

SCORPION RESOURCES INC.

to be renamed

BLOCKSTRAIN TECHNOLOGY CORP.

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FILING STATEMENT

Dated as at May 10, 2018

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Filing Statement. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout. Terms and abbreviations used in the financial statements and MD&A of Scorpion and Blockstrain and in the pro forma consolidated financial statements of the Resulting Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“ACMPR” means the *Access to Cannabis for Medical Purposes Regulations* issued pursuant to the *Controlled Drugs and Substances Act* (Canada);

“Affiliate” means a company that is affiliated with another company. A company is an “Affiliate” of another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

“API” means application programming interface;

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction, as defined in Policy 1.1 *Interpretation* of the TSXV Corporate Finance Manual;

“Associate” when used to indicate a relationship with any Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity, or (d) in the case of an individual, a relative of that individual, including: (i) that individual’s spouse or child, or (ii) any relative of the individual or of his spouse who has the same residence as that individual;

“BCBCA” means the *Business Corporations Act* (British Columbia);

“Blockstrain” means Blockstrain Technology Corp., a corporation incorporated pursuant to the laws of the Province of British Columbia, which is the **“Target”** (as defined in the TSXV Policy 2.4) with respect to the Transaction;

“Blockstrain Board” means the board of directors of Blockstrain, as constituted from time to time;

“Blockstrain Financial Statements” means the audited financial statements of Blockstrain as at, and for the period from incorporation to, February 28, 2018, which are attached to this Filing Statement as Schedule “C”;

“Blockstrain Shareholders” mean the registered holders of outstanding Blockstrain Shares from time to time;

“Blockstrain Shares” means common shares in the capital of Blockstrain;

“**Business Day**” means any day other than a Saturday, Sunday or a statutory holiday in British Columbia;

“**cannabis**” has the meaning given to such term in the ACMPR;

“**CEO**” means chief executive officer;

“**CFO**” means chief financial officer;

“**CPC**” means a Capital Pool Company, being a company: (a) that has been incorporated or organized in a jurisdiction in Canada; (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

“**Closing**” means the closing of the Transaction;

“**Closing Date**” means the date of the Closing;

“**Company**”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual;

“**Concurrent Financing**” means the non-brokered private placement offering of Subscription Receipts pursuant to which Scorpion raised gross proceeds of \$10,500,000 through the issuance of 35,000,000 Subscription Receipts, on a post-Scorpion Split basis, at price of \$0.30 per Subscription Receipt;

“**Consideration Shares**” means the Resulting Issuer Shares to be issued, on a post-Scorpion Split basis, to the Blockstrain Shareholders;

“**Control Person**” means any Person that holds, or is one of a combination of Persons that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CPC Escrow Agreement**” means the TSXV Form 2F *CPC Escrow Agreement* for Tier 2 issuers dated July 11, 2012, among Scorpion, the Transfer Agent and certain Scorpion Shareholders, pursuant to which the CPC Escrow Shares are currently held in escrow;

“**CPC Escrow Shares**” means the 924,000 Scorpion Shares held in escrow pursuant to the CPC Escrow Agreement as calculated on a post-Scorpion Split basis and adjusted to give effect to the Scorpion Consolidation;

“**CPC Policy**” means TSXV Policy 2.4 *Capital Pool Companies* in the TSXV Corporate Finance Manual;

“**CSE**” means the Canadian Securities Exchange;

“**Escrow Agent**” means the Transfer Agent, in its capacity as escrow agent for the Scorpion Shares held in escrow under the CPC Escrow Agreement or the Value Security Escrow Agreement, as applicable;

“**Filing Statement**” means this filing statement dated May 10, 2018, together with all schedules hereto;

“**Final Exchange Bulletin**” means the TSXV Bulletin which is issued following closing of the Qualifying Transaction and the submission of required documentation which evidences the final TSXV acceptance of the Qualifying Transaction;

“**Heated Details**” means Heated Details, Inc., a company incorporated under the laws of the State of Washington;

“**Heated Details Master Services Agreement**” means the master services agreement and supporting statement of work dated January 19, 2018 between Heated Details and Blockstrain;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer,
- (b) a director or senior officer of a company that is an insider or subsidiary of the issuer,
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or
- (d) the issuer itself if it holds any of its own securities;

“**IoT Technology**” means the network of physical devices, vehicles, appliances and other items embedded with electronics, software, sensors, actuators and connectivity, which enables Blockstrain to connect and exchange data;

“**IPO**” means the initial public offering of Scorpion Shares that occurred on September 7, 2012;

“**IPO Agency Agreement**” means the agency agreement dated August 15, 2012 between Scorpion and the IPO Agent;

“**IPO Agent**” means Jordan Capital Markets Inc., the agent which assisted Scorpion with respect to the sale of Scorpion Shares in the IPO pursuant to the terms of the IPO Agency Agreement;

“**MD&A**” means Management’s Discussion and Analysis;

“**Member**” has the meaning set out in the policies of the TSXV;

“**Minister**” means the Canadian Federal Minister of Health;

“**Named Executive Officers**” or “**NEO**” means, in relation to a company, each of the following individuals:

- (a) any individual who acted as CEO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (b) any individual who acted as CFO of the company, or acted in a similar capacity, for any part of the most recently completed financial year,
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation – Venture Issuers*, for that financial year, and

- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year;

“Non-Arm’s Length Party” means: (a) in relation to a company: (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such persons, or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person as the company; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

“Offering Price” means the purchase price per Subscription Receipt sold pursuant to the Concurrent Financing, being \$0.30 per Subscription Receipt;

“Person” is to be construed broadly and includes any individual, company, partnership, joint venture, association, trust, trustee, executor, administrator, unincorporated association, governmental entity or other entity, whether or not having legal status;

“Pro Forma Financial Statements” means the unaudited pro forma financial statements for the Resulting Issuer as at December 31, 2017, to give effect to the Transaction as if it had taken place as of December 31, 2017, which are attached as Schedule “D” to this Filing Statement;

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, which, with respect to Scorpion, is the Transaction;

“Resulting Issuer” means Scorpion following the date of issuance of the Final Exchange Bulletin;

“Resulting Issuer Board” means the board of directors of the Resulting Issuer;

“Resulting Issuer Shares” means the Scorpion Shares on a post-Scorpion Split basis, following the date of issuance of the Final Exchange Bulletin, including the Consideration Shares and any Scorpion Shares issued on conversion of the Subscription Receipts;

“Scorpion” means Scorpion Resources Inc., a company incorporated under the laws of the Province of British Columbia, which is the **“Issuer”** as defined in the policies of the TSXV;

“Scorpion 2018 Option Plan” means Scorpion’s 2018 fixed stock option plan, which was adopted by the Scorpion Board effective May 10, 2018;

“Scorpion Board” means the board of directors of Scorpion, as constituted from time to time;

“Scorpion Consolidation” means the 5 for 1 consolidation of the outstanding Scorpion Shares that occurred on May 23, 2017;

“Scorpion Existing Option Plan” means Scorpion’s 10% rolling stock option plan, which was adopted by the Scorpion Board on October 6, 2016 and last ratified by the Scorpion Shareholders at the 2017 annual meeting of the Scorpion Shareholders held on December 18, 2017;

“Scorpion Financial Statements” means the audited annual financial statements of Scorpion for the financial years ended March 31, 2017 and 2016, and the unaudited condensed interim financial statements of Scorpion for the three and nine months ended December 31, 2017, which are attached as Schedule “A” to this Filing Statement;

“Scorpion Options” means options to acquire Scorpion Shares;

“Scorpion Shareholders” mean the holders of Scorpion Shares from time to time;

“Scorpion Shares” means common shares in the capital of Scorpion;

“Scorpion Split” means the split of the Scorpion Shares that occurred on March 5, 2018, pursuant to which each pre-split Scorpion Share was exchanged for two post-split Scorpion Shares;

“Securities Laws” means securities legislation, securities regulations and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer;

“SEDAR” means the System for Electronic Document Analysis and Retrieval;

“Share Exchange Agreement” means the share exchange agreement dated January 16, 2018 among Scorpion, Blockstrain and each of the Blockstrain Shareholders;

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the TSXV;

“Spark” means Spark Digital Technologies, Inc., a company incorporated under the laws of Canada;

“Spark Assets” means Spark’s IgnitePro™ software and other intellectual property;

“Spark Loan” means the loan by Blockstrain to Spark in the principal amount of \$100,000, which matures one year from the effective date of the Spark LOI, and bears interest at the rate of 10% per annum;

“Spark LOI” means the letter of intent dated December 29, 2017 between Spark and Blockstrain;

“Spark Master Services Agreement” means the master services agreement and statement of work dated December 20, 2017 between Spark and Blockstrain with respect to certain preliminary creative work and infrastructure development that was completed in 2017, which is unrelated to the transactions contemplated by the Spark LOI;

“Subscription Receipts” means the subscription receipts issued by Scorpion in connection with the Concurrent Financing;

“Superior Proposal” means, other than the Transaction, any bona fide offer, proposal or inquiry made with respect to Blockstrain or any Affiliate thereof, by any Person other than Scorpion or an Affiliate thereof with respect to:

- (a) any take-over bid, exchange offer, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding-up, or exclusive license involving Blockstrain or any Affiliate thereof,
- (b) any acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), direct or indirect, in a single transaction or a series of related transactions, of all or a significant portion of the assets of, or more than 20% of any class of the share capital, voting securities or other equity interests in, Blockstrain or any Affiliate thereof,

- (c) any other similar transaction or series of transactions involving Blockstrain or any Affiliate thereof, or
- (d) any other transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the transactions contemplated by the Share Exchange Agreement, or which could reasonably be expected to materially reduce the benefits to Scorpion under the Share Exchange Agreement;

“**Transaction**” means, collectively: (a) the acquisition by Scorpion of all of the Blockstrain Shares from the Blockstrain Shareholders, (b) the Concurrent Financing, and (c) all other transactions contemplated by the Share Exchange Agreement;

“**Transfer Agent**” means Computershare Investor Services Inc., the transfer agent of Scorpion;

“**TSXV**” means the TSX Venture Exchange Inc., and includes the NEX board thereof, as applicable;

“**Value Escrow Shares**” means Resulting Issuer Shares to be deposited into escrow pursuant to the Value Security Escrow Agreement; and

“**Value Security Escrow Agreement**” means the escrow agreement in Form 5D to be entered into by and among the Escrow Agent, the Resulting Issuer and all of the former Blockstrain Shareholders concurrently with or prior to Closing.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information contained in this Filing Statement constitute forward-looking statements or forward-looking information (collectively “**forward-looking statements**”) within the meaning of applicable Securities Laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective”, “outlook” or similar words suggesting future outcomes or language suggesting an outlook. In particular, this Filing Statement contains forward-looking statements with respect to:

- Blockstrain and the Resulting Issuer’s proposed business model;
- Blockstrain and the Resulting Issuer’s ability to meet current and future obligations;
- Blockstrain and the Resulting Issuer’s adequacy of insurance coverage;
- Blockstrain and the Resulting Issuer’s ability to manage complex software implementation projects;
- Blockstrain and the Resulting Issuer’s reliance on third party software; and
- the negative consumer perception of the cannabis industry and its potential effect on the business of Blockstrain and the Resulting Issuer.

Forward-looking statements in this Filing Statement are based on the current beliefs of management of Scorpion and Blockstrain, as well as assumptions made by, and information currently available to, Scorpion and Blockstrain, as applicable, regarding, among other things:

- how cryptocurrency inventory, including that maintained by or for Blockstrain, may be exposed to cybersecurity threats and hacks;
- competing blockchain platforms and technologies;
- the irreversibility of incorrect or fraudulent blockchain or coin transactions;
- Blockstrain's ability to obtain the financing necessary to continue its business;
- the changing regulatory landscape of the cannabis industry and legislation;
- the evolving nature of blockchain and cryptocurrency technology infrastructure and application;
- the limited precedents for the financial accounting of bitcoin, Ethereum, and other digital assets, and the impact of same on how Blockstrain will be required to account for digital asset transactions in the future; and
- the impact of geopolitical events on the supply and demand for cryptocurrencies.

The actual results, performance or achievements of the Resulting Issuer could differ materially from those anticipated in the forward-looking statements contained in this Filing Statement as a result of the risk factors set forth below and under the heading "Risk Factors", including, but not limited to:

- Blockstrain's limited operating history upon which an evaluation of Blockstrain and its prospects can be based;
- the enforcement of cannabis laws;
- risks inherent in an agricultural business;
- environmental regulations and risks;
- negative consumer perception;
- cryptocurrency exchanges and other trading venues being relatively new and, in most cases, largely unregulated and therefore subject to fraud and failures;
- risks relating to the adoption of digital currencies;
- the impact of regulatory changes or actions altering investment in Blockstrain or restricting the use of cryptocurrencies in a manner that adversely affects Blockstrain's business, prospects or operations;
- the development and acceptance of cryptographic and algorithmic protocols governing the issuance of, and transactions in, cryptocurrencies;
- Blockstrain or the Resulting Issuer's ability to generate profits;
- Blockstrain or the Resulting Issuer's ability to manage growth;
- the adverse effect of competitors on Blockstrain's operation, strategies and profitability;

- whether banks and financial institutions will continue to provide banking services to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment;
- the impact of geopolitical events on the supply and demand for cryptocurrencies;
- the acceptance and/or widespread use of cryptocurrency;
- the effect of political and or economic crises on the sales of bitcoin and ether, or other cryptocurrencies, which could result in a reduction in value and adversely affect the blockchain industry;
- the legality now, or in the future, of acquiring, owning, holding, selling or using bitcoin, ether or other cryptocurrencies, that participate in the blockchain or utilize similar digital assets in one or more countries;
- the lack of liquid markets, and possible manipulation of blockchain/cryptocurrency based assets;
- network security risks; and
- the impact of negative cash flows on Blockstrain operations and how, if Blockstrain is unable to obtain further financing, Blockstrain's business operations may fail.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by Scorpion or Blockstrain that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this Filing Statement are made as of the date hereof, and neither Scorpion nor Blockstrain undertakes any obligation, except as required by applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Filing Statement and the documents referred to herein are expressly qualified by this cautionary statement.

BLOCKSTRAIN INFORMATION

The information contained or referred to in this Filing Statement relating to Blockstrain has been furnished by Blockstrain. In preparing this Filing Statement, Scorpion has relied upon Blockstrain to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Blockstrain. Although Scorpion has no knowledge that would indicate that any statements contained herein concerning Blockstrain are untrue or incomplete, neither Scorpion nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Blockstrain to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

SCORPION INFORMATION

The information contained or referred to in this Filing Statement relating to Scorpion has been furnished by Scorpion. In preparing this Filing Statement, Blockstrain has relied upon Scorpion to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Scorpion. Although Blockstrain has no knowledge that would indicate that any statements contained herein

concerning Scorpion are untrue or incomplete, neither Blockstrain nor its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Scorpion to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

DATE OF INFORMATION

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of May 10, 2018, and the phrase “as of the date hereof” and equivalent phrases refer to such date.

CURRENCY

In this Filing Statement, references to “\$” or “dollars” are to the lawful currency of Canada, unless otherwise stated.

SUMMARY

The following is a summary of information relating to Scorpion, Blockstrain and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. This summary is provided for convenience only and is qualified in its entirety by the more detailed information appearing or referred to elsewhere in this Filing Statement, including the Schedules hereto. Terms with initial capital letters in this Summary are defined in the Glossary of Terms or elsewhere in this Filing Statement.

Scorpion Resources Inc.

Scorpion is a company incorporated under the BCBCA and is a CPC. As such, to date, the principal business of Scorpion has been to identify and evaluate opportunities for the acquisition of an interest in a Significant Asset and, once identified and evaluated, to negotiate an acquisition of, or participation in, such Significant Asset, subject to receipt of the approval of the TSXV. A more detailed description of Scorpion is provided under the heading "*Information Concerning Scorpion*".

Blockstrain Technology Corp.

Blockstrain was incorporated under the BCBCA on November 22, 2017. Blockstrain is in the business of 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 genetics and strain varieties into the public domain, while also being compensated and rewarded. A more detailed description of Blockstrain is provided under the heading "*Information Concerning Blockstrain*".

The Qualifying Transaction

Scorpion and Blockstrain have entered into the Share Exchange Agreement, the terms of which were the result of arms' length negotiation among the parties thereto. Pursuant to the terms of the Share Exchange Agreement, the Blockstrain Shareholders have agreed to sell to Scorpion, and Scorpion has agreed to purchase from the Blockstrain Shareholders, all their legal and beneficial interest in their respective Blockstrain Shares, such that, immediately following the Closing, all of the Blockstrain Shares will be owned by Scorpion, and Blockstrain will be a wholly-owned subsidiary of Scorpion.

In connection with the completion of the Transaction, it is expected that an aggregate of 38,350,000 Consideration Shares will be issued to the Blockstrain Shareholders. The Transaction will constitute a reverse takeover of Scorpion because, following the Closing, the Blockstrain Shareholders are expected to own approximately 47.8% of the outstanding Scorpion Shares on an undiluted basis, after conversion of the Subscription Receipts.

Completion of the Transaction is subject to the satisfaction of certain closing conditions as set out in the Share Exchange Agreement and in the conditional approval letter provided by the TSXV in connection with the Transaction.

Following completion of the Transaction, the Resulting Issuer will be a Tier 2 Industrial Issuer listed on the TSXV. See "*Information Concerning the Resulting Issuer – Corporate Structure – Name and Incorporation*".

Scorpion Name Change

The Scorpion Board has approved a name change of Scorpion, effective as of the Closing, to “Blockstrain Technology Corp.” or such other name as is agreed to by Scorpion and Blockstrain. Following the name change, it is expected that the trading symbol for the Resulting Issuer Shares will change from “SR.H” to “DNAX.V”, or such other symbol as may be determined by Scorpion and Blockstrain.

Right to Match

In the event that Blockstrain receives a Superior Proposal, Scorpion has the right, but not the obligation, to offer to amend the Share Exchange Agreement, including modification of the consideration to be issued or paid to the Blockstrain Shareholders.

Concurrent Financing

In order to raise operating capital for the Resulting Issuer, Scorpion completed the Concurrent Financing, by way of a non-brokered private placement, which closed in two tranches on March 8, 2018 and March 16, 2018, pursuant to which Scorpion issued an aggregate of 35,000,000 Subscription Receipts at a price of \$0.30 per Subscription Receipt for gross proceeds of \$10,500,000, which proceeds have been deposited into escrow with an escrow agent in accordance with the terms thereof. Cash finder’s fees in an amount equal to up to 6.0% of the gross proceeds raised are expected to be paid in connection with the Closing.

Upon the Closing, each Subscription Receipt will, for no additional consideration, automatically be exchanged into one Scorpion Share (on a post-Scorpion Split basis).

If all of the conditions precedent to the release of the escrowed proceeds have not been satisfied or waived to the satisfaction of Scorpion and Blockstrain by 5:00 p.m. (Vancouver time) on May 31, 2018, Scorpion will be deemed to have repurchased all of the Subscription Receipts at an aggregate price equal to the aggregate issue price of the Subscription Receipts, which amount will be returned to the respective subscribers, together with their pro rata entitlement to any interest earned on the escrowed funds.

The Resulting Issuer intends to use the proceeds from the Concurrent Financing as described under the heading “*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*”.

