adoption and authenticity of the cannabis industry. Through use of a secure API network, BlockStrain makes it easy for testing providers, grow facilities, app and software developers, research groups and major supply chain platforms to build applications and solutions, thereby helping fuel technology and innovation for the cannabis industry as a whole.

With compliance and regulation being a critical priority for industry participants, BlockStrain is also expected to enable regulatory standards to be adhered to, while providing real-time visibility and collaboration of industry operations directly to agencies assigned to enforce and regulate cannabis activity nationwide. BlockStrain uses powerful supply chain and IoT technology to allow for the tracking of cannabis movement from genetics to sale, while providing for the scalability of what is expected to become a globally traded product. BlockStrain was incorporated on November 22, 2017 under the laws of the Province of British Columbia. Cameron Chell, of Venice, California, is the sole director and officer of BlockStrain. Its principal operations are currently conducted in Canada. To date, BlockStrain has not generated any revenues from its business.

Terms of the Transaction

It is anticipated that the completion of the Transaction will involve, among other things, the following steps:

- the Company completing a 2 for 1 forward split of the Scorpion Shares;
- the Vendors being issued one Scorpion Share for each BlockStrain Share held;
- the Company completing a private placement of subscription receipts for aggregate gross proceeds of up to \$5,000,000 at a price of \$0.30 per subscription receipt (the “**Concurrent Financing**”), the proceeds of which are expected to be used for technology development and licensing, corporate and business development, blockchain and smart contract development, Smart Hub API Development, and for general working capital purposes; and
- the Company adopting a stock option plan, with the number of options available for grant under the plan to be determined in accordance with the policies of the TSXV.

Notwithstanding the foregoing, the parties may agree to different steps based on tax efficiencies, the advice of legal and financial advisors, and market conditions.

As at the date hereof, there are 3,427,191 Scorpion Shares and 38,350,010 BlockStrain Shares issued and outstanding, on an undiluted basis. The Scorpion Shares to be issued to the Vendors are expected to be subject to a hold period expiring four months and one day after the Closing, and such other escrow or pooling restrictions as may be applicable under the policies of the TSXV or under the terms of the definitive agreement to be entered into by the parties with respect to the Transaction (the “**Definitive Agreement**”). It is not expected that the approval of shareholders of the Company will be required in connection with the Transaction under the policies of the TSXV.

A summary of significant financial information with respect to BlockStrain, as well as the expected directors, officers and other insiders of the Company following the Closing, will be included in a subsequent news release.

Completion of the Transaction will be subject to certain conditions, including:

- completion of satisfactory due diligence by each of the parties;
- the Company and BlockStrain obtaining the consent of any parties from whom consent to the consummation of the Transaction is required, including the TSXV and other applicable regulatory authorities;
- approval of the board of directors of each of the Company and BlockStrain being obtained;
- the execution of the Definitive Agreement by each of BlockStrain, the Company and each of the Vendors;
- no legal proceedings pending or threatened to enjoin, restrict or prohibit the Transaction;
- completion of the Concurrent Financing;
- no material adverse change having occurred in connection with the business or capital structure of either of the parties; and
- other conditions customary in transactions similar to the Transaction.

Under the LOI, the parties have agreed to deal exclusively with each other until February 28, 2018. Finder’s fees may be paid in connection with the Concurrent Financing. No finder’s fees are expected to be paid in connection with the Transaction.

Sponsor

The Transaction will be subject to the sponsorship requirements of the TSXV, unless a waiver or exemption from the sponsorship requirement is available. If required, a sponsor will be identified at a later date and will be announced in a subsequent press release, however the Company intends to apply for a waiver of the sponsorship requirement.

Trading in Scorpion Shares

Trading in the Scorpion Shares has been halted in compliance with the policies of the TSXV, and will remain halted pending review by the TSXV and satisfaction of the conditions of the TSXV for resumption of trading. It is likely that trading in the Scorpion Shares will not resume prior to the Closing.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Quinn Field-Dyte, Chief Executive Officer
Telephone: 604.283.1722

Item 9 Date of Report

December 22, 2017