Directors and Officers of the Resulting Issuer

In connection with the Closing, certain of the officers and directors of Scorpion are expected to resign such that, upon completion of the Transaction, the directors and officers of the Resulting Issuer are expected to be as follows:

Name	Position
Robert Galarza	Chief Executive Officer and Director
Anthony Jackson	Chief Financial Officer, Secretary and Director
Tommy Stephenson	Chief Technology Officer
Cameron Chell	Director
Michael Kraft	Director
Konstantin Lichtenwald	Director

Arm's Length Transaction

The Transaction is an Arm's Length Transaction.

Estimated Funds Available

The following table sets out information respecting the Resulting Issuer's expected sources of cash following the completion of the Transaction. The amounts shown in the table are estimates only and are based upon the information available to Scorpion and Blockstrain as of the date hereof:

Sources	(\$)
Estimated Scorpion working capital as at April 30, 2018 (unaudited)	(11,370)
Estimated Blockstrain working capital as at April 30, 2018 (unaudited)	162,720
Gross proceeds of Concurrent Financing	10,500,000 ⁽¹⁾
Estimated funds available to the Resulting Issuer upon completion of the RTO	10,651,350

(1) Calculated without deducting cash finder's fees of up to 6% of the gross proceeds raised under the Concurrent Financing that may be payable in connection with the Concurrent Financing to certain arm's length finders.

Principal Purposes

The following table sets out information respecting the Resulting Issuer's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Scorpion and Blockstrain as of the date hereof:

Use of Funds	(\$)
Payments related to the Completion of the Qualifying Transaction	500,000 ⁽¹⁾
Finder's fees in connection with Concurrent Financing	630,000 ⁽²⁾
Estimated 12 month general and administrative expenses	2,835,100 ⁽³⁾
Research and development	1,625,000
Licensing	1,230,000
Product development	1,072,500
Unallocated working capital	2,758,750
Total	10,651,350

(1) Includes legal fees, auditor review fees, TSXV filing fees, transfer agent fees and other expenses incurred or expected to be incurred in connection with the Transaction.

(2) Cash finder's fees of up to 6% of the gross proceeds raised may be payable in connection with the Concurrent Financing.

(3) Includes communications, investor relations and marketing expenses of \$640,000; employee payroll, benefits, and training expenses of \$1,475,100; rent, property tax, and insurance expenses of \$160,000; professional service fees of \$240,000; trade show and travel expenses of \$220,000; TSXV and transfer agent fees of \$60,000; and sales commissions of \$20,000.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. For additional information regarding the funds available to the Resulting Issuer and the proposed use of those funds, see "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Selected Pro-Forma Consolidated Financial Information

The following table summarizes selected pro-forma consolidated financial information for the Resulting Issuer as at December 31, 2017. The information should be read in conjunction with the Pro Forma Financial Statements, which are attached hereto as Schedule "D".

	Scorpion (unaudited) as at December 31, 2017 (\$)	Blockstrain (audited) as at February 28, 2018 (\$)	Pro Forma Adjustments (unaudited) (\$)	Resulting Issuer Pro Forma (unaudited) as at December 31, 2017 (\$)
Current assets	159,549	419,673	9,662,729	10,241,951
Total assets	159,549	419,673	9,662,729	10,241,951
Current liabilities	170,915	22,163	-	193,078
Total liabilities	170,915	22,163	-	193,078
Shareholders' equity (deficit)	(11,366)	397,510	9,662,729	10,048,873

Stock Exchange Listing

The Blockstrain Shares are not listed on any Canadian or foreign stock exchange or traded on a Canadian or foreign market. The Scorpion Shares are currently listed on the TSXV under the symbol "SR.H". The Scorpion Shares were halted from trading on the TSXV on December 15, 2017, pending completion of the Transaction. The closing price of the Scorpion Shares on the TSXV on December 15, 2017, being the last trading date prior to the imposition of the halt and the announcement of the Transaction, was \$0.60, which was adjusted to \$0.30 as a result of the Scorpion Split.

Sponsorship for the Transaction

Pursuant to Policy 2.2 of the TSXV Corporate Finance Manual, sponsorship is generally required in conjunction with a Qualifying Transaction. Scorpion has applied to the TSXV for a waiver of the sponsorship requirement in connection with the Transaction from the TSXV on the basis that, pursuant to Section 3.4(b) of Policy 2.2, it would not be contrary to the public interest, as Scorpion is not a Foreign Issuer and that the directors and officers of the Resulting Issuer will collectively: (a) possess a positive record with junior companies; (b) have the ability to raise financing; (c) have a positive corporate governance record; (d) have the technical experience required of the industry sector; and (e) show a positive record of experience as directors or senior officers with public companies in Canada or the United States.

Interests of Experts

To the knowledge of Scorpion and Blockstrain, no Person whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has a direct or indirect material interest in the property of Scorpion or Blockstrain, or in any Associate or Affiliate thereof.

TSXV Approval

Scorpion has received the conditional approval of the TSXV for the Transaction. Completion of the Transaction is subject to receipt of the final approval of the TSXV, among other conditions as provided pursuant to the conditional approval.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in cryptocurrency or blockchain technology production or sales. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible business opportunities or generally when acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA, the TSXV and applicable Securities Laws.

RISK FACTORS

There are inherent risks in the business of the Resulting Issuer. The Transaction must be considered highly speculative due to the nature of the business of the Resulting Issuer. Investors must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Resulting Issuer. The business of the Resulting Issuer will be subject to risks and hazards, some of which will be beyond its control. Such risk factors include, but are not limited to: regulatory risks; changes in laws, regulations and guidelines; limited operating history; reliance on management; factors which may prevent realization of growth targets; the fact that Blockstrain may not achieve or maintain profitability; need for additional financing in the future; competition; risks inherent in an agricultural business; vulnerability to rising energy costs; transportation disruption risks; risks associated with unfavourable publicity or consumer perception; product liability risks; risks related to product recalls; reliance on key inputs; dependence on suppliers and skilled labour; restrictions on business imposed by the TSXV; difficulty in forecasting; operating risk and insurance coverage; conflicts of interest; litigation; the fact that the market price of the Resulting Issuer Shares may be subject to wide price fluctuation; the fact that the Resulting Issuer does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future; risks associated with ongoing legal challenge(s) to the medical cannabis regulatory regime in Canada; the limited market for the Resulting Issuer Shares; and risks associated with environmental and employee health and safety regulations.

The following risk factors should be carefully considered in evaluating Scorpion, Blockstrain, the Resulting Issuer and the Transaction.

The risks presented below are believed to be key factors that could cause actual results to be different from expected and historical results but they may not be all of the risks that the Resulting Issuer may face. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the Resulting Issuer's business following the completion of the Transaction. The market in which Blockstrain currently competes, and the Resulting Issuer will compete, is very competitive and changes rapidly. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

Limited Operating History and History of Losses

Blockstrain has not commenced commercial operations and has no assets other than cash. Blockstrain has no history of earnings and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction. As such, it is subject to many of the risks common to early-stage enterprises, including under-capitalization; cash shortages; limitations with respect to personnel, financial, and other resources; and lack of revenue. Although Blockstrain anticipates generating revenue in the future, it is also incurring substantial expenses in the establishment of its business. The success of the Resulting Issuer will ultimately depend on its ability to generate cash from its business. There is no assurance that the future expansion of the business will be sufficient to raise the required funds to continue the development of its business. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of its operations.

Service Interruptions

Blockstrain intends to serve customers from third-party data center hosting facilities located in British Columbia and Alberta. Any damage to, or failure of, Blockstrain's systems could result in interruptions to

Blockstrain's service. As Blockstrain continues to add data centers and add capacity in existing data centers, Blockstrain may move or transfer its data and its customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of its services. Further, any damage to, or failure of, Blockstrain's systems generally could result in interruptions in Blockstrain's service. Interruptions in Blockstrain's service may reduce revenue, cause Blockstrain to issue credits or pay penalties, cause customers to terminate their subscriptions and materially adversely affect its renewal rates and ability to attract new customers.

It is also expected that Blockstrain's business will be harmed if its customers believe its service is unreliable. Blockstrain intends to replicate and back-up customer data as part of its disaster recovery plans. However, these plans may not be successful in all circumstances. Blockstrain will not control the operation of any third party facilities it may use. All of the facilities it operates or utilizes are expected to be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close any facility without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in Blockstrain's service. Even with the disaster recovery arrangements, Blockstrain's service could be interrupted and its business and financial condition could be materially adversely affected.

Need for Continued Development of Technology

The success of Blockstrain's platform will be dependent on the accuracy, proper use and continuing development of its technological systems, including its business systems and operational platforms. Blockstrain's ability to effectively use the information generated by its information technology systems, as well as its success in implementing new systems and upgrades, may affect its ability to: conduct business with its clients, including delivering services and solutions; manage its inventory and accounts receivable; purchase, sell, ship and invoice its products and services efficiently and on a timely basis; and maintain its cost-efficient operating model while expanding its business in revenue and in scale.

Ability to Generate Profits

There can be no assurance that the Resulting Issuer will generate net profits in future periods. Further, there can be no assurance that the Resulting Issuer will be cash flow positive in future periods. In the event that the Resulting Issuer fails to achieve profitability, the value of the Resulting Issuer Shares may decline. In addition, if the Resulting Issuer is unable to achieve or maintain positive cash flows, the Resulting Issuer will be required to seek additional funding, which may not be available on favourable terms, or at all.

Regulatory Uncertainty

The legal global cannabis industry is still in its infancy, and is dependent on the regulatory environment, including federal, state and local laws. Blockstrain's business and achievement of its business objectives will be dependent, in part, on compliance with regulatory requirements enacted by governmental authorities for the collection and tracking of data related to the cannabis sector. An assumption in Blockstrain's business plan is that the Federal Government will proceed with legalization of adult use cannabis in late summer/early fall of 2018. As has been discussed in recent news, there is a risk that this date will be pushed back, possibly as far as until summer 2019. If the adult-use market is postponed, Blockstrain will still be able to roll out its business plan with clients that are solely Licensed Producers operating under the ACMPR, but the potential client base will be smaller. Further, even if the adult-use market does open in the timeframe expected, there is a risk that governmental authorities and other industry participants will not accept or utilize Blockstrain's technology. While Blockstrain expects that its

business model will be perceived to be viable and compliant with applicable regulatory requirements, there is no guarantee that its platform will be adopted or utilized. To the extent that there are changes to existing regulations, the adoption and use of Blockstrain's platform may be adversely affected.

In addition to the above, in jurisdictions such as the United States, the conflict between federal and state legislation could have a material adverse impact on Blockstrain's business. Blockstrain's management has determined that, at this time, it will only operate in Canada and, in the future, will only enter regulated markets where there is an alignment between all levels of government and in which the TSXV has approved it conducting operations. However, there can be no assurance that the regulatory environment will remain favourable to the conduct of Blockstrain's business. Further, even within Canada, different provinces and local governmental authorities will have different regulatory requirements and it is possible that Blockstrain's platform may not be compatible with those requirements. This variability may be difficult and/or ineffective to manage from both a technological and cost standpoint. In the event that Blockstrain's business is determined to be non-compliant with applicable regulatory requirements, its business and financial condition would be materially adversely affected

Blockchain Related Risks

The use of blockchain technology for enterprise applications is in its early stages. While numerous use cases have been developed to demonstrate the efficiency, security and viability of blockchain technology, it is still largely unproven. There are risks that the underlying blockchain protocols and methodologies will not be scalable or sustainable in industry-wide applications. As a new and largely un-regulated industry, changes in or more aggressive enforcement of laws and regulations around blockchain could adversely impact companies involved in the industry. Failure or delays in obtaining necessary approvals, or changes in government regulations and policies and practices could have an adverse impact on the Resulting Issuer's future cash flows, earnings, results of operations and financial condition. Further, governmental agencies could shut down or restrict the use of blockchain platforms or blockchain based technologies. This could lead to a loss or interruption in business for the Resulting Issuer.

Intellectual Property Risk

The Resulting Issuer's activities may infringe on patents, trademarks or other intellectual property rights owned by others. If the Resulting Issuer is required to defend itself against intellectual property rights claims, it may spend significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If the Resulting Issuer is found to have infringed on the patents, trademarks or other intellectual property rights of others, the Resulting Issuer may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on its operations. Such litigation or claims and the consequences that could follow could distract management of the Resulting Issuer from the ordinary operation of its business and could increase costs of doing business, resulting in a negative impact on the business, financial condition or results of operations of the Resulting Issuer.

Evolving Business Model

As digital assets and blockchain technologies become more widely available, management expects the services and products associated with them to evolve. As a result, to stay current with the industry, Blockstrain's business model may need to evolve as well. From time to time, Blockstrain may modify aspects of its business model relating to its product mix and service offerings. Blockstrain cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. Blockstrain may not be able to manage growth effectively, which could damage its reputation, limit its growth and negatively affect its operating results. Such circumstances would have a material adverse effect on Blockstrain's ability to continue as a going concern, which would have a material

adverse effect on its business, prospects and operations, and potentially the value of any cryptocurrencies it holds or expects to acquire for its own account, and harm the Resulting Issuer's investors.

Network Security Risks

Blockstrain expects to obtain, transmit and store confidential user information in connection with its services. These activities are subject to the laws and regulations of Canada and other jurisdictions. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions where Blockstrain intends to offer services, are designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed. Blockstrain expects to rely on a variety of technologies to secure its systems. Despite the implementation of network security measures, Blockstrain's infrastructure will potentially be vulnerable to computer break-ins and similar disruptive problems. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments, including improper acts by third parties, may result in a compromise or breach of the security measures that Blockstrain uses to protect its systems. Blockstrain could also suffer from an internal security breach.

Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to Blockstrain users. If internal Blockstrain personnel or a third party were to misappropriate, misplace or lose corporate information, including financial and account information, customers' personal information, or source code, Blockstrain's business may be harmed. Blockstrain may be required to expend significant capital and other resources to protect against these security breaches or losses or to alleviate problems caused by these breaches or losses. If third parties gain improper access to Blockstrain's systems or databases or those of Blockstrain's partners or contractors, they may be able to steal, publish, delete or modify confidential customer information. A security breach could expose Blockstrain to monetary liability, and lead to inquiries, fines or penalties.

TSXV Restrictions on Business

In connection with the Closing, the Resulting Issuer Board will be required to undertake to the TSXV that the Resulting Issuer will only conduct the cannabis related business currently being conducted and, unless prior written approval of the TSXV is obtained, will not engage in any cannabis related business outside of Canada. This could adversely affect the Resulting Issuer's ability to expand its business into other areas and may prevent the Resulting Issuer from expanding into new areas of business when its competitors that are not listed on the TSXV may not have such restrictions. Such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Resulting Issuer.

Dilution

The proposed Qualifying Transaction will be financed all or in part by the issuance of additional Scorpion Shares and this will result in significant dilution to both Scorpion Shareholders and Blockstrain Shareholders.

Reliance on Key Personnel

Blockstrain's success depends in large measure on certain key personnel and the contributions of these individuals to Blockstrain's immediate operations are likely to be of central importance. The loss of the services of such key personnel could have a material adverse effect on Blockstrain. In addition, the competition for qualified personnel in the blockchain and cryptocurrency industry is intense and there can be no assurance that Blockstrain will be able to continue to attract and retain all personnel necessary

for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of Blockstrain's management.

Management of Complex Software Implementation Projects

The successful deployment of Blockstrain's software will depend on managing complex implementation projects. A variety of factors may result in complex deployments being delayed, cancelled or failing, including: the inherent complexity of modern software; difficulty staffing the project with qualified personnel; difficulty managing a project in which the customer and multiple vendors must work together effectively; unrealistic deadlines; inability to realistically limit the scope of the project; problems with third party systems, software or services; inaccurate or faulty data; and insufficient time and investment spent in the planning and design phases of the project. As a result, Blockstrain may not be able to successfully manage deployments of its software which could harm its reputation, be costly to correct, delay revenues and expose Blockstrain to litigation.

Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer are also directors and officers of other companies. In addition, they may devote time to other outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. The interests of these persons could conflict with those of the Resulting Issuer. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer will be required to act honestly, in good faith and in the best interests of the Resulting Issuer.

Insurance Coverage

While Blockstrain believes the insurance coverage it is currently putting in place should address all material risks to which it expects to be exposed, and be adequate and customary given Blockstrain's current state of operations, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which Blockstrain is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Blockstrain's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Blockstrain were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Blockstrain were to incur such liability at a time when it is not able to obtain liability insurance, there could be a material adverse effect on Blockstrain's business, financial condition and results of operations.

Regulatory Restrictions on Cryptocurrencies

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of Blockstrain to continue to operate. The effect of any future regulatory change on Blockstrain is impossible to predict, but such change could be substantial and adverse to Blockstrain. Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase costs for, and/or subject, cryptocurrency companies to additional regulation. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies

or to exchange cryptocurrencies for fiat currency, which may adversely affect the Resulting Issuer's shareholders.

Reliance on Third Party Software

Blockstrain expects to be dependent on certain third-party software to develop its platform. If such software is not available, Blockstrain could experience delay or increased costs in the development of its platform. Blockstrain may rely on licenses from third-parties, including with respect to software that is integrated with internally developed software and which is used in its products to perform key functions. These third-party software licenses may not continue to be available to Blockstrain, and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors. The loss by Blockstrain of the license to use, or the inability by licensors to support, maintain, and enhance any of such software, could result in increased costs or in delays or reductions in product development and product implementation. Such increased costs or delays or reductions in product development or implementation could materially adversely affect Blockstrain's business. The loss of rights to use software currently licensed to Blockstrain by third parties could increase operating expenses by forcing Blockstrain to seek alternative technology and materially adversely affect its ability to compete.

In addition, Blockstrain's web-based software applications will depend on the stability, functionality and scalability of underlying infrastructure software, including application servers, databases, java platform software and operating systems produced by third parties. If weaknesses in such infrastructure software exist, Blockstrain may not be able to correct or compensate for such weaknesses. If Blockstrain is unable to address weaknesses resulting from problems in the infrastructure software such that Blockstrain's products do not meet customer needs or expectations, Blockstrain's reputation, and consequently, business may be significantly harmed.

Negative Cash Flow from Operations and Need for Additional Financing

Although the Resulting Issuer expects to have adequate funds to conduct its operations for at least the next 12 months, additional financing may be required in order to expand the business. There can be no assurance that any financing will be available to the Resulting Issuer if needed, or, even if it is, if it will be offered on acceptable terms and conditions. The Resulting Issuer's inability to obtain additional financing in a sufficient amount when needed and upon acceptable terms and conditions acceptable could have a material adverse effect on the business and financial condition of the Resulting Issuer. If additional funds are raised by issuing equity securities, dilution to existing or future Resulting Issuer Shareholders will result. If adequate funds are not available on acceptable terms when needed, the Resulting Issuer may be required to delay, scale back or eliminate the expansion of the Blockstrain business.

Risks Inherent in an Agricultural Business

Blockstrain's core client base is expected to be comprised of licensed producers of medical cannabis and, when legally permitted, adult use cannabis. Cannabis is an agricultural product and, as such, the business of Blockstrain's intended customers is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Any negative impact on the business of Blockstrain's intended clients could also have a material adverse effect on Blockstrain's business.

Negative Consumer Perception

Blockstrain believes the legal cannabis industry is and will be highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis. Consumer perception of Blockstrain's products could be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, and other publicity regarding the consumption of cannabis products, which

may not be favourable to the cannabis market or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Blockstrain's products and the business, results of operations, financial condition and cash flows of Blockstrain and the Resulting Issuer. Adverse publicity or other media attention could arise even if the adverse effects associated with medical cannabis products result from consumers' failure to consume such products appropriately or as directed. The importance of consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or having merit, could have a material adverse effect on Blockstrain and the Resulting Issuer, the use of Blockstrain's platform, and the business, results of operations, financial condition and cash flows of Blockstrain and the Resulting Issuer.

Halt in Trading of Scorpion Shares

Upon public announcement of the Transaction, trading in Scorpion Shares on the TSXV was halted for an indefinite period of time pending completion of review of the Transaction by the TSXV. It is not expected that trading will resume in the Scorpion Shares prior to the completion of the Transaction.

No Dividends

Neither Blockstrain nor the Resulting Issuer currently has plans to pay regular dividends on the Resulting Issuer Shares. Any declaration and payment of future dividends to holders of Resulting Issuer Shares will be at the sole discretion of the Resulting Issuer Board and will depend on many factors, including the financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations of the Resulting Issuer that the Resulting Issuer Board deems relevant.

Risks Relating to Adoption of Digital Currencies

It is possible that digital currencies may become less popular among the public. They may also be subject to volatility and fluctuations in price, driving away customer demand to use digital currencies, or trade in digital currencies. Any of these events may have a material adverse effect on Blockstrain's business, financial condition and results of operations. Digital currencies and technology in respect of distributed ledger, also known as blockchain technology, is relatively new. Because the technology is in its infancy and its applications are new, there is a certain level of general uncertainty with respect to the technology and its applications. In addition, because the technology is new, it is not widely understood, including among government regulatory agencies. The industry is changing rapidly and as a result of these factors, there may be events, developments or changes in the industry or in the law that are unforeseen that could affect Blockstrain's or the Resulting Issuer's future market position and performance or ability to operate.

Development and Acceptance of Cryptographic and Algorithmic Protocols

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur and is unpredictable. The factors include, but are not limited to:

- continued worldwide growth in the adoption and use of cryptocurrencies;

- governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer sentiment and perception of cryptocurrencies generally.

The above events could have a material adverse effect on the Resulting Issuer's ability to continue as a going concern, which would have a material adverse effect on its business, prospects or operations.

Competition

Blockstrain expects to compete with other blockchain platforms focused on the cannabis sector. Market and financial conditions, and other conditions beyond Blockstrain's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for Blockstrain and, as a result, the Resulting Issuer Shares.

Uncertainty of Banking Services

A number of companies that provide cryptocurrency-related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies have had, and may continue to have, their existing bank accounts closed or services discontinued with financial institutions. The Resulting Issuer also may be unable to obtain or maintain these services for its business. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies and could decrease their usefulness and harm public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses providing cryptocurrency-related services. This could occur as a result of compliance risk, cost, government regulation or public pressure. Such factors could have a material adverse effect on the Resulting Issuer's business, prospects or operations.

Competing Blockchain Platforms and Technologies.

The development and acceptance of competing blockchain platforms or technologies may cause Blockstrain's potential clients to use alternative distributed ledgers or an alternative to distributed ledgers altogether. This may adversely affect the Resulting Issuer. Such circumstances could have a material adverse effect on the Resulting Issuer's business, prospects or operations and potentially the value of any cryptocurrencies it holds, if any.

Fraudulent Coin Transactions

Cryptocurrency transactions are irrevocable, and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Resulting Issuer's business. Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and Blockstrain may not be capable of seeking compensation for any such transfer or theft. This could have a material adverse effect on the Resulting Issuer's business, prospects or operations.

No Deposit Insurance

Transactions using cryptocurrency are not covered by deposit insurance, unlike banks and credit unions that provide guarantees or safeguards.

Uncertainty of Accounting

Since there have been limited examples set for the financial accounting of digital assets, it is unclear how we will be required to account for digital asset transactions or assets. Furthermore, a change in regulatory or financial accounting standards could result in the necessity to restate the Resulting Issuer's financial statements. Such a restatement could materially negatively impact its business, prospects, financial condition and results of operations.

Uncertainty of Regulations

Current and future legislation and other regulatory developments may impact the manner in which cryptocurrency is viewed or treated for classification and clearing purposes. In particular, cryptocurrency may not be excluded from the definition of "security" under applicable Securities Laws, thereby requiring registration of all transactions, unless another exemption is available. Blockstrain cannot be certain as to how future regulatory developments will impact the treatment of cryptocurrencies under the law. If Blockstrain determines not to comply with such additional regulatory and registration requirements, it may seek to cease certain of its operations or be subjected to fines, penalties and other governmental action. Any such action may adversely affect the value of the Resulting Issuer Shares.

Lack of Liquid Markets

Digital assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules and monitoring investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers of digital assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of digital assets. These factors may decrease liquidity or volume, or increase volatility of digital securities or other assets trading on a ledger-based system, which may adversely affect the Resulting Issuer. Such circumstances could have a material adverse effect on its business, prospects or operations.

INFORMATION CONCERNING SCORPION

Corporate Structure

Name and Incorporation

Scorpion was incorporated under the BCBCA under the name “Scorpion Resources Inc.” on October 19, 2011. Scorpion’s head office and principal address is 800 - 1199 West Pender Street, Vancouver, BC, V6E 2R1, and its registered and records office is located at 1500 - 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

General Development of the Business

History

Scorpion is a CPC and, to date, has not carried on any operations. The sole business of Scorpion since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses so as to complete a Qualifying Transaction. Until the Closing, Scorpion will not have operated a business or have any material assets other than cash. Scorpion currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Share Exchange Agreement.

On September 9, 2014, the TSXV informed Scorpion that it had halted trading in the Scorpion Shares for failure to complete a Qualifying Transaction prior to the suspension deadline of September 8, 2014. The halt was changed to a suspension effective September 11, 2014. Scorpion was placed on notice to delist from the TSXV, and to avoid delisting, Scorpion was required to either complete a Qualifying Transaction or transfer to NEX prior to the delisting deadline of December 8, 2014:

On December 10, 2014, Scorpion announced that it had applied for a transfer of the listing of the Scorpion Shares from the TSXV to the NEX board of the TSXV. Scorpion obtained the requisite Scorpion Shareholder approval for the transfer to NEX at the annual general meeting of the Scorpion Shareholders held on September 12, 2014. In connection with the transfer to NEX, an aggregate of 250,000 CPC Escrow Shares held in escrow by certain non-arm’s length parties were cancelled in accordance with TSXV policy. Effective February 3, 2017, the listing of the Scorpion Shares was transferred to NEX and the trading symbol was changed to SR.H.

Description of the Transaction

Effective January 16, 2018, Scorpion entered into the Share Exchange Agreement, a copy of which is available under Scorpion’s profile on SEDAR, pursuant to which Scorpion has agreed to acquire all of the issued and outstanding Blockstrain Shares by way of a share exchange with the Blockstrain Shareholders, which will represent a reverse takeover of Scorpion by Blockstrain and will constitute Scorpion’s Qualifying Transaction. Upon completion of the Transaction, Blockstrain will be a wholly-owned subsidiary of Scorpion.

Pursuant to the terms of the Share Exchange Agreement, Scorpion agreed to: (i) complete the Scorpion Split, which was completed on March 5, 2018; (ii) complete the Concurrent Financing, the first tranche of which closed on March 8, 2018 and the final tranche of which was completed on March 16, 2018; and adopt the Scorpion 2018 Option Plan, which was adopted by the Scorpion Board on May 10, 2018.

Completion of the Transaction is subject to the satisfaction or waiver of certain conditions, including:

- completion of satisfactory due diligence by each of the parties;
- Scorpion 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 by both the Scorpion Board and Blockstrain Board of the Transaction;
- no legal proceedings pending or threatened to enjoin, restrict or prohibit the Transaction;
- 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.

The Transaction will be completed pursuant to available exemptions under applicable legislation. The Closing is expected to occur on or about May 16, 2018.

In connection with the completion of the Transaction, it is expected that an aggregate of 38,350,000 Consideration Shares (on a post-Scorpion Split basis) will be issued to the Blockstrain Shareholders. The Share Exchange will constitute a reverse takeover of Scorpion because, following the Closing, the Blockstrain Shareholders are expected to own approximately 47.8% of the outstanding Scorpion Shares on an undiluted basis, after conversion of the Subscription Receipts.

Concurrent Financing

In order to raise operating capital for the Resulting Issuer, Scorpion completed the Concurrent Financing, by way of a non-brokered private placement, which closed in two tranches on March 8, 2018 and March 16, 2018, pursuant to which Scorpion issued an aggregate of 35,000,000 Subscription Receipts at a price of \$0.30 per Subscription Receipt for gross proceeds of \$10,500,000, which proceeds have been deposited into escrow with an escrow agent in accordance with the terms thereof. Cash finder's fees in an amount equal to up to 6.0% of the gross proceeds raised are expected to be paid in connection with the Closing.

Immediately prior to the Closing, each Subscription Receipt will, for no additional consideration, automatically be exchanged into one Scorpion Share (on a post-Scorpion Split basis).

If all of the conditions precedent to the release of the escrowed proceeds have not been satisfied or waived to the satisfaction of Scorpion and Blockstrain by 5:00 p.m. (Vancouver time) on May 31, 2018, Scorpion will be deemed to have repurchased all of the Subscription Receipts at an aggregate price equal to the issue price of the Subscription Receipts, which amount will be returned to the respective subscribers, together with their pro rata entitlement to any interest earned on the escrowed funds.

The Resulting Issuer intends to use the proceeds from the Concurrent Financing as described under the heading "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*".

Selected Consolidated Financial Information and Management's Discussion and Analysis

Overall Performance

Since its incorporation, Scorpion has incurred costs in carrying out its IPO, in seeking, evaluating and negotiating a potential Qualifying Transaction, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV.

Summary Financial Information

Schedule “A” to this Filing Statement contains the Scorpion Financial Statements. The following table sets forth selected information regarding the expenses of Scorpion for the two most recently completed financial years and the nine months ended December 31, 2017. Such information is derived from the Scorpion Financial Statements and should be read in conjunction therewith:

Expenses	Nine months ended December 31, 2017 (unaudited) (\$)	Nine months ended December 31, 2016 (unaudited) (\$)	Year ended March 31, 2017 (audited) (\$)	Year ended March 31, 2016 (audited) (\$)
Administration	-	-	-	2,857
Business development	1,663	1,493	1,493	138
Consulting	-	95,000	-	2,476
Exploration expenses	-	-	-	3,616
Foreign exchange loss (gain)	(4,553)	(1,072)	(1,343)	2,908
Office and miscellaneous	31,147	2,164	2,761	1,527
Professional fees (recovery)	(37,505)	46,412	88,806	25,915
Property/transaction investigation costs	119,225	-	68,000	-
Transfer agent and filing fees	50,291	16,099	27,856	14,165
Total expenses	160,268	160,096	187,573	53,602

Management’s Discussion and Analysis

Scorpion’s MD&A for the years ended March 31, 2017 and 2016, and for the three and nine months ended December 31, 2017 are attached as Schedule “B” to this Filing Statement. The MD&A should be read in conjunction with the Scorpion Financial Statements, which are attached as Schedule “A” to this Filing Statement. Scorpion’s MD&A for the year ended March 31, 2017 was prepared as of July 31, 2017, and its MD&A for the three and nine months ended December 31, 2017 was prepared as of February 26, 2018.

Description of the Securities

The authorized capital of Scorpion consists of an unlimited number of Scorpion Shares without par value. Prior to the completion of the Scorpion Split, 3,427,191 Scorpion Shares were issued and outstanding, of which 462,000 Scorpion Shares were held in escrow pursuant to the terms of the CPC Escrow Agreement. Following completion of the Scorpion Split, 6,854,382 Scorpion Shares are outstanding and 924,000 Scorpion Shares are held in escrow pursuant to the CPC Escrow Agreement.

Holders of Scorpion Shares are entitled to one vote for each Scorpion Share held at all meetings of Scorpion Shareholders, to receive dividends if, as and when declared by the Scorpion Board, and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Scorpion. The Scorpion Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Scorpion Shares to contribute additional capital, and no restrictions on the issuance of additional securities by Scorpion. There are no restrictions on the repurchase or redemption of Scorpion Shares by Scorpion except to the extent that any such repurchase or redemption would render Scorpion insolvent.

Scorpion Stock Option Plans

Scorpion Existing Option Plan

As of the date of this Filing Statement, there are no Scorpion Options outstanding under the Scorpion Existing Option Plan, which is a rolling 10% stock option plan. No Scorpion Options were issued during the nine month period ended December 31, 2017 or the year ended March 31, 2017.

Scorpion 2018 Option Plan

The Scorpion Board adopted the Scorpion 2018 Option Plan, a complete copy of which is attached as Schedule "E" to this Filing Statement, on May 10, 2018.

The Scorpion 2018 Option Plan is a "fixed" stock option plan, pursuant to which the number of Scorpion Shares reserved for issuance from time to time, together with any other Scorpion Shares reserved for issuance under any other plan or agreement of Scorpion, will not exceed 16,000,000 Scorpion Shares.

The terms of the Scorpion 2018 Option Plan are the same as the Scorpion Existing Option Plan but for the fact that it is a fixed stock option plan rather than a "rolling" 10% stock option plan. The following information is intended as a brief description of the Scorpion 2018 Option Plan and is qualified in its entirety by the full text of the Scorpion 2018 Option Plan, a copy of which is attached as Schedule "E" to this Filing Statement. References to Scorpion below will be deemed to be references to the Resulting Issuer following the Closing:

1. The Scorpion Board shall establish the exercise price at the time each Scorpion Option is granted, subject to the following conditions:
 - (a) if the Scorpion Shares are listed on the TSXV, the exercise price will not be less than the Discounted Market Price (as defined in TSXV policies);
 - (b) if the Scorpion Shares are not listed, posted and trading on any stock exchange or bulletin board, then the exercise price will be determined by the Scorpion Board at the time of grant;
 - (c) if a Scorpion Option is granted within 90 days of a distribution by a prospectus by Scorpion, the exercise price will not be less than the price that is the greater of the minimum prevailing price permitted by TSXV policies and the per share price paid by public investors for Scorpion Shares acquired under the distribution by the prospectus, with the 90 day period beginning on the date a final receipt is issued for the prospectus; and
 - (d) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.
2. Upon expiry of a Scorpion Option, or in the event a Scorpion Option is otherwise terminated for any reason, without having been exercised in full, the number of Scorpion Shares in respect of the expired or terminated Scorpion Option shall again be available for a grant under the Scorpion 2018 Option Plan.
3. No Scorpion Option granted under the Scorpion 2018 Option Plan may have an expiry date exceeding ten years from the date on which the Scorpion Option is granted (unless automatically extended as a result of a blackout period as described below).

4. The expiry date of each Scorpion Option will be automatically extended if the expiry date falls within a period during which Scorpion prohibits optionees from exercising their Scorpion Options, provided that:
 - (a) the blackout period has been formally imposed by Scorpion pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information (as defined in the policies of the TSXV). For greater certainty, in the absence of Scorpion formally imposing a blackout period, the expiry date of any Scorpion Options will not be automatically extended in any circumstances;
 - (b) the blackout period expires upon the general disclosure of the undisclosed Material Information and the expiry date of the affected Scorpion Options is extended to no later than ten Business Days after the expiry of the blackout period; and
 - (c) the automatic extension will not be permitted where the optionee or Scorpion is subject to a cease trade order (or similar order under applicable Securities Laws) in respect of Scorpion's securities.
5. Scorpion Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued Scorpion Shares, unless Scorpion has obtained disinterested shareholder approval.
6. Scorpion Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued Scorpion Shares, without the prior consent of the TSXV.
7. Scorpion Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued Scorpion Shares, without the prior consent of the TSXV.
8. If a director, employee or consultant of Scorpion is terminated for cause, then any Scorpion Option granted to the optionee will terminate immediately upon the optionee ceasing to be a director, employee, or consultant of Scorpion by reason of termination for cause.
9. If an optionee ceases to be a director, employee or consultant of Scorpion (other than by reason of death, disability or termination of services for cause), or if an optionee resigns, as the case may be, then any Scorpion Option granted to the optionee that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that the holder ceases to be a director, employee or consultant of Scorpion (or such other date as may be determined by the Scorpion Board in its sole discretion).
10. If the engagement of an optionee engaged in investor relations activities as a consultant is terminated for any reason other than cause, disability or death, any Scorpion Option granted to such optionee that was exercisable and had vested on the date of termination will be exercisable until the earlier of the expiry date and the date that is 30 days after the effective date of the optionee ceasing to be a consultant.
11. If an optionee dies, the optionee's lawful personal representatives, heirs or executors may exercise any Scorpion Option granted to the optionee that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of the optionee.

12. If an optionee ceases to be a director, employee or consultant of Scorpion as a result of a disability, the optionee may exercise any Scorpion Option granted to the optionee that had vested and was exercisable on the date of disability until the earlier of the expiry date and one year after the date of disability.
13. Scorpion Options granted to directors, employees or consultants will vest when granted unless determined by the Scorpion Board on a case by case basis, other than Scorpion Options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one quarter of the Scorpion Options vesting in any three month period.
14. The Scorpion 2018 Option Plan will be administered by the Scorpion Board who will have the full authority and sole discretion to grant Scorpion Options under the Scorpion 2018 Option Plan to any eligible party, including themselves.
15. Scorpion Options granted under the Scorpion 2018 Option Plan shall not be assignable or transferable by an optionee.
16. The Scorpion Board may from time to time, subject to regulatory or shareholder approval, amend or revise the terms of the Scorpion 2018 Option Plan.

The Scorpion 2018 Option Plan provides that other terms and conditions may be attached to a particular Scorpion Option at the discretion of the Scorpion Board.

Assuming completion of the Transaction, the Resulting Issuer intends to seek shareholder approval for the Scorpion 2018 Option Plan at its 2018 annual general meeting but intends to grant certain Resulting Issuer Options at Closing under the Scorpion 2018 Option Plan. Of the Resulting Issuer Options to be granted in connection with the Closing, 7,825,000 will be granted under the Scorpion Existing Option Plan and 4,925,000 will be granted under the Scorpion 2018 Option Plan. Of the 4,925,000 to be granted under the Scorpion 2018 Option Plan, 500,000 will be granted to each of Cameron Chell, Robert Galarza, Tommy Stephenson, Anthony Jackson and Michael Kraft, 50,000 will be granted to Konstantin Lichtenwald, and an aggregate of 2,375,000 will be granted to certain employees of, and consultants to, the Resulting Issuer. All of the Resulting Issuer Options granted under the Scorpion 2018 Option Plan will be subject to approval of the Resulting Issuer Shareholders at the next annual general meeting of the Resulting Issuer Shareholders. Given that the Scorpion 2018 Option Plan has not yet been approved by the Scorpion Shareholders, Scorpion will undertake not to permit any exercises of Resulting Issuer Options granted under the Scorpion 2018 Option Plan that would exceed, on an aggregate basis, such number as is equal to 10% of the issued and outstanding Resulting Issuer Shares as at the time of exercise. For additional information regarding Resulting Issuer Options to be granted in connection with the Closing, see *"Information Concerning the Resulting Issuer – Options to Purchase Securities"*.

Prior Sales

The following table sets out information with respect to prior issuances of Scorpion Shares, all of which were issued for cash. Effective May 23, 2017, Scorpion completed the Scorpion Consolidation pursuant to which it issued one post-Scorpion Consolidation Scorpion Share for every five pre-Scorpion Consolidation Scorpion Shares outstanding, of which 462,000 Scorpion Shares were held in escrow pursuant to the CPC Escrow Agreement. Effective March 5, 2018, the Scorpion Split was completed pursuant to which it issued two post-Scorpion Split Scorpion Shares for each pre-Scorpion Split Scorpion Share.

Date Issued	Price per Scorpion Share	Number of Scorpion Shares
October 19, 2011	\$0.001	1 ⁽¹⁾
February 20, 2012	\$0.125 ⁽²⁾	800,000 ⁽²⁾
March 29, 2012	\$0.125 ⁽²⁾	440,000 ⁽²⁾
September 7, 2012	\$0.25 ⁽²⁾	1,200,000 ⁽²⁾⁽³⁾
July 11, 2014	-	(500,000) ⁽⁴⁾
January 30, 2017	\$0.225 ⁽²⁾	40,000 ⁽²⁾
January 31, 2017	\$0.125 ⁽²⁾	160,000 ⁽²⁾
September 20, 2017	\$0.098	4,714,382 ⁽⁵⁾
Total		6,854,382

(1) This share was subsequently cancelled on February 20, 2012.

(2) Adjusted to give effect to the Scorpion Consolidation and the Scorpion Split.

(3) Issued pursuant to the IPO.

(4) These Scorpion Shares were cancelled in connection with the transfer of the Scorpion Shares to NEX

(5) These Scorpion Shares were issued pursuant to a private placement.

Stock Exchange Price

The following table shows the high, low and closing prices and total trading volume of the Scorpion Shares since April 1, 2016, on a monthly basis for each month of the quarter immediately preceding the current quarter, and on a quarterly basis for the next preceding seven quarters:

Period	High	Low	Close	Volume Traded
May 1 to May 10, 2018	No trades ⁽¹⁾			
Month ended April 30, 2018	No trades ⁽¹⁾			
Month ended March 31, 2018	No trades ⁽¹⁾			
Month ended February 28, 2018	No trades ⁽¹⁾			
Month ended January 31, 2018	No trades ⁽¹⁾			
Quarter ended December 31, 2017 ⁽¹⁾⁽²⁾	\$0.30	\$0.15	\$0.30	54,200
Quarter ended September 30, 2017 ⁽²⁾	\$0.19	\$0.13	\$0.19	142,600
Quarter ended June 30, 2017 ⁽²⁾⁽³⁾	\$0.20	\$0.10	\$0.19	368,400
Quarter ended March 31, 2017 ⁽²⁾⁽³⁾	\$0.11	\$0.03	\$0.04	861,400
Quarter ended December 31, 2016	No trades ⁽⁴⁾			
Quarter ended September 30, 2016	No trades ⁽⁴⁾			
Quarter ended June 30, 2016	No trades ⁽⁴⁾			

(1) Trading in the Scorpion Shares on the TSXV was halted on December 15, 2017, following execution of the Share Exchange Agreement.

(2) Adjusted to give effect to the Scorpion Split.

(3) Adjusted to give effect to the Scorpion Consolidation.

(4) Trading in the Scorpion Shares on the TSXV was halted on September 9, 2014, for failure to complete a Qualifying Transaction within 24 months of listing. Trading in Scorpion Shares resumed on February 3, 2017.

Arm's Length Transaction

The Transaction is not a Non Arm's Length Qualifying Transaction.

Legal Proceedings

There are no material pending legal proceedings to which Scorpion is a party, or of which any of its property is the subject matter, nor is Scorpion aware that any such proceedings are contemplated.

Auditor, Transfer Agent and Registrar

Auditor

The auditor of Scorpion is Dale Matheson Carr-Hilton LaBonte LLP, at its Vancouver office at 1500 - 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

Transfer Agent and Registrar

The transfer agent of Scorpion is Computershare Investor Services Inc., at its Vancouver office, located at 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3A8.

Material Contracts

Since incorporation, Scorpion has not entered into any contracts that are still in force that are material to investors in the Scorpion Shares, except:

1. the Share Exchange Agreement (see "*Information Concerning Scorpion - General Development of the Business - Description of the Transaction*");
2. the CPC Escrow Agreement (See "*Information Concerning the Resulting Issuer - Escrowed Securities - CPC Escrow Agreement*"); and
3. the Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated February 27, 2012 between Scorpion and Computershare Trust Company of Canada.

Copies of these agreements may be inspected without charge during regular business hours at Suite 900, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1, until 30 days after the Closing. Copies of these agreements may also be found under Scorpion's profile on SEDAR at www.sedar.com.

INFORMATION CONCERNING BLOCKSTRAIN

Corporate Structure

Name and Incorporation

Blockstrain was incorporated under the BCBCA under the name “Blockstrain Technology Corp.” on November 22, 2017.

The registered and records office of Blockstrain is located at 900 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

Blockstrain’s principal operations are currently conducted in Canada. To date, Blockstrain has not generated any revenues from its business.

General Development of the Business

Overview

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 genetics and strain varieties into the public domain, while also being compensated and rewarded. Blockstrain intends to accomplish 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 that modern distributed ledger technology provides.

Blockstrain combines traditional cannabis culture with modern crypto-technology. 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 will make 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 will be focused on ensuring that applicable regulatory standards are adhered to, while providing real-time visibility of industry operations directly to, and collaboration with, agencies assigned to enforce and regulate cannabis activity nationwide. Blockstrain intends to use 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.

Description of the Business

Blockstrain’s technology is expected to:

- be built with the highest standard of blockchain or distributed ledger technology, on a trusted and tested blockchain, to ensure irrefutable, auditable, transparent, highly-secure and encrypted data and transaction processing for all parties within the Blockstrain value chain;
- provide an industry-first “genome to sale” platform, which will allow regulators, producers, growers, distributors and retailers to easily protect, review and manage the genetic backbone of

inventory in order to ensure that safe and legal products are made available to customers and patients;

- provide a transparent system in alignment with IgnitePro™, a proven cloud-based logistics SaaS platform that provides 24/7 global visibility, as well as intelligent inventory management and collaboration of teams which has been built from the ground up to meet the specific needs of the cannabis industry; and
- utilize industry-leading sensor technology, which, when tied to the Blockstrain platform, is expected to provide Licensed Producers with real-time insight and analytics into all aspects of their grow management, thereby enabling them to optimize their operations.

Blockstrain™ - Genetics Blockchain Verification Platform

The Blockstrain platform is expected to be a highly-secure, transparent, genome-to-sale governance and provenance analytics platform that will provide governments, regulators, geneticists, Licensed Producers and other participants in the cannabis value chain with accurate, real-time information.

IgnitePro™ - Cannabis Supply Chain Visibility and Collaboration Platform

Blockstrain has entered into the Spark LOI which contemplates the entering into of an exclusive definitive licensing agreement with Spark for the use of Spark's proprietary platform, IgnitePro™, which was built exclusively for the cannabis industry. The highlights of the IgnitePro™ platform include:

- intuitive, global track-and-trace software;
- secure infrastructure powered by Microsoft Azure;
- robust APIs and web services for integration;
- inventory management and IgnitePro™ Smart Serialization™;
- document management, regulation and compliance reporting;
- a mobile companion app for tracking and monitoring; and
- sophisticated machine learning & AI capability.

The IgnitePro™ technology is connected globally and will be able to travel with cannabis plants and products as they move from cultivation to distribution. IgnitePro™ will produce reports, store documentation and track transports, and, when combined with Blockstrain, is expected to ensure regulation and compliance standards are being met and protected on the blockchain.

Blockstrain's Principal Markets and Customers

From a geographic perspective, Blockstrain initially intends to solely target the Canadian marketplace. In the future, subject to the approval of the TSXV, it plans to expand into other jurisdictions, including Germany, where cannabis is legal for medical and/or recreational use purposes.

Blockstrain's principal customers are expected to be:

- regulators and law enforcement agencies, who will be able to access and collaborate through Blockstrain's web and mobile platforms, which will support efforts to mandate and monitor adherence to their respective rules, regulations and statutes;
- licensed seed farmers and geneticists, who will be able to register their strains on the Blockstrain platform; and
- Licensed Producers, for which Blockstrain has designed its real-time, highly scalable cloud-based, blockchain-powered platform to provide Licensed Producers with a best-in-breed experience, full regulatory compliance and end-to-end track and trace capabilities. As of May 2018, there were 104 Licensed Producers in Canada, so this is expected to represent a large potential customer base for Blockstrain.

Blockstrain plans to sell its products and services directly to potential customers by utilizing industry specific relationships throughout Canada. To date, Blockstrain's management has been responsible for the sales and marketing of the proposed software.

Location of Services

Over the next six to eight months, Blockstrain will be formally developing and growing sales, marketing and business development teams in Vancouver, British Columbia and Toronto, Ontario. Additionally, Blockstrain intends to build a development team in Calgary, Alberta for the implementation and optimization of its enterprise software solutions.

Competition

Although Blockstrain has many potential competitors, from IBM through to technology start-ups, Blockstrain's management believes it has several unique competitive differentiators, which will allow it to successfully compete against them. Specifically, Blockstrain believes it is the only company that:

- is focused on tracking/tracing from genome through to sale, while all other direct competitors focus from seed to sale. While this difference may seem immaterial, Blockstrain believes this differentiation is a key differentiator, as it will provide information regarding provenance to everyone in the cannabis supply chain with respect to the authenticity of strains, seeds and product lineage;
- has designed its platform from inception on the blockchain, which will make it highly secure, tamper-resistant, scalable, auditable, and visible to all in the trusted network; and
- will have a mobile and IoT-centric platform. Most of Blockstrain's competitors still only offer on-site, web-based solutions, which result in higher operating costs.

Blockstrain does not believe it will depend on one or a few major customers, due to the growing number of Licensed Producers and the vast amount of genetics strains and products in the developing Canadian cannabis industry.

Intellectual Property

Blockstrain does not currently have any patents pending or trademarks issued, nor has it entered into any franchise agreements or contracts relating to concessions, royalties or labor relations. In regards to license

agreements, Blockstrain has currently entered into a letter of intent with Spark to license the IgnitePro™ platform. The terms and conditions of the definitive license agreement are currently being negotiated.

Regulatory Environment

At this time, Blockstrain's products and service do not need government approval, however, Blockstrain intends to comply and align itself with the regulatory environments in which its customers operate.

As a result of information derived from meetings with governmental authorities and potential customers, Blockstrain believes that its platform will meet applicable regulatory requirements with regards to governance, transparency, auditability, communications, collaboration and security across the medical and, when legal, recreational use cannabis supply chain.

The legal global cannabis industry is still in its infancy, and is dependent on the government regulatory environment. In jurisdictions such as the United States, the conflict between federal and state legislation could have a material adverse impact on Blockstrain's business. For that reason, Blockstrain's management has determined that, at this time, it will only operate in Canada and, in the future, will only enter regulated markets where there is an alignment between all levels of government and in which the TSXV has approved it conducting operations.

In Canada, Blockstrain and its customers will have to comply with any applicable federal, provincial and local legislation. In the event the Federal Government permits cannabis to be sold as a food product, Blockstrain expects that it will need to adapt and provide customers with a Good Manufacturing Processes (GMP) operational platform in order to stay competitive.

Blockstrain intends to serve customers from third-party data center hosting facilities located in British Columbia and Alberta. Any damage to, or failure of, Blockstrain's systems could result in interruptions to Blockstrain's service. As Blockstrain continues to add data centers and add capacity in existing data centers, Blockstrain may move or transfer its data and its customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of its services. Further, any damage to, or failure of, Blockstrain's systems generally could result in interruptions in Blockstrain's service. Interruptions in Blockstrain's service may reduce revenue, cause Blockstrain to issue credits or pay penalties, cause customers to terminate their subscriptions and materially adversely affect its renewal rates and ability to attract new customers.

It is also expected that Blockstrain's business will be harmed if its customers believe its service is unreliable. Blockstrain intends to replicate and back-up customer data as part of its disaster recovery plans. However, these plans may not be successful in all circumstances. Blockstrain will not control the operation of any third party facilities it may use. All of the facilities it operates or utilizes are expected to be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close any facility without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in Blockstrain's service. Even with the disaster recovery arrangements, Blockstrain's service could be interrupted.

Management’s Discussion and Analysis

Selected Consolidated Financial Information

Selected Information from Incorporation

Blockstrain was incorporated under the BCBCA on November 22, 2017. The following table sets out selected financial information of Blockstrain from its date of incorporation to February 28, 2018:

	Period from incorporation to February 28, 2018 (\$) (audited)
Revenue	-
Other income	-
Net loss	-
Net loss per share	-
Total assets	419,673
Long-term liabilities	-
Dividends per share	-

Blockstrain is not a reporting issuer. The following MD&A has been prepared solely for inclusion in this Filing Statement and should be read in conjunction with the Blockstrain Financial Statements attached to this Filing Statement as Schedule “C”. This MD&A also contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. See “*Cautionary Statement Regarding Forward-Looking Statements*”. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under the heading “*Risk Factors*”.

Results of Operations

The following is a summary of Blockstrain’s expenses from its date of incorporation on November 22, 2017 to February 28, 2018:

	Period from incorporation to February 28, 2018 (\$) (audited)
Bank charges	146
Exchange gain or loss	(95)
Legal fees	19,791
Product development	149,729
Travel	9,840
Total	179,411

Liquidity, Capital Resources and Commitments

As at February 28, 2018, Blockstrain had working capital of approximately \$397,510. Blockstrain is in the early growth phase and has not yet generated any revenues. It will require a substantial amount of additional funds to complete the development of its platform, to build a sales and marketing organization, and to fund additional losses, which it expects to incur.

The following table outlines Blockstrain’s contractual obligations as at February 28, 2018:

	Within 1 Year (\$)	1 to 3 Years (\$)	3 to 5 Years (\$)	Total (\$)
Spark Loan	-	100,000 ⁽¹⁾	-	100,000 ⁽¹⁾
Heated Details Master Services Agreement ⁽²⁾	156,222	-	-	156,222
Total	156,222	100,000	-	256,222

⁽¹⁾ The principal amount of the Spark Loan (and all accrued and unpaid interest thereon) will, at the sole option of Blockstrain, be set off and credited against the amount of the initial license fee to be paid by Blockstrain to Spark, or be convertible into equity securities of Spark at a pre-money valuation of \$3,600,000.

⁽²⁾ As at February 28, 2018, Blockstrain had paid Heated Details US\$60,000 (CAD\$74,729) pursuant to the Heated Details Master Services Agreement. The second and third (final) payments in the aggregate amount of US\$120,000 (CAD\$156,222), as reflected in the table above, were made on March 1, 2018 and March 28, 2018, respectively.

Litigation

There are no material pending legal proceedings to which Blockstrain is a party, or of which any of its property is the subject matter, nor is Blockstrain aware that any such proceedings are contemplated.

International Financial Reporting Standards (IFRS) and Accounting Changes

The accompanying financial statements are Blockstrain’s first set of consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Share Capital

Financial instruments issued by Blockstrain are treated as equity only to the extent that they do not meet the definition of a financial liability. The Blockstrain Shares are classified as equity instruments. Incremental costs directly attributable to the issue of new Blockstrain Shares are recognized in equity as a reduction from the gross proceeds received from the issued Blockstrain Shares.

Financial Instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (“EIR”), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognized in the statement of loss and comprehensive loss. Blockstrain has classified related party receivables as loans and receivables.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The

effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Blockstrain does not have any Level 1, 2 or 3 fair value measurements.

Foreign currency translation

Blockstrain's functional currency is Canadian dollars. Blockstrain is not exposed to significant currency risk at this time.

Critical accounting estimates and significant management judgments

The preparation of financial statements in accordance with IFRS requires Blockstrain to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. Blockstrain's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Changes in accounting standards

Blockstrain has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. Blockstrain has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Related Party Transactions

As at the date hereof, Blockstrain has not entered into any related party transactions. However, there are certain agreements that have been entered into by Blockstrain, that, although negotiated while the applicable parties were at arm's length, will continue to be in force following the Closing and, following such time, transactions between the contracting parties will represent related party transactions, as further described below:

- (a) As of the date of this Filing Statement, Robert Galarza, the President of Blockstrain, is also the CEO and is a controlling shareholder of Spark, and will be appointed CEO of the Resulting Issuer upon completion of the Transaction. Tommy Stephenson, the proposed Chief Technology Officer of the Resulting Issuer, is not currently a related party to Blockstrain, but is also an officer and controlling shareholder of Spark. Blockstrain has entered into the Spark LOI with Spark, pursuant to which Blockstrain has agreed to license the Spark Assets. In consideration for the license, Blockstrain has agreed to pay Spark an initial license fee of \$500,000, which is to be paid at a time mutually determined by the parties, as well as a minimum annual license fee to be negotiated between the parties in good faith. Spark has also granted Blockstrain a right of first refusal to acquire all of the securities of Spark. It is expected that the terms of the license will include that Spark will provide Blockstrain with:
- (i) a perpetual exclusive license to use, develop, sub-license, sell and distribute the Spark Assets for the cannabis industry in Canada; and
 - (ii) a right of first refusal to obtain a license with rights to use, develop, sub-license, sell and distribute the Spark Assets for the cannabis industry in any other jurisdiction.

In connection with the Spark LOI, Blockstrain made the Spark Loan to Spark. The Spark Loan has a term of one year and bears interest at the rate of 10% per annum. The principal amount of the Spark Loan (and all accrued and unpaid interest thereon) will, at the sole option of Blockstrain, be set off and credited against the amount of the initial license fee to be paid by Blockstrain to Spark, or be convertible into equity securities of Spark at a pre-money valuation of \$3,600,000.

- (b) As noted above, in connection with the Closing, Tommy Stephenson, who is not currently a related party to Blockstrain, will be appointed as Chief Technology Officer of the Resulting Issuer. Mr. Stephenson is the CEO and a director and shareholder of Heated Details. Blockstrain has entered into the Heated Details Master Services Agreement, pursuant to which Blockstrain paid Heated Details USD\$180,000 (CAD\$230,951) to complete Phase I platform development and blockchain set up for Blockstrain. The project commenced on January 22, 2018 and was completed in March 2018.

Pursuant to the Heated Details Master Services Agreement, Heated Details will provide strategy, design, and solution guidance, advice and input based on previous implementation experience and development best practices. The services will be provided with the goal of understanding and defining the past state, the current state and the long-term future state of legalized cannabis production, distribution and regulation in Canada, including traceability and deployment of a blockchain platform for supporting the verification and tracking of genetics and strains. The methodology used for this project will consist of preparation for, conducting of, and reporting on, a series of working sessions that will take place over the course of the project.

Activity Track 1: Benchmark, Process Identification, Regulation and Prepare Business Plan

Heated Details will provide a thorough analysis of existing processes, regulation and government/partner requirements, which will inform and guide the discussions in the blueprinting workshop.

Deliverable: Process/Requirements Analysis. After reviewing these materials, key findings and insights will be provided in business plan via a PPT file format and will serve as the introduction to the blueprinting workshop sessions. Draft analysis materials will be provided to Blockstrain

for review during this activity phase. Blockstrain will provide input and materials necessary to assure completeness in advance of the workshop session(s).

Activity Track 2: Blockchain Requirements, Design & Supply Chain Architecture

Heated Details will help lead a series of facilitated meetings with stakeholders and partners of Blockstrain. During this time, Heated Details will discuss all aspects that will inform both near and long-term strategy for crypto/ token design, algorithms, utility and product launch (platform launch and coin launch). Heated Details will be responsible for preparing workshop agendas and formats. Blockstrain will be responsible for scheduling these workshops within the mutually agreed upon project schedule. Blockstrain will provide key stakeholders for attendance to these sessions. The workshops will focus on various topics, including:

- Distributed Ledger Technology (DLT)
- Blockchain Design
- Customer Experience / Value Proposition
- Blockchain Support and Structure (i.e., mining, master nodes, etc.)
- Interoperability of Coin

The workshop format will be a facilitated, round-table discussion with each session being introduced by Heated Details. A published agenda will be sent to all participants. Other available background materials will be sent pre-workshop to guarantee a productive session.

Deliverable: Workshop Sessions Report Out. Following the workshops, a report will be delivered in PPT file format outlining all discussion points, issues, resolutions, roles, responsibilities and next steps that were discussed during the workshops. Heated Details will define a product strategy blueprint as a roadmap of activities, which will guide the team from the initial ideation, consensus building, architecture development, partner selection, and ongoing platform management through the use of best practices.

- (c) Blockstrain and Scorpion are also negotiating consulting agreements with Business Instincts Group Inc., a company controlled by Cameron Chell, a proposed director of the Resulting Issuer, and other proposed members of management of the Resulting Issuer, but it is not expected that such agreements will be executed until following the Closing. Notwithstanding the foregoing, the Resulting Issuer expects to pay annual consulting fees or salaries, as applicable, of up to \$150,000 to each officer of the Resulting Issuer following the Closing.

Trends and Outlook

The regulated cannabis market, with respect to both medical and recreational use, is rapidly changing, with regulatory bodies and governments in various international jurisdictions working to develop frameworks the legalization. However, despite the enthusiasm and cultural shift in perception towards cannabis, Blockstrain believes there are three significant challenges that governments and the industry face, being:

1. How will governments and regulatory bodies ensure that there is an auditable trail throughout the cannabis supply chain and that health and safety regulations are followed?

2. How will Licensed Producers protect their genetic strains from potential copyright infringement, understand the provenance of each strain, and help governments and consumers understand the key attributes of each strain?
3. How will Licensed Producers optimize their operations through real-time data reporting and analysis?

Blockstrain believes there is not yet one unified solution that addresses all of the challenges mentioned above. Governments and the industry as a whole currently rely on existing agriculture-based inventory tracking and logistics solutions, that have been modified for use in the cannabis industry. Unfortunately, the fragmentation and functionality issues of the current systems have left Licensed Producers and regulators unsatisfied. Moreover, cannabis is a licensed and regulated agriculture product and it is clear that the industry requires unique and highly secure solutions that are developed and tailored with its needs in mind at each step. Blockstrain believes that its platform will be able to address these issues.

Description of the Blockstrain Shares

As of the date of this Filing Statement, Blockstrain's authorized share capital consists of an unlimited number of Blockstrain Shares and an unlimited number of preferred shares, of which 38,350,000 Blockstrain Shares are issued and outstanding and no preferred shares or any other convertible securities are issued and outstanding.

Holders of Blockstrain Shares are entitled to one vote for each Blockstrain Share held at all meetings of Blockstrain Shareholders, to receive dividends if, as and when declared by the Blockstrain Board, and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Blockstrain. The Blockstrain Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Blockstrain Shares to contribute additional capital, and no restrictions on the issuance of additional securities by Blockstrain. There are no restrictions on the repurchase or redemption of Blockstrain Shares by Blockstrain except to the extent that any such repurchase or redemption would render Blockstrain insolvent.

Consolidated Capitalization

The following table sets out any material change in, and the effect of the material change on, the share and loan capital of Blockstrain, on a consolidated basis, since February 28, 2018:

Designation of Security	Amount Authorized	Number of Blockstrain Shares outstanding as at February 28, 2018 ⁽¹⁾	Number of Blockstrain Shares outstanding as at the date of this Filing Statement
Blockstrain Shares	unlimited	38,350,000	38,350,000

Prior Sales

The following table sets forth the dates and the prices at which Blockstrain Shares (being the only Blockstrain securities) have been sold within the 12 month period prior to the date of this Filing Statement:

Date	Number and Type of Security	Issue Price per Security	Aggregate Issue Price	Consideration Received
November 22, 2017	10 Blockstrain Shares	\$0.01	\$0.10	\$0.10 ⁽¹⁾
December 15, 2017	38,350,000 Blockstrain Shares	\$0.015	\$576,000	\$575,250

⁽¹⁾ These Blockstrain Shares were cancelled for no consideration effective February 16, 2018.

Stock Exchange Price

The Blockstrain Shares are not listed on the TSXV or any other Canadian or foreign stock exchange and are not traded on any Canadian or foreign market.

Executive Compensation

To date, no compensation has been paid to any NEO or director of Blockstrain. It is not expected that any compensation will be paid to any director or NEO prior to the Closing.

Indebtedness of Officers and Directors

No director or executive officer of Blockstrain, nor any Associate or Affiliate thereof, is or has been indebted to Blockstrain or any Blockstrain Affiliate at any time since Blockstrain's incorporation on November 22, 2017.

Non Arms' Length Party Transactions

Other than has described herein with respect to the Spark Loan, there has been no acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of this Filing Statement, or any proposed transaction, where Blockstrain or any Blockstrain Affiliate has obtained such assets or services from: (i) any director, officer or promoter of Blockstrain; (ii) a security holder disclosed herein as a principal security holder, either before or after giving effect to the Transaction; or (iii) an Associate or Affiliate of any Person referred to in (i) or (ii).

Legal Proceedings

There are no material pending legal proceedings to which Blockstrain is a party, or of which any of its property is the subject matter, nor is Blockstrain aware that any such proceedings are contemplated.

Auditors

The auditor of Blockstrain is Dale Matheson Carr-Hilton LaBonte LLP, at its Vancouver office at 1500 - 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

Material Contracts

The following is a list of all material contracts entered into by Blockstrain, other than contracts in the ordinary course of business, within the two years before the date of this Filing Statement:

- the Spark Master Services Agreement and supporting statement of work;
- the Spark LOI;

- the Heated Details Master Services Agreement and supporting statement of work; and
- the Share Exchange Agreement.

A copy of the Share Exchange Agreement will be available for inspection without charge at the offices of Clark Wilson LLP, 900 – 885 West Georgia Street, Vancouver, British Columbia V6C 3H1 until the Closing and a period of 30 days thereafter.

INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected pro forma business, financial and share capital position of the Resulting Issuer assuming completion of the Transaction. It should be read in conjunction with the information concerning the Transaction appearing elsewhere in this Filing Statement. As the Resulting Issuer will be the same corporate entity as Scorpion, this section only includes information respecting Scorpion (and Blockstrain, as applicable) after the Transaction that is materially different from information provided elsewhere in the Filing Statement regarding Scorpion and Blockstrain pre-Closing. See "Information Concerning Scorpion" and "Information Concerning Blockstrain" for additional information regarding Scorpion and Blockstrain, respectively.

Corporate Structure

Name and Incorporation

Scorpion's jurisdiction of incorporation is expected to remain the same following the Closing, however Scorpion has reserved the name "Blockstrain Technology Corp." to be adopted concurrently with the Closing.

Following the Closing, the Resulting Issuer Shares are expected to be listed on the TSXV under the trading symbol "DNAX" to reflect the change of name of Scorpion to "Blockstrain Technology Corp.". Blockstrain will change its name to "Blockstrain Technology Group Inc." in connection with the Scorpion name change.

It is expected that the head office of the Resulting Issuer, and the registered and records office of the Resulting Issuer, will be located at 800 - 1199 West Pender Street, Vancouver, British Columbia V6E 2R1.

Intercorporate Relationships

The following table describes the Resulting Issuer's sole subsidiary following completion of the Transaction, its place of incorporation, continuance or formation, and the percentage of the outstanding voting securities of it that will be beneficially owned, controlled or directed by the Resulting Issuer:

Name of Subsidiary	Percentage of Voting Securities Owned	Jurisdiction of Incorporation or Continuance
Blockstrain Technology Group Inc.	100% (direct)	British Columbia

Risks Related to the Business of Blockstrain and the Resulting Issuer

The Scorpion Shares (and correspondingly those of the Resulting Issuer) should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of Blockstrain's development. An investment in Scorpion or the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of Scorpion or the Resulting Issuer unless they can afford to lose their entire investment. For a description of certain risks and uncertainties that may affect the business of the Resulting Issuer, see, "Risk Factors". Readers should note that such list is not a definitive list of all risk factors associated with ownership of securities of Scorpion or the Resulting Issuer or in connection with the Resulting Issuer's proposed operations upon completion of the Transaction, and other events could arise that may have a material adverse effect on the business of Scorpion or the Resulting Issuer.

Narrative Description of the Business

Principal Business

After completion of the Transaction, the Resulting Issuer will be in the business of developing a comprehensive, community-driven cannabis genetics registration and licensing archive platform, as further described under the heading “*Information Concerning Blockstrain – Business of Blockstrain*”.

Stated Business Objectives

The business of the Resulting Issuer following Closing will be the business of Blockstrain. See “*Information Concerning Blockstrain – Business of Blockstrain*”.

Milestones

The following table sets out the Resulting Issuer’s targeted business milestones, as well as the expected timeframe for, and cost of, achieving same:

Milestone	Estimated Completion Date	Estimated Cost
Integration of third-party software	One month following Closing ⁽¹⁾	\$62,500 ⁽²⁾
Development of Blockstrain’s core platform	One month following Closing ⁽¹⁾	\$62,500 ⁽²⁾
Development of key analytics and metrics	One month following Closing ⁽¹⁾	\$62,500 ⁽²⁾
Development of reporting and compliance procedures	Two months following Closing ⁽¹⁾	\$312,500 ⁽²⁾
Development of warehouse and grow facility management platform	Three months following Closing ⁽¹⁾	\$750,000 ⁽²⁾

⁽¹⁾ The timing of optimization and integration of the tabled business objectives after initial completion is expected to extend beyond the estimated date of completion.

⁽²⁾ It is expected that an additional \$1 million will be required to optimize and integrate the tabled business objectives.

While the Resulting Issuer intends to pursue these milestones, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

Description of the Securities

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value.

Resulting Issuer Shares

The rights and restrictions attached to the Resulting Issuer Shares are expected to be substantially the same as those of the Scorpion Shares, as described under the heading, “*Information Concerning Scorpion – Description of Securities*”.

Following the Closing, there are expected to be 80,204,382 Resulting Issuer Shares outstanding, on an undiluted basis.

Resulting Issuer Options

In connection with the Closing, it is expected that the Resulting Issuer will grant an aggregate of 12,750,000 Resulting Issuer Options effective as of the date of the Final Exchange Bulletin. Each of these Resulting Issuer Options will be exercisable into one Resulting Issuer Share at a price of \$0.30 per Resulting Issuer Share for a period of five years following the Closing, and will vest four months after the date of grant. Of the Resulting Issuer Options to be granted in connection with the Closing, 7,825,000 will be granted under the Scorpion Existing Option Plan and 4,925,000 will be granted under the Scorpion 2018 Option Plan. Of the 4,925,000 to be granted under the Scorpion 2018 Option Plan, 500,000 will be granted to each of Cameron Chell, Robert Galarza, Tommy Stephenson, Anthony Jackson and Michael Kraft, 50,000 will be granted to Konstantin Lichtenwald, and an aggregate of 2,375,000 will be granted to certain employees of, and consultants to, the Resulting Issuer. All of the Resulting Issuer Options granted under the Scorpion 2018 Option Plan will be subject to approval of the Resulting Issuer Shareholders at the next annual general meeting of the Resulting Issuer Shareholders. Given that the Scorpion 2018 Option Plan has not yet been approved by the Scorpion Shareholders, Scorpion will undertake not to permit any exercises of Resulting Issuer Options granted under the Scorpion 2018 Option Plan that would exceed, on an aggregate basis, such number as is equal to 10% of the issued and outstanding Resulting Issuer Shares as at the time of exercise.

Pro Forma Consolidated Capitalization

The following table sets out the undiluted pro forma share capitalization of the Resulting Issuer, on a consolidated basis, following the Closing. The information should be read in conjunction with the Pro Forma Financial Statements attached as Schedule "D", which provide additional information.

Designation of Security	Amount authorized or to be authorized	Amount outstanding as at April 30, 2018 after giving effect to the Transaction
Resulting Issuer Shares	Unlimited	80,204,382 ⁽¹⁾

⁽¹⁾ For a full description of all Resulting Issuer Options to be outstanding at the Closing, see below under the heading "Fully Diluted Share Capital".

As at December 31, 2017, the Resulting Issuer had a deficit of \$10,044,830 on a consolidated basis, based on the pro-forma consolidated balance sheets of the Resulting Issuer attached hereto as Schedule "D". Other than as disclosed herein, there were no material changes in the loan capital of the Resulting Issuer, on a consolidated basis, since December 31, 2017.

Fully Diluted Share Capital

The following table sets out the expected fully diluted share capital of the Resulting Issuer following the Closing:

Description of Security	Number	Percentage (%)⁽¹⁾
Resulting Issuer Shares outstanding ⁽²⁾	80,204,382	86.3
Resulting Issuer Shares issuable on exercise of Resulting Issuer Options	12,750,000	13.7
Fully-Diluted Total	92,954,382	100.0

- (1) Calculated on a fully diluted basis based on 92,954,382 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on a fully diluted basis.
- (2) 924,000 of these are expected to continue to be subject to the CPC Escrow Agreement and 38,350,000 of these are expected to be subject to the Value Security Escrow Agreement to be entered into in connection with the Closing. See "Escrowed Securities".

Available Funds and Principal Purposes

Funds Available

Scorpion and Blockstrain had a combined working capital position (on an unaudited basis) of approximately \$151,350 as at April 30, 2018, based on estimated working capital deficit of Scorpion of \$11,370 and estimated working capital of Blockstrain of \$162,720. Based on this working capital position, and assuming completion of the Transaction (including the Concurrent Financing), the estimated funds available to the Resulting Issuer will be as follows:

Sources	(\$)
Estimated Scorpion working capital as at April 30, 2018 (unaudited)	(11,370)
Estimated Blockstrain working capital as at April 30, 2018 (unaudited)	162,720
Gross proceeds of Concurrent Financing	10,500,000 ⁽¹⁾
Estimated funds available to the Resulting Issuer upon completion of the RTO	10,651,350

- (1) Calculated without deducting finder's fees in an amount equal to up to 6.0% of the gross proceeds raised under the Concurrent Financing that will be paid at Closing to certain arms-length finders.

The amounts shown in the table above are estimates only and are based upon the information available to Scorpion and Blockstrain as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors and variances may be material.

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available funds on completion of the Transaction. The amounts shown in the table are estimates only and are based on the information available to Scorpion and Blockstrain as of the date hereof. For additional information with respect to the expected use of funds, see the section entitled "Business Objectives and Milestones – Stated Business Objectives".

Use of Funds	(\$)
Payments related to the Completion of the Qualifying Transaction	500,000 ⁽¹⁾
Finder's fees in connection with Concurrent Financing	630,000 ⁽²⁾
Estimated 12 month general and administrative expenses	2,835,100 ⁽³⁾
Research and development	1,625,000
Licensing	1,230,000
Product development	1,072,500
Unallocated funds	2,758,750
Total	10,651,350

- (1) Includes legal fees, auditor review fees, TSXV filing fees, transfer agent fees and other expenses incurred or expected to be incurred in connection with the Transaction.

- (2) A cash finder's fee of up to 6% of the gross proceeds raised under the Concurrent Financing will be paid at Closing to certain arms-length finders.
- (3) Includes communications, investor relations and marketing expenses of \$640,000; employee payroll, benefits, and training expenses of \$1,475,100; rent, property tax, and insurance expenses of \$160,000; professional service fees of \$240,000; trade show and travel expenses of \$220,000; TSXV and transfer agent fees of \$60,000; and sales commissions of \$20,000.

There may be circumstances where, for sound business reasons, the Resulting Issuer reallocates available funds. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements and to meet its objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding will be available to the Resulting Issuer if required.

Scorpion is negotiating consulting agreements with Business Instincts Group Inc., a company controlled by Cameron Chell, and other proposed members of management of the Resulting Issuer, but it is not expected that such agreements will be executed until following the Closing. Notwithstanding the foregoing, the Resulting Issuer expects to pay annual consulting fees or salaries, as applicable, of up to \$150,000 to each officer of the Resulting Issuer following the Closing.

Dividends or Distributions

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth. The Resulting Issuer Board will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time.

Principal Securityholders

There are not expected to be any securityholders that own, of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the Resulting Issuer Shares, following the Closing.

Directors, Officers and Promoters

In connection with the Closing, Robert Galarza, Cameron Chell, Tommy Stephenson and Michael Kraft, none of whom are currently directors or officers of Scorpion, are expected to be appointed as directors and/or officers of the Resulting Issuer. Anthony Jackson and Konstantin Lichtenwald are also expected to remain as directors of the Resulting Issuer, and Mr. Jackson is expected to continue to serve as the CFO of the Resulting Issuer.

The table below sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following the completion of the Transaction. Additional biographical information about each of these individuals is set out below under the heading "Management".

Name and Municipality and Province of Residence and Position to be held at Closing	Principal Occupation During Last Five Years	Resulting Issuer Shares Outstanding on Closing ⁽¹⁾	
		Number	Percentage (%)
Robert Galarza ⁽⁸⁾ Vancouver, BC CEO and Director	Co-founder and CEO of Spark since 2016. Senior Vice-President of Digital Development for Heated Details from September 2015 to February 2016. Self-employed attorney from January 2015 to September 2015. Consulting attorney for Attlesey Storm LLP from June 2014 to January 2015. Festival Director for AMFM Fest / Film for Change LLC from December 2013 to June 2014. Self-employed attorney from March 2011 to December 2013.	3,300,000 ⁽²⁾	4.1
Tommy Stephenson Seattle, Washington Chief Technology Officer	Co-founder of Spark in 2016. Founder and CEO of Heated Details since September 1998.	3,300,000 ⁽³⁾	4.1
Anthony Jackson ⁽⁸⁾ West Vancouver, BC CFO, Secretary and Director	Principal of Jackson & Company, Chartered Accountants.	840,000 ⁽⁴⁾	1.0
Cameron Chell Venice, California Director	CEO of Business Instincts Group Inc. ("BIG") since November 2009.	3,188,000 ⁽⁵⁾	4.4
Michael Kraft Toronto, ON Director	Founder, President and CEO of Lingo Media Corporation.	800,000 ⁽⁶⁾	1.1
Konstantin Lichtenwald ⁽⁸⁾ Vancouver, BC Director	Consultant at Bridgemark Financial Corp.	140,000 ⁽⁷⁾	*

* Less than 1%.

(1) Calculated on a partially diluted basis based on 80,204,382 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis. Any Resulting Issuer Options expected to be held by a director or officer are counted as outstanding for computing the percentage ownership of the director or officer holding such Resulting Issuer Options, but are not counted as outstanding for computing the percentage ownership of any other director or officer.

(2) Comprised of: (i) 800,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing to be registered in the name of Mr. Galarza; (ii) 500,000 Consideration Shares to be issued to Vancouver Esports Marketing Ltd., a company controlled by Mr. Galarza; and (iii) 2,000,000 Consideration Shares to be issued to Ignite Holdings Ltd., a company controlled by Mr. Galarza.

(3) Comprised of: (i) 800,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing to be registered in the name of Mr. Stephenson; and (ii) 2,500,000 Consideration Shares to be issued to Ember Technology Partners Ltd., a company controlled by Mr. Stephenson.

(4) Comprised of 40,000 Resulting Issuer Shares and 800,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.

(5) Comprised of: (i) 800,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing to be registered in the name of Mr. Chell; (ii) 750,000 Consideration Shares to be issued to Mr. Chell; (iii) 638,000 Consideration Shares to be issued to BIG; and (iv) 1,000,000 Consideration Shares to be issued to Blockchain Merchant Group. Mr. Chell will exercise control and direction over the Consideration Shares issued to BIG and Blockchain Merchant Group.

- (6) Comprised of 800,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (7) Comprised of 40,000 Resulting Issuer Shares and 100,000 Resulting Issuer Shares that may be issued on exercise of Resulting Issuer Options to be granted in connection with the Closing.
- (8) Proposed member of Audit Committee.

Following the Closing, the proposed directors and officers of the Resulting Issuer and its material subsidiaries as a group are expected to beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 7,388,000 Resulting Issuer Shares (on an undiluted basis), representing 9.3% of the issued and outstanding Resulting Issuer Shares on an undiluted basis, assuming there are 80,204,382 Resulting Issuer Shares outstanding at Closing. All of such Resulting Issuer Shares will be required to be deposited into escrow pursuant to the terms of a Value Security Escrow Agreement. See “Escrowed Securities”.

Each director’s term of office will expire at the next annual meeting of the shareholders of the Resulting Issuer, unless they are re-elected at such meeting.

Management

The following is a brief description of the proposed key members of management of the Resulting Issuer:

Robert Galarza – Vancouver, British Columbia - CEO and Director

Mr. Galarza, age 39, is the co-founder and CEO of Spark, a software company specializing in revolutionary enterprise technology. Mr. Galarza has over ten years of experience in advertising and mass media communications, over seven years of experience as a corporate transactional attorney, during which his practice included the representation of professional athletes in the entertainment industry, and over four years of experience in the digital technology sector, specifically focused on mobile platform development, SaaS solutions and blockchain integration. Mr. Galarza received a Bachelor of Science in Advertising from the University of Texas at Austin in 2005 and a Doctorate of Jurisprudence, Cum Laude Honors, from St. Mary’s University College of Law in San Antonio, Texas in 2009.

Mr. Galarza expects to devote 80% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Galarza will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Anthony Jackson – West Vancouver, British Columbia - CFO, Secretary and Director

Mr. Jackson, age 37, is the Principal of Jackson & Company, Chartered Accountants, which assists private and public companies in a variety of industries with full service accounting, and tax services. Prior to his time at Jackson & Company, Mr. Jackson spent a number of years working at Ernst & Young LLP and obtaining his Chartered Accountant designation, before moving on to work as a senior analyst at a boutique investment banking firm. Mr. Jackson holds a Bachelor of Business Administration degree (B.B.A) from Simon Fraser University and the professional designation of Chartered Accountant (CPA-CA). Mr. Jackson has extensive experience as a director and Chief Financial Officer of numerous publicly traded companies, including Delta 9 Cannabis Inc., a company listed on the TSXV specializing in the production, storage and sale of medical cannabis.

Mr. Jackson expects to devote 10% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Jackson will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Tommy Stephenson – Seattle, Washington - Chief Technology Officer

Mr. Stephenson, age 41, is the co-founder of Spark. Since September 1998, he has been CEO of Heated Details, a Seattle based design and development agency he founded, that provides services to Fortune 500 companies, including Microsoft, Google/YouTube, Starbucks and Mercedes Benz. Mr. Stephenson has also been the Chief Technology Officer of Globatom, Inc., a SaaS cloud-based technology company specializing in real-time global logistics management systems, since May 2016. He previously served as the Chief Technology Officer of Ghost Group, a technology company that owns and manages a portfolio of advertising, web, point of sale and logistics solutions for the cannabis industry (including their well-known flagship platform, Weedmaps), from September 2014 to January 2016.

Mr. Stephenson expects to devote 80% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer. Management anticipates that Mr. Stephenson will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Cameron Chell – Venice, California - Director

Mr. Chell, age 49, is the CEO of BIG. He has built several startups, including Draganfly, RaptorRig, ColdBore, as well as being the founder of Futurelink, the original cloud computing company. He is also the co-founder of UrtheCast, the first commercial video platform from space and Slyce, the visual purchasing engine. Mr. Chell is currently involved with creating and sourcing new projects, and overseeing corporate development for BIG, which is a venture creation and management services company that integrates a proprietary strategic planning process into organizations fostering strategic growth, valuation appreciation, liquidity, and management accountability. His primary responsibility is to provide project and strategic management facilitation while working with his co-founders, executives, and investors to determine what is most important and specifically how to get it done.

Michael Kraft – Toronto, ON – Director

Mr. Kraft, age 54, is an entrepreneur with more than 30 years of experience in sales, marketing and corporate management, and with a strong record of success in both public and private company leadership. He has been the chairman and a director of WeedMD Inc., a Licensed Producer listed on the TSXV that he co-founded in 2013, since April 2017, and is also chair of its audit committee. Since 1996, when he founded the company, he has been the CEO of Lingo Media Corporation, an online and print-based English language learning company listed on the TSXV. Since September 1993, he has been the chairman of Buckingham Group Limited, a privately-owned merchant bank that provides a full range of business support and commercial services to investee companies in a wide range of sectors, including technology, education, life sciences and energy. Mr. Kraft obtained a Bachelor of Arts in Economics from York University in 1985.

Konstantin Lichtenwald – Vancouver, BC – Director

Mr. Lichtenwald, age 33, specializes in providing corporate financial valuation, taxation, financial reporting, consulting and other accounting services to both small businesses and public commodity resource companies. He also assists in many aspects of client administration, financing and other activities. Mr. Lichtenwald worked at Ernst & Young GmbH, Germany, in the assurance department. He has also had extensive experience as a controller and chief financial officer of numerous publicly traded and private corporations in several industries. Mr. Lichtenwald obtained a Bachelor of Business Administration degree from Pforzheim University, Germany, and holds a professional Chartered Professional Accountant designation in Canada.

Promoter Consideration

Mr. Jackson is the promoter of Scorpion in that he has been responsible for identifying and reviewing new business opportunities for Scorpion, including the Transaction. Mr. Jackson is expected to beneficially own, directly or indirectly, or exercise control or direction over, 40,000 Resulting Issuer Shares, on an undiluted basis, which is expected to represent less than 1% of the outstanding Resulting Issuer Shares following the Closing. See “*Directors, Officers and Promoters*” for additional information.

Mr. Chell is the promoter of Blockstrain in that he took the initiative in founding and organizing Blockstrain and was instrumental in facilitating the Transaction. He is expected to beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 2,388,000 Resulting Issuer Shares, on an undiluted basis, being 3.0% of the outstanding Resulting Issuer Shares following the Closing, as more particularly described elsewhere in this Filing Statement. See “*Directors, Officers and Promoters*” for additional information.

Corporate Cease Trade Orders or Bankruptcies

Except as set forth below, no proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, is, as at the date of this Filing Statement, or has been, within 10 years before the date of this Filing Statement, a director, officer or promoter of any company that, while that person was acting in that capacity:

- (b) was subject to (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemptions under applicable securities law, that was in effect for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise; or
- (d) with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Michael Kraft was a nominee director to represent Lingo Media Corporation’s interest in A+ Child Development (Canada) Ltd. (“A+”), a 70.33% subsidiary of Lingo Media Corporation. On December 23, 2008, A+ filed a Notice of Intent to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada). On April 23, 2009, the proposal filed under the *Bankruptcy and Insolvency Act* (Canada) by A+ was approved by the Superior Court of Justice (Ontario) and the Company received the Certificate of Full Performance of Proposal.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, or a personal holding company of any such persons, has, within 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, officer, promoter or securityholder.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA or other applicable corporate legislation.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
Michael Kraft	WeedMD Inc. (Ontario)	TSXV	Chairman / Director	04/17	Present
	Lingo Media Corporation (Ontario)	TSXV	President/ CEO / Director	11/16	Present
	Pioneering Technology Corp. (Ontario)	TSXV	Director	07/06	Present
	Percy Street Capital Corporation (Canada)	TSXV	Director	08/15	Present
	JM Capital II Corp. (Canada)	TSXV	Director	01/12	Present
	Internet of Things Inc. (Ontario)	TSXV	CEO / Director	03/12	04/15
	Vogogo Inc. (Alberta)	TSXV	Director	06/11	09/14
Anthony Jackson	Arcturus Ventures Inc. (British Columbia)	NEX	Director	12/16	Present
			CFO	06/17	Present
	Prize Mining Corporation (Alberta)	TSXV	CFO	09/16	Present

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
	Eyecarrot Innovations Corp. (British Columbia)	TSXV	CFO	09/11	Present
	Royal Sapphire Corp. (British Columbia)	TSXV	CFO / Director	05/14	Present
	Fire River Gold Corp. (British Columbia)	TSXV	Director	01/16	Present
	Golden Ridge Resources Ltd. (British Columbia)	TSXV	CFO/ Director	09/14	09/17
	Dynasty Gold Corp. (British Columbia)	TSXV	CFO	09/11	Present
	Altan Rio Minerals Limited (British Columbia)	TSXV	CFO	06/13	Present
	Altan Nevada Minerals Limited (British Columbia)	TSXV	CFO	06/13	Present
	Intact Gold Corp. (British Columbia)	TSXV	CEO/ Director	05/15	Present
	Rio2 Limited (Ontario)	TSXV	CFO	09/14	03/17
	Senator Minerals Inc. (British Columbia)	TSXV	Director	12/14	Present
	Kincora Copper Limited (British Columbia)	TSXV	CFO	09/14	Present
	Tiller Resources Ltd. (British Columbia)	NEX	CFO/ Director	05/14	Present
	American Potash Corp. (British Columbia)	CSE	CFO	02/14	Present
	Navis Resources Corp. (British Columbia)	CSE	Director	07/16	Present
	Kootenay Zinc Corp. (British Columbia)	CSE	CFO/ Director	12/15	Present
	Delta 9 Cannabis Inc. (British Columbia)	TSXV	Director	01/16	Present
			CEO / CFO	01/16	10/17
Konstantin Lichtenwald	Arcturus Ventures Inc. (British Columbia)	NEX	Director	12/16	04/18
	Delta 9 Cannabis Inc. (British Columbia)	TSXV	CFO / Director	01/16	04/17
	Fire River Gold Corp. (British Columbia)	NEX	CFO / Director	02/16	04/18
	Golden Ridge Resources Ltd. (British Columbia)	TSXV	Director	02/16	09/17
	Leo Resources Inc. (British Columbia)	CSE	CFO	02/17	Present
	Tiller Resources Ltd. (British Columbia)	NEX	Director	07/15	05/18
	Vantex Resources Ltd (Canada)	TSXV	CFO	02/16	04/18

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
	Koios Beverage Corp. (British Columbia)	CSE	Director	10/17	Present
	Intact Gold Corp. (British Columbia)	TSXV	CFO and Director	05/16	Present
	BlocPlay Entertainment Group (British Columbia)	CSE	CFO and Director	01/17	Present
	BioCure Technology Inc. (British Columbia)	CSE	CFO and Director	01/17	Current
	Element Lifestyle Retirement Inc. (British Columbia)	TSXV	CFO	03/18	Present
	GBLT Corp. (Ontario)	TSXV	CFO	03/18	Present
	Darien Resources Corp. (British Columbia)	TSXV	CFO	01/18	02/18

Executive Compensation

Summary Compensation Table

It is expected that, following the Closing, Robert Galarza, Tommy Stephenson and Anthony Jackson will be paid salaries of \$150,000, \$150,000, and \$30,000 (pro-rated for 2017), respectively, pursuant to the terms of employment or consulting agreements to be entered into with the Resulting Issuer in connection with the Closing. In addition, the Resulting Issuer may pay directors fees to some or all of the directors of the Resulting Issuer, in each case on terms to be determined following the Closing. It is expected that all directors and officers of the Resulting Issuer will also be entitled to participate in the Scorpion 2018 Option Plan at the discretion of the Resulting Issuer Board.

Indebtedness of Directors and Officers

No director or officer of Scorpion, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to Scorpion at any time.

Investor Relations Arrangements

No written or oral agreement has been reached with any Person to provide promotional or investor relations activities for the Resulting Issuer.

Options to Purchase Securities

The following table sets forth all Resulting Issuer Options that are expected to be outstanding upon the completion of the Transaction:

Persons who will Receive Stock Options (as a group)	Number of Resulting Issuer Shares Under Option	Exercise Price per Resulting Issuer Share Under Option	Expiration Date	Market Value of Resulting Issuer Shares Under Option on the date of this Filing Statement ⁽²⁾
All proposed officers of the Resulting Issuer (3 Persons) ⁽¹⁾	2,400,000	\$0.30	5 years from the Closing	\$720,000
All proposed directors of the Resulting Issuer (who will not also be executive officers) (3 Persons) ⁽³⁾	1,700,000	\$0.30	5 years from the Closing	\$510,000
All other persons	8,650,000	\$0.30	5 years from the Closing	\$2,415,000
Total:	12,750,000			\$3,825,000

(1) Consists of Robert Galarza, Tommy Stephenson and Anthony Jackson.

(2) Calculated by multiplying the number of Resulting Issuer Options by the Concurrent Financing price of \$0.30.

(3) Consists of Cameron Chell, Konstantin Lichtenwald and Michael Kraft.

(4) For details of the number of Resulting Issuer Options to be held by the directors and officers, see the table above under the heading "Directors, Officers and Promoters".

Stock Option Plan

Following the Closing, the Scorpion 2018 Option Plan as described under the heading "Information Concerning Scorpion – Stock Option Plans – Scorpion 2018 Option Plan" is expected to remain in effect. Of the 12,750,000 Resulting Issuer Options to be granted in connection with the Closing, 7,825,000 will be granted under the Scorpion Existing Option Plan and 4,925,000 will be granted under the Scorpion 2018 Option Plan. Of the 4,925,000 to be granted under the Scorpion 2018 Option Plan, 500,000 will be granted to each of Cameron Chell, Robert Galarza, Tommy Stephenson, Anthony Jackson and Michael Kraft, 50,000 will be granted to Konstantin Lichtenwald, and an aggregate of 2,375,000 will be granted to certain employees of, and consultants to, the Resulting Issuer. All of the Resulting Issuer Options granted under the Scorpion 2018 Option Plan will be subject to approval of the Resulting Issuer Shareholders at the next annual general meeting of the Resulting Issuer Shareholders. Given that the Scorpion 2018 Option Plan has not yet been approved by the Scorpion Shareholders, Scorpion will undertake not to permit any exercises of Resulting Issuer Options granted under the Scorpion 2018 Option Plan that would exceed, on an aggregate basis, such number as is equal to 10% of the issued and outstanding Resulting Issuer Shares as at the time of exercise.. A complete copy of the Scorpion 2018 Option Plan is attached as Schedule "E" to this Filing Statement.

Escrowed Securities

CPC Escrow Shares

The following table sets out the number and percentage of Scorpion Shares held in escrow under the CPC Escrow Agreement prior to giving effect to the Transaction, and the number and percentage of Scorpion Shares that will be held in escrow following the closing of the Transaction, after giving effect to the initial release of such escrowed shares under the CPC Escrow Agreement in connection with the issuance of the Final Exchange Bulletin:

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction-		After Giving Effect to the Transaction	
	Number of Securities Held in Escrow	Percentage of Class ⁽¹⁾	Number of Securities to be Held in Escrow ⁽²⁾	Percentage of Class ⁽¹⁾
Joshua Bleak <i>Mesa, AZ</i>	200,000	*	180,000	*
Andrew Bond <i>Mesa, AZ</i>	20,000	*	18,000	*
Chris Bond <i>Gilbert, AZ</i>	20,000	*	18,000	*
H. Kenneth Bond Jr. <i>Mesa, AZ</i>	40,000	*	36,000	*
Philip Cote <i>Rossland, BC</i>	80,000	*	72,000	*
John Eckersley <i>Sandy, UT</i>	80,000	*	72,000	*
Quinn Field-Dyde <i>Vancouver, BC</i>	40,000	*	36,000	*
Roy Fuller <i>Mesa, AZ</i>	100,000	*	90,000	*
Joan Purdy <i>Vancouver, BC</i>	124,000	*	111,600	*
Anthony Jackson <i>West Vancouver, BC</i>	40,000	*	36,000	*
Konstantin Lichtenwald <i>Vancouver, BC</i>	40,000	*	36,000	*
Monty Madison <i>Gold Canyon, AZ</i>	40,000	*	36,000	*
Eduardo Othon <i>Sahuarita, AZ</i>	40,000	*	36,000	*
Laara Shaffer <i>Vancouver, BC</i>	20,000	*	18,000	*
Von Torres <i>Vancouver, BC</i>	40,000	*	36,000	*
Total	924,000	1.2%	831,600	1.0%

* Less than 1%.

(1) Calculated on an undiluted basis based on 80,204,382 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction.

(2) Assuming the release from escrow of 10% of such Resulting Issuer Shares upon issuance of the Final Exchange Bulletin.

The CPC Escrow Shares are currently held in escrow pursuant to the CPC Escrow Agreement. The Transfer Agent is the escrow agent for the purposes of the CPC Escrow Agreement. There are 924,000 post-Scorpion Split CPC Escrow Shares currently in escrow. At the time of completion of the Qualifying Transaction, it is expected that each Person listed in the table above will hold Resulting Issuer Shares subject to escrow in the amount listed beside such Person's name.

The CPC Escrow Shares are currently subject to the release schedule set out in Schedule B(1) to the CPC Escrow Agreement. Pursuant to Schedule B(1) of the CPC Escrow Agreement, 10% of the CPC Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin respecting the Transaction and an additional 15% of the CPC Escrow Shares are to be released every 6 months thereafter until all CPC Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the Exchange as a Tier 1 Issuer, the CPC Escrow Shares will be released on an accelerated schedule, as set out in Schedule B(2) of the CPC Escrow Agreement. Pursuant to Schedule B(2) of the CPC Escrow Agreement, 25% of the CPC Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the CPC Escrow Securities would be released every 6 months thereafter, until all CPC Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The CPC Escrow Agreement provides that the CPC Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the CPC Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy of such person legally entitled to the CPC Escrow Shares, which shares will remain in escrow subject to the CPC Escrow Agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the CPC Escrow Shares held by the escrow shareholder will be released from escrow. The Transfer Agent is the escrow agent for purposes of the CPC Escrow Agreement.

Value Escrow Shares

Unless acquired pursuant to the Concurrent Financing or currently subject to the CPC Escrow Agreement, all of the Resulting Issuer Shares held by Principals following the issuance of the Final Exchange Bulletin will be Value Escrow Shares, and will be held in escrow subject to the Value Security Escrow Agreement based on TSXV Form 5D. The Value Security Escrow Agreement will be entered into by the Resulting Issuer, the Transfer Agent or an alternate transfer agent as approved by the Resulting Issuer and the TSXV, and each of the Principals of the Resulting Issuer. The following table sets out details of the number of Resulting Issuer Shares expected to be held in escrow following the Closing, after giving effect to the first escrow release of 10% of the Value Escrow Shares upon issuance of the Final Exchange Bulletin:

Name and Municipality of Residence of Principal	Designation of Security	Number	Percentage (%)⁽¹⁾
Robert Galarza <i>Vancouver, BC</i>	Resulting Issuer Shares	2,250,000 ⁽²⁾	3.1
Cameron Chell <i>Venice, California, USA</i>	Resulting Issuer Shares	2,149,200 ⁽³⁾	3.0
Tommy Stephenson <i>Seattle, Washington, USA</i>	Resulting Issuer Shares	2,250,000 ⁽⁴⁾	3.1

* Less than 1%.

(1) Calculated on an undiluted basis based on 80,204,382 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, given completion of the Maximum Financing.

(2) Represents: (i) 450,000 Consideration Shares to be registered in the name of Vancouver Esports Marketing Ltd., a company controlled by Mr. Galarza, and which will also be a party to the Value Security Escrow Agreement; and

- (ii) 1,800,000 Consideration Shares to be registered in the name of Ignite Holdings Ltd., a company controlled by Mr. Galarza, and which will also be a party to the Value Security Escrow Agreement.
- (3) Includes 574,200 Consideration Shares to be registered in the name of BIG and 900,000 Consideration Shares to be registered in the name of Blockchain Merchant Group Inc., both of which will also be parties to the Value Security Escrow Agreement. Mr. Chell will exercise control and direction over the Consideration Shares to be registered in the name of BIG and Blockchain Merchant Group Inc.
- (4) Represents 2,250,000 Consideration Shares to be registered in the name of Ember Technology Partners Ltd., a company controlled by Mr. Stephenson, and which will also be a party to the Value Security Escrow Agreement

Should the Resulting Issuer be accepted by the TSXV as a Tier 2 Issuer, the Value Escrow Shares will be subject to the release schedule set out in Schedule B(2) to the Value Security Escrow Agreement. Pursuant to Schedule B(2) of the Value Security Escrow Agreement, 10% of the Value Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin and an additional 15% of the Value Escrow Shares are to be released every 6 months thereafter, until all Value Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the TSXV as a Tier 1 Issuer, the Value Escrow Shares shall be released on an accelerated schedule, as set out in Schedule B(1) of the Value Security Escrow Agreement. Pursuant to Schedule B(1) of the Value Security Escrow Agreement, 25% of the Value Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the Value Escrow Shares would be released every 6 months thereafter, until all Value Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The Value Escrow Shares may not be transferred without the approval of the TSXV, other than in specified circumstances set out in the Value Security Escrow Agreement.

Where the CPC Escrow Shares or the Value Escrow Shares are held by a non-individual (a “**holding company**”), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

Seed Share Resale Restrictions

In addition to the foregoing, an aggregate of 30,962,000 Resulting Issuer Shares (27,865,800 Resulting Issuer Shares following the first escrow release on the date of the Final Exchange Bulletin) to be issued to 31 Blockstrain Shareholders are expected to be subject to seed share resale restrictions in accordance with Section 10 of TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*, pursuant to which they are deposited into escrow pursuant to the terms of a Value Security Escrow Agreement.

Auditor, Transfer Agent and Registrar

Auditor

Upon completion of the Transaction, it is intended that the Resulting Issuer’s auditors will continue to be Dale Matheson Carr-Hilton LaBonte LLP, at its Vancouver office at 1500 - 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

Transfer Agent and Registrar

The Resulting Issuer anticipates that the transfer agent and registrar for the Resulting Issuer will be is Computershare Trust Company of Canada, at its Vancouver office, located at 510 Burrard Street, 3rd Floor, Vancouver, BC V6C 3A8. Transfers may be recorded in Toronto, Ontario or Vancouver, British Columbia.

GENERAL MATTERS

Sponsorship

Pursuant to Policy 2.2 of the TSXV Corporate Finance Manual, sponsorship is generally required in conjunction with a Qualifying Transaction. Scorpion has obtained a waiver of the sponsorship requirement from the TSXV in connection with the Transaction from the TSXV on the basis that, pursuant to Section 3.4(b) of Policy 2.2, it would not be contrary to the public interest, as Scorpion is not a Foreign Issuer and that the directors and officers of the Resulting Issuer will collectively: (a) possess a positive record with junior companies; (b) have the ability to raise financing; (c) have a positive corporate governance record; (d) have the technical experience required of the industry sector; and (e) show a positive record of experience as directors or senior officers with public companies in Canada or the United States.

Experts

Dale Matheson Carr-Hilton LaBonte LLP is the independent auditor of both Scorpion and Blockstrain. To the knowledge of management of Scorpion and Blockstrain, as of the date hereof, neither Dale Matheson Carr-Hilton LaBonte LLP, nor any Associate or Affiliate thereof, has any beneficial interest, direct or indirect, in the securities or property of Scorpion or Blockstrain.

Other Material Facts

To the knowledge of management of Scorpion and Blockstrain, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Filing Statement or are necessary for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Transaction.

Board Approval

The Scorpion Board and the Blockstrain Board have approved the contents of this Filing Statement.

CERTIFICATE OF THE ISSUER

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of Scorpion Resources Inc. assuming completion of the Qualifying Transaction.

DATED as of May 10, 2018

SCORPION RESOURCES INC.

"Quinn Field-Dyde"

Quinn Field-Dyde
CEO and Director

"Anthony Jackson"

Anthony Jackson
Chief Financial Officer and Director

On behalf of the Board of Scorpion Resources Inc.

"Konstantin Lichtenwald"

Konstantin Lichtenwald
Director

"Von Torres"

Von Torres
Director

CERTIFICATE OF THE TARGET

The foregoing, as it related to Blockstrain Technology Corp., constitutes full, true, and plain disclosure of all material facts relating to the securities of Blockstrain Technology Corp.

DATED as of May 10, 2018.

BLOCKSTRAIN TECHNOLOGY CORP.

"Robert Galarza"

Robert Galarza
President

On behalf of the Board of Blockstrain Technology Corp.

"Cameron Chell"

Cameron Chell
Director

ACKNOWLEDGMENT - PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated as of May 10, 2018

SCORPION RESOURCES INC.

“Quinn Field-Dyte”

Quinn Field-Dyte
CEO and Director

SCHEDULE "A"

Audited consolidated annual financial statements of Scorpion Resources Inc. as at and for the years ended March 31, 2017 and 2016 and unaudited condensed consolidated interim financial statements for the three and nine months ended December 31, 2017 and 2016

See attached documents

Scorpion Resources Inc.
Financial Statements
Year Ended March 31, 2017

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Scorpion Resources Inc.

We have audited the accompanying financial statements of Scorpion Resources Inc., which comprise the statements of financial position as at March 31, 2017 and 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Scorpion Resources Inc. as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Scorpion Resources Inc.'s ability to continue as a going concern.

DML

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 31, 2017

Scorpion Resources Inc.
 Statements of financial position
 (Expressed in Canadian Dollars)

	Note	March 31, 2017	March 31, 2016
ASSETS			
Current assets			
Cash		\$ 14,987	\$ -
TOTAL ASSETS		\$ 14,987	\$ -
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5	\$ 318,237	\$ 148,177
Loan payable	6	7,500	-
TOTAL LIABILITIES		325,737	148,177
SHAREHOLDERS' EQUITY			
Share capital	7	402,043	373,043
Stock option reserve	7	45,351	45,351
Deficit		(758,144)	(566,571)
TOTAL EQUITY		(310,750)	(148,177)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 14,987	\$ -

Nature and continuance of operations (Note 1)
 Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Quinn Field-Dyde"
 Director

"Von Torres"
 Director

Scorpion Resources Inc.
 Statements of comprehensive loss
 (Expressed in Canadian Dollars)

	Note	Year ended March 31, 2017	Year ended March 31, 2016
Expenses			
Administration	8	\$ -	\$ 2,857
Business development		1,493	138
Consulting		-	2,476
Exploration expenses	4	-	3,616
Foreign exchange loss (gain)		(1,343)	2,908
Mineral property investigation costs	8	68,000	-
Office and miscellaneous		2,761	1,527
Professional fees		88,806	25,915
Transfer agent and filing fees		27,856	14,165
		(187,573)	(53,602)
Other items			
Impairment of exploration and evaluation assets	4	-	(52,450)
Loss on settlement of debt		(4,000)	-
Net and comprehensive loss		\$ (191,573)	\$ (106,052)
Loss per share – basic and diluted	7	\$ (0.20)	\$ (0.18)
Weighted average number of shares outstanding – basic and diluted	7	986,164	588,000

Scorpion Resources Inc.
Statement of changes in equity
(Expressed in Canadian Dollars)

	Note	Share capital		Stock option reserve	Deficit	Total
		Number of shares	Amount			
Balance at March 31, 2015		4,850,000	\$ 373,043	\$ 45,351	\$ (460,519)	\$ (42,125)
Net and comprehensive loss		-	-	-	(106,052)	(106,052)
Balance at March 31, 2016		4,850,000	373,043	45,351	(566,571)	(148,177)
Shares issued from private placement	7	400,000	20,000	-	-	20,000
Shares issued for settlement of debt	7	100,000	9,000	-	-	9,000
Net and comprehensive loss		-	-	-	(191,573)	(191,573)
Balance at March 31, 2017		5,350,000	\$ 402,043	\$ 45,351	\$ (758,144)	\$ (310,750)

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

Scorpion Resources Inc.
 Statements of cash flows
 (Expressed in Canadian Dollars)

	Year ended March 31, 2017	Year ended March 31, 2016
Operating activities		
Net loss	\$ (191,573)	\$ (106,052)
Non-cash items:		
Impairment of exploration and evaluation assets	-	52,450
Foreign exchange gain	1,343	-
Loss on settlement of debt	4,000	-
Changes in non-cash working capital items:		
Trade payables and accrued liabilities	173,717	14,835
Net cash flows used in operating activities	(12,513)	(38,767)
Financing activities		
Shares issued in private placement	20,000	-
Loan payable	7,500	-
Net cash flows provided by financing activities	27,500	-
Increase (decrease) in cash	14,987	(38,767)
Cash, beginning	-	38,767
Cash, ending	\$ 14,987	\$ -
Non-cash transaction		
Shares issued for settlement of debt	\$ 9,000	\$ -

1. Nature and continuance of operations

Scorpion Resources Inc. (the “Company”) was incorporated under the British Columbia Business Corporations Act on October 19, 2011. The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. As a CPC, the Company’s principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval (Note 4). The Company’s shares were listed on the Exchange on September 7, 2012. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On September 9, 2014 the Exchange informed the Company that it has halted the Company’s securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 11, 2014. On December 10, 2014, the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange (“NEX”). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. The Company was transferred to NEX under the trading symbol SR.H and the Company’s tier classification changed from Tier 2 to NEX.

The head office and principal address is 608 - 1199 West Pender Street, Vancouver, B.C., V6E 2R1 and the records and registered office is located at 1500 - 1055 West Georgia Street, Vancouver, B.C., V6E 4N7.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies

The financial statements were approved and authorized for issue, by the board of directors of the Company, on July 31, 2017.

Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards board (“IASB”) and including interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

2. Significant accounting policies (cont'd)

Basis of preparation

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional and presentation currency.

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the carrying value of the exploration and evaluation assets, and the recoverability of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of financial instruments.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. Significant accounting policies (cont'd)

Income taxes (cont'd)

Deferred income tax (cont'd):

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by dividing the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Exploration and evaluation assets

The Company capitalizes all direct costs related to the acquisition of exploration and evaluation assets. Exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and a decision to proceed with development are charged to operations as incurred.

The Company's exploration and evaluation assets are assessed for impairment when the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an impairment test is performed and, as a result of this test, it is determined that the carrying amount of an exploration and evaluation asset exceeds its recoverable amount, a provision is made for the decline in value and charged against operations in the year.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3. Accounting standards issued but not yet effective

New standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that it will have on its financial statements.

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

4. Exploration and evaluation asset

CWT Property

The Property consists of mining claims in Pima County, Arizona.

Pursuant to an agreement dated August 27, 2013 and amended on May 21, 2014 and on August 28, 2014, the Company can earn up to an undivided 80% interest in and to the CWT Property upon the following terms:

1. The Company shall earn a 50% interest by making the following payments and expenditures:
 - a. US\$50,000 in cash upon signing the Agreement (Paid);
 - b. 1,000,000 common shares of the capital stock of the Company upon regulatory approval;
 - c. US\$75,000 cash and 1,000,000 common shares on or before the first anniversary of regulatory approval;
 - d. US\$100,000 and 1,000,000 common shares on or before the second anniversary of regulatory approval;
 - e. US\$150,000 and 1,000,000 common shares on or before the third anniversary of regulatory approval;
 - f. US\$250,000 and 1,000,000 common shares on or before the fourth anniversary of regulatory approval;
 - g. On or before the date that is four years from regulatory approval the Company shall incur exploration expenditures of at least US\$500,000 on the CWT Property.
2. The Company shall earn an additional 10% interest in the CWT Property upon completion and regulatory approval of a NI 43-101 compliant resource report prepared according to the standards of the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”).
3. The Company shall earn an additional 10% interest in the CWT Property upon completion and regulatory approval of a Preliminary Economic Assessment prepared according to CIM standards.

Scorpion Resources Inc.
Notes to the financial statements
(Expressed in Canadian Dollars)
For the year ended March 31, 2017

4. Exploration and evaluation asset (cont'd)

4. The Company shall earn an additional 5% interest in the CWT Property upon completion and regulatory approval of a Pre-feasibility Study prepared according to CIM standards.
5. The Company shall earn an additional 5% interest in the CWT Property upon completion and regulatory approval of a Bankable Feasibility Study prepared according to CIM standards.

The agreement is subject to the approval of the Exchange and to other standard closing conditions, including satisfactory due diligence review of the CWT Property by the Company, approval of the board of directors of the Company, and the completion of a financing on terms satisfactory to the Company, in its sole discretion, as may be necessary in order to meet the minimum listing requirements of the Exchange. If the Exchange has not granted approval of this agreement by December 5, 2014, then either party may terminate the agreement without liability, by notice to the other party.

The Company decided not to pursue the exploration of the CWT Property. As a result, an impairment of \$52,450 was recognized in the year ended March 31, 2016 in the statements of comprehensive loss.

Exploration expenses incurred are as follows:

	March 31, 2017	March 31, 2016
Geological consulting and surveying	\$ -	\$ 3,616

5. Trade payables and accrued liabilities

	March 31, 2017	March 31, 2016
Trade payables (Note 8)	\$ 310,237	\$ 144,177
Accrued liabilities	8,000	4,000
	\$ 318,237	\$ 148,177

6. Loan payable

During the year ended March 31, 2017, the Company received a loan of \$7,500 from a director. The loan is unsecured, without interest and due on demand (Note 8).

Scorpion Resources Inc.
Notes to the financial statements
(Expressed in Canadian Dollars)
For the year ended March 31, 2017

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

On May 23, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post consolidated share for every five pre-consolidation common shares. As a result, the outstanding common shares of the Company was reduced to 1,050,000 common shares and the outstanding escrowed shares was reduced to 382,000 shares.

At March 31, 2017, there were 5,350,000 issued and fully paid common shares (2016 – 4,850,000). The weighted average number of shares outstanding and the loss per share for the years ended March 31, 2017 and 2016 have been restated to reflect the share consolidation noted above.

For the year ended March 31, 2017:

On January 30, 2017, the Company issued 100,000 common shares with a fair value of \$9,000 to settle \$5,000 of debt, resulting in a loss of \$4,000 on settlement of debt.

On January 31, 2017, the Company closed a non-brokered private placement whereby the Company issued 400,000 common shares at a price of \$0.05 per share for gross proceeds of \$20,000.

For the year ended March 31, 2016:

No shares were issued during the year

Restricted share capital

The Company has 1,910,000 common shares in escrow pursuant to an escrow agreement. The escrow agent will release any securities upon receiving notice of completion of a Qualifying Transaction. The escrow shares will be released in stages, as follows:

191,000	Shares to be released after Final Exchange Bulletin;
286,500	Shares to be released 6 months following the Final Exchange Bulletin;
286,500	Shares to be released 12 months following the Final Exchange Bulletin;
286,500	Shares to be released 18 months following the Final Exchange Bulletin;
286,500	Shares to be released 24 months following the Final Exchange Bulletin;
286,500	Shares to be released 30 months following the Final Exchange Bulletin;
286,500	Shares to be released 36 months following the Final Exchange Bulletin;
<u>1,910,000</u>	Total

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2017 was based on the loss attributable to common shareholders of \$191,573 (2016 - \$106,052) and the weighted average number of post consolidated common shares outstanding of 986,164 (2016 - 588,000).

Diluted loss per share did not include the effect of stock options and common shares held in escrow as the effect would be anti-dilutive.

Scorpion Resources Inc.
Notes to the financial statements
(Expressed in Canadian Dollars)
For the year ended March 31, 2017

7. Share capital (cont'd)

Stock options

The Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company will not permit more than 485,000 options to be exercised until the Company is in compliance with the Exchange policies regarding the 10% rolling stock option plan. The remaining 115,000 options would not be available for exercise until the Company has 6,000,000 shares issued and outstanding.

No incentive stock options were issued during the years ended March 31, 2017 or 2016. The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price - \$ -
Balance, March 31, 2015, 2016 and 2017	600,000	0.10

At March 31, 2017, the following share purchase options were outstanding:

Number of options	Exercise price - \$ -	Weighted average contractual life (Years)	Expiry date
600,000	0.10	0.43	September 7, 2017

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

8. Related party

The following amounts due to related parties are included in trade payables:

	March 31, 2017	March 31, 2016
Companies controlled by directors and officers of the Company (Note 5)	\$ 58,570	\$ 50
Due to a director and former director of the Company (Note 5)	36,371	2,500
	\$ 94,941	\$ 2,550

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. As of March 31, 2017, the Company has a loan payable to a director of \$7,500 (Note 6).

Scorpion Resources Inc.
Notes to the financial statements
(Expressed in Canadian Dollars)
For the year ended March 31, 2017

8. Related party (cont'd)

Key management compensation

	March 31, 2017	March 31, 2016
Administration services	\$ -	\$ 2,857
Management and professional fees	40,000	-
Mineral property investigation costs	5,000	-
	\$ 45,000	\$ 2,857

10. Income taxes

A reconciliation of the expected income tax recovery, based on Canadian federal and provincial tax rates, to the actual income tax recovery is as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
Net loss	\$ (191,573)	\$ (106,052)
Statutory tax rate	26.0%	26.0%
Expected income tax recovery at the statutory tax rate	(49,809)	(27,573)
Non-deductible item and other	1,040	(1,058)
Change in valuation allowance	48,769	28,631
Income tax recovery	\$ -	\$ -

The Company has the following taxable temporary timing differences. No deferred tax assets have been recognized with respect to these tax affected temporary timing differences.

	March 31, 2017	March 31, 2016
Non-capital loss carry-forwards	\$ 135,572	\$ 83,378
Exploration and evaluation assets	66,229	66,229
Share issuance costs	-	3,425
	201,801	153,032
Less: valuation allowance	(201,801)	(153,032)
Net deferred income tax asset	\$ -	\$ -

The tax pools relating to these deductible temporary differences, noted above, expire as follows:

	Non-capital losses
2032	\$ 5,030
2033	74,567
2034	64,986
2035	112,942
2036	63,158
2037	200,746
	\$ 521,429

Scorpion Resources Inc.
Notes to the financial statements
(Expressed in Canadian Dollars)
For the year ended March 31, 2017

11. Financial instruments and risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. The Company's exposure to credit risk is its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company's credit risk is assessed as low.

Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2017:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 310,237	\$ -	\$ -
Loan payable	\$ 7,500	\$ -	\$ -
	\$ 317,737	\$ -	\$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2016:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 144,177	\$ -	\$ -

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2017	March 31, 2016
Held for trading:		
Cash	\$ 14,987	\$ -

Scorpion Resources Inc.
Notes to the financial statements
(Expressed in Canadian Dollars)
For the year ended March 31, 2017

11. Financial instruments and risks (cont'd)

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2017	March 31, 2016
Non-derivative financial liabilities:		
Trade payables	\$ 310,237	\$ 144,177
Loan payable	7,500	-
	\$ 317,737	\$ 144,177

Fair values

The fair values of the Company's financial assets and liabilities approximate the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at March 31, 2017, the Company's financial assets measured at fair value include cash, which is determined based on Level 1.

12. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

13. Subsequent events

Effective May 23, 2017, the Company consolidated its capital on a 1:5 basis. Post consolidation capitalization consists of unlimited shares with no par value, of which 1,070,000 shares are issued and outstanding, 462,000 shares are subject to escrow.

Scorpion Resources Inc.
Condensed Interim Financial Statements
Nine Months Ended December 31, 2017

(Expressed in Canadian Dollars)

Scorpion Resources Inc.

Condensed Interim Statements of Financial Position

As at December 31, 2017

(Expressed in Canadian Dollars - unaudited)

	Note	December 31, 2017	March 31, 2017
ASSETS			
Current assets			
Cash	\$	121,799	\$ 14,987
Prepaid expenses		37,750	-
TOTAL ASSETS	\$	159,549	\$ 14,987
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4	\$ 168,415	\$ 318,237
Loan payable	5	2,500	7,500
TOTAL LIABILITIES		170,915	325,737
SHAREHOLDERS' DEFICIT			
Share capital	6	861,695	402,043
Stock option reserve	6	45,351	45,351
Deficit		(918,412)	(758,144)
TOTAL DEFICIT		(11,366)	(310,750)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$	159,549	\$ 14,987

Nature and continuance of operations (Note 1)

Subsequent event (Note 8)

Approved on behalf of the Board of Directors:

"Quinn Field-Dyde"

Director

"Von Torres"

Director

Scorpion Resources Inc.

Condensed Interim Statements of Comprehensive Loss
 For the three and nine month periods ending December 31, 2017
 (Expressed in Canadian Dollars - unaudited)

	Note	Three month period ended		Nine month period ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Expenses					
Business development		\$ 1,663	\$ 1,493	\$ 1,663	\$ 1,493
Consulting		-	95,000	-	95,000
Foreign exchange gain		(2,371)	(1,072)	(4,553)	(1,072)
Office and miscellaneous		30,173	1,401	31,147	2,164
Professional fees (recovery)	8	17,945	16,844	(24,705)	46,412
Property investigation costs	7	119,225	-	119,225	-
Transfer agent and filing fees		24,890	15,206	37,491	16,099
Net and comprehensive loss		\$ (191,525)	\$ (128,872)	\$ (160,268)	\$ (160,096)
Loss per share – basic and diluted	6	\$ (0.06)	\$ (0.13)	\$ (0.08)	\$ (0.17)
Weighted average number of shares outstanding					
– basic and diluted	6	3,427,191	970,000	1,944,304	970,000

Scorpion Resources Inc.

Condensed Interim Statements of Changes in Deficit
 For the nine month period ending December 31, 2017
 (Expressed in Canadian Dollars - unaudited)

	Note	Share capital		Stock option reserve	Deficit	Total
		Number of shares	Amount			
Balance at March 31, 2016		970,000	\$ 373,043	\$ 45,351	\$ (566,571)	\$ (148,177)
Net and comprehensive loss		-	-	-	(160,096)	(160,096)
Balance at December 31, 2016		970,000	\$ 373,043	\$ 45,351	\$ (726,667)	\$ (308,273)
Balance at March 31, 2017		1,070,000	\$ 402,043	\$ 45,351	\$ (758,144)	\$ (310,750)
Shares issued from private placement	6	2,357,191	459,652	-	-	459,652
Net and comprehensive loss		-	-	-	(160,268)	(160,268)
Balance at December 31, 2017		3,427,191	\$ 861,695	\$ 45,351	\$ (918,412)	\$ (11,366)

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

Scorpion Resources Inc.

Condensed Interim Statements of Cash Flows

For the nine month period ending December 31, 2017

(Expressed in Canadian Dollars - unaudited)

	Nine month period ended	
	December 31, 2017	December 31, 2016
Operating activities		
Net loss	\$ (160,268)	\$ (160,096)
Non-cash item:		
Foreign exchange gain	4,553	1,072
Changes in non-cash working capital item:		
GST receivable	-	(5,986)
Prepaid expenses	(37,750)	-
Trade payables and accrued liabilities	(154,375)	122,510
Net cash flows used in operating activities	(347,840)	(42,500)
Financing activities		
Shares issued in private placement	459,652	-
Loan payable	(5,000)	42,500
Net cash flows provided by financing activities	454,652	42,500
Increase in cash	106,812	-
Cash, beginning	14,987	-
Cash, ending	\$ 121,799	\$ -

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements

For the nine month period ending December 31, 2017

(Expressed in Canadian Dollars - unaudited)

1. Nature and continuance of operations

Scorpion Resources Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on October 19, 2011. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. The Company's shares were listed on the Exchange on September 7, 2012. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On September 9, 2014 the Exchange informed the Company that it has halted the Company's securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 11, 2014. On December 10, 2014, the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange ("NEX"). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. The Company was transferred to NEX under the trading symbol SR.H and the Company's tier classification changed from Tier 2 to NEX.

The head office and principal address is 800 - 1199 West Hastings Street, Vancouver, B.C., V6E 3T5 and the records and registered office is located at 800-1199 - 1055 West Hastings Street, Vancouver, B.C., V6E 3T5.

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies

The unaudited condensed interim financial statements were approved and authorized for issue, by the board of directors of the Company, on February 26, 2018.

Statement of compliance with International Financial Reporting Standards

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards "IAS" 34, Interim Financial Reporting, as issued

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements

For the nine month period ending December 31, 2017

(Expressed in Canadian Dollars - unaudited)

by the International Accounting Standards Board ("IASB"). These unaudited interim condensed financial statements follow the same accounting policies and methods of application as the most recent audited annual financial statements of the Company.

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine month period ending December 31, 2017
(Expressed in Canadian Dollars - unaudited)

2. Significant accounting policies (cont'd)***Statement of compliance with International Financial Reporting Standards (cont'd)***

These unaudited condensed interim financial statements do not contain all the information and disclosures required by IFRS for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended March 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of preparation

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional and presentation currency.

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the recoverability of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of financial instruments.

3. Accounting standards issued but not yet effective***New standard IFRS 9 "Financial Instruments"***

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that it will have on its financial statements.

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine month period ending December 31, 2017
(Expressed in Canadian Dollars - unaudited)

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

4. Trade payables and accrued liabilities

	December 31, 2017	March 31, 2017
Trade payables (Note 8)	\$ 160,415	\$ 310,237
Accrued liabilities	8,000	8,000
	\$ 168,415	\$ 318,237

5. Loan payable

As at December 31, 2017, the Company had an outstanding loan of \$2,500 (March 31, 2017 - \$7,500) from a director. The loan is unsecured, without interest and due on demand (Note 8).

6. Share capital***Authorized share capital***

Unlimited number of common shares without par value.

Issued share capital

On May 23, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post consolidated share for every five pre-consolidation common shares. As a result, the outstanding common shares of the Company was reduced to 1,070,000 common shares and the outstanding escrowed shares was reduced to 382,000 shares. All references to shares in the financial statement reflect the share consolidation.

At December 31, 2017, there were 3,427,191 issued and fully paid common shares (December 31, 2016 – 970,000).

Private placements***For the period ended December 31, 2017:***

On September 20, 2017, the Company closed a private placement of 2,357,191 shares for gross proceeds of \$459,652 at a price of \$0.195 per common share.

Restricted share capital

The Company has 382,000 common shares in escrow pursuant to an escrow agreement. The escrow agent will release any securities upon receiving notice of completion of a Qualifying Transaction. The escrow shares will be released in stages, as follows:

38,200	Shares to be released after Final Exchange Bulletin;
57,300	Shares to be released 6 months following the Final Exchange Bulletin;
57,300	Shares to be released 12 months following the Final Exchange Bulletin;

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine month period ending December 31, 2017
(Expressed in Canadian Dollars - unaudited)

57,300	Shares to be released 18 months following the Final Exchange Bulletin;
57,300	Shares to be released 24 months following the Final Exchange Bulletin;
57,300	Shares to be released 30 months following the Final Exchange Bulletin;
<u>57,300</u>	Shares to be released 36 months following the Final Exchange Bulletin;
<u>382,000</u>	Total

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine month period ending December 31, 2017
(Expressed in Canadian Dollars - unaudited)

6. Share capital (cont'd)***Basic and diluted earnings (loss) per share***

The calculation of basic and diluted loss per share for the nine month period ended December 31, 2017 was based on the loss attributable to common shareholders of \$160,268 (December 31, 2016 – \$160,096) and the weighted average number of post consolidated common shares outstanding of 1,944,304 (December 31, 2016 – 970,000).

Diluted income (loss) per share did not include the effect of stock options and common shares held in escrow as the effect would be anti-dilutive.

Stock options

The Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The Company will not permit more than 97,000 options to be exercised until the Company is in compliance with the Exchange policies regarding the 10% rolling stock option plan. The remaining 23,000 options would not be available for exercise until the Company has 1,200,000 shares issued and outstanding.

No incentive stock options were issued during the period ended December 31, 2017 and year ended March 31, 2017. The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Balance, March 31, 2017	120,000	\$0.50
Expired	(120,000)	\$0.50
Balance, December 31, 2017	-	-

7. Property investigation

During the period ended December 31, 2017, the Company paid \$119,225 (2016 - \$Nil) to a third-party consultant to look for potential projects within the mining, cannabis and blockchain industries.

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine month period ending December 31, 2017
(Expressed in Canadian Dollars - unaudited)

8. Related party

The following amounts due to related parties are included in trade payables:

	December 31, 2017	March 31, 2017
Companies controlled by directors and officers of the Company (Note 4)	\$ 31	\$ 58,570
Due to a director and former director of the Company (Note 4)	22,924	36,371
	\$ 22,955	\$ 94,941

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. As of December 31, 2017, the Company has a loan payable to a director of \$2,500 (Note 5).

During the period ended December 31, 2017, a company controlled by a director of the Company reversed professional fees previously charged to the Company totalling \$58,538.

Key management compensation

	December 31, 2017	December 31, 2016
Professional fees	\$ -	\$ 21,000

9. Subsequent event

On January 18, 2018, the Company signed a definitive share exchange agreement with BlockStrain Technology Corp. ("BlockStrain"), a private company incorporated in the province of British Columbia, and each of the shareholders of BlockStrain, pursuant to which the Company agreed to acquire all of the issued and outstanding securities of BlockStrain. The transaction will constitute a reverse takeover of the Company by BlockStrain and the Company's qualifying transaction as defined in the policies of the Exchange.

Pursuant to the terms of the agreement, the Company will issue an aggregate of 38.35 million post-split common shares, pro rata, to the shareholders of BlockStrain at a deemed price of \$0.30 per share.

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 Company's shares;
- The shareholders of BlockStrain receiving one of the Company's share for each common share of BlockStrain held;
- The Company completing a private placement of subscription receipts for aggregate gross proceeds of up to \$10-million at a price of 30 cents per subscription receipt; and

Scorpion Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine month period ending December 31, 2017
(Expressed in Canadian Dollars - unaudited)

- 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 Exchange.

Closing of the proposed transaction is expected to be on or before April 30, 2018. The proceeds of the concurrent financing are expected to be used for technology development and licensing, corporate and

business development, blockchain and smart-contract development, and for general working capital purposes. Finders' fees may be paid in connection with the concurrent financing.

SCHEDULE "B"

**Management's discussion and analysis of Scorpion Resources Inc. for the year ended March 31, 2017
and the three and nine months ended December 31, 2017 and 2016**

See attached documents

SCORPION RESOURCES INC.

**Management Discussion and Analysis
For the Year Ended March 31, 2017**

Expressed in Canadian Dollars

Date Submitted: July 31, 2017

DATE

- This MD&A includes material occurring up to and including July 31, 2017.

Management's Discussion and Analysis of Financial Position and Results of Operations

The following information should be read in conjunction with the audited annual financial statements of Scorpion Resources Inc. ("Scorpion" or the "Company") for the years ended March 31, 2017 and March 31, 2016. All amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern.

Overall Performance

During the year ended March 31, 2017, the Company raised cash of \$14,987 (2016 - \$Nil). Administration expenses amounted to \$187,573 (2016 - \$53,602), including exploration expenses of \$Nil (2016 - \$3,616).

Selected Annual Information

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Total Revenues	NIL	NIL	NIL	NIL
Net Loss	191,573	106,052	157,539	184,568
Net Loss per share (basic and diluted)	(0.20)	(0.18)	(0.25)	(0.30)
Total Assets	14,987	NIL	91,217	186,352
Total Long Term Financial Liabilities	NIL	NIL	NIL	NIL

Business of the Company

The Company was incorporated under the Canada Business Corporations Act on October 19, 2011.

The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. As a CPC, the Company’s principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. The Company’s shares were listed on the Exchange on September 7, 2012. Until completion of the Qualifying Transaction, the Company could not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On September 9, 2014 the Exchange informed the Company that it has halted the Company’s securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 8, 2014. The halt was changed to a suspension effective September 11, 2014. The Company was placed on notice to delist and to avoid delisting the Company was required to satisfy either of the following requirements, prior to the delisting deadline of December 8, 2014:

- 1.1 Completion of a Qualifying Transaction acceptable for the Exchange or
- 1.2 Transfer to NEX subject to NEX acceptance rules.

On December 10, 2014 the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange (“NEX”). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. In connection with the transfer to NEX, an aggregate 250,000 seed shares of the Company held in escrow by certain non-arm’s length parties have been cancelled in accordance with the Exchange policy. The Company’s listing will transfer to NEX

under the trading symbol SR.H and the Company's tier classification will change from Tier 2 to NEX.

Proposed Qualifying Transaction – Subject to the approval of the Exchange and other.

CWT Property

The Property consists of 173 unpatented mining claims, and 7 mineral exploration permits situated in Township 17 South, Range 12 East, Gila and Salt River Meridian, Pima County, Arizona. MAG holds a 100% interest in the Property.

The Property contains the CWT mine, a historic underground operation which produced Zn-Cu-Pb-Ag, and was formerly owned by the Continental Materials Corp. The CWT produced approximately 69,000 tons of ore in 1967. The CWT includes a 1,000 foot deep shaft and extensive underground workings. The Property is located adjacent to ASARCO's Mission Complex and Freeport McMoran's Sierrita Mine and Twin Buttes Mine in Pima County, Arizona. There have been 38 core holes drilled in the immediate area of the Property. MAG has performed assaying work, geologic mapping and geophysics on the Property.

The Company engaged a firm for the purpose of preparing a technical report on the Property in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("NI 43-101"). That report will include a proposed work program and budget for the exploration and development of the Property. The Company anticipates that it will be able to cover the costs of exploration and development with its existing resources, however, if the costs are greater than anticipated, the Company may need to obtain further financing, and would complete a financing prior to, or concurrent with closing of the Qualifying Transaction.

Summary of the Proposed Transaction

Pursuant to the Agreement dated August 27, 2013 and amended on May 21, 2014 and amended on August 28, 2014, extending the date for receipt of regulatory approval, the Company can earn up to an undivided 80% interest in and to the Property upon the following terms:

1. The Company shall earn a 50% interest by making the following payments and expenditures:
 - a. US\$50,000 in cash upon signing the Agreement - Paid;
 - b. 1,000,000 common shares of the capital stock of the Company upon regulatory approval;
 - c. US\$75,000 cash and 1,000,000 common shares on or before the first anniversary of regulatory approval;
 - d. US\$100,000 and 1,000,000 common shares on or before the second anniversary of regulatory approval;
 - e. US\$150,000 and 1,000,000 common shares on or before the third anniversary of regulatory approval;

- f. US\$250,000 and 1,000,000 common shares on or before the fourth anniversary of regulatory approval;
 - g. On or before the date that is four years from regulatory approval the Company shall incur exploration expenditures of at least US\$500,000 on the Property.
2. The Company shall earn an additional 10% interest in the Property upon completion and regulatory approval of a NI 43-101 compliant resource report (in any category [i.e. inferred, indicated, measured] prepared according to the standards of the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”).
 3. The Company shall earn an additional 10% interest in the Property upon completion and regulatory approval of a Preliminary Economic Assessment prepared according to CIM standards.
 4. The Company shall earn an additional 5% interest in the Property upon completion and regulatory approval of a Pre-feasibility Study prepared according to CIM standards.
 5. The Company shall earn an additional 5% interest in the Property upon completion and regulatory approval of a Bankable Feasibility Study prepared according to CIM standards.

The Proposed Transaction is subject to the approval of the Exchange and to other standard closing conditions, including satisfactory due diligence review of the CWT Property by the Company, approval of the board of directors of the Company, and the completion of a financing on terms satisfactory to the Company, in its sole discretion, as may be necessary in order to meet the minimum listing requirements of the Exchange. If the Exchange has not granted approval of this agreement by December 5, 2014, then either party may terminate the agreement without liability, by notice to the other party. Subsequent to March 31, 2016, the Company decided not to pursue the exploration in the CWT Property. As a result, an impairment of \$52,450 was recorded in the year ended March 31, 2016.

On September 9, 2014 the Exchange informed the Company that it has halted the Company’s securities from trading for failure to complete a Qualifying Transaction prior to the suspension deadline of September 8, 2014. The halt was changed to a suspension effective September 11, 2014. The Company was placed on notice to delist and to avoid delisting the Company was required to satisfy either of the following requirements, prior to the delisting deadline of December 8, 2014:

- 4.6.1 Completion of a Qualifying Transaction acceptable for the Exchange or
- 4.6.2 Transfer to NEX subject to NEX acceptance rules.

On December 10, 2014, the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange (“NEX”). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. In connection with the transfer to NEX, an aggregate 250,000 seed shares of the Company held in escrow by certain non-arm’s length parties have been cancelled in accordance with the Exchange policy. The Company was transferred to NEX under the trading symbol SR.H and the Company’s tier classification will change from Tier 2 to NEX.

Discussion of Operations

Resulting Issuer

Following completion of the Qualifying Transaction the resulting issuer will operate the Property and proceed to carry on business in the mining sector. Scorpion’s current management will continue as officers and directors of the Company upon completion of the Qualifying Transaction. Eckersley will continue to serve as President and CEO. The directors and officers will continue to bear management responsibility for Scorpion following completion of the Qualifying Transaction.

About Scorpion Resources Inc.

Scorpion Resources Inc. is designated as a Capital Pool Company by the Exchange. It has not commenced commercial operations and has no assets. The purpose of the offering under its Prospectus was to provide it with funds to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Until completion of a Qualifying Transaction, Scorpion will not carry on any business other than identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction.

Results of Operations

Net loss in the current year ending March 31, 2017, was \$191,573 compared to \$106,052 in the prior year, reflecting an increase of \$85,521 in losses. Significant line item changes were as follows:

- Business development expenses of \$1,493 compared to \$138 in the prior year.
- Consulting expenses of \$98,500 compared to \$2,476 in the prior year
- Professional expenses of \$53,306 compared to \$25,915 in the prior year.
- Transfer agent and filing fees of \$27,856 compared to \$14,165 in the prior year.

Summary of Quarterly Results

Three months ended	March 31, 2017	December 31 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Total revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net loss before tax	(31,477)	(128,872)	(19,146)	(12,078)	(67,779)	(8,827)	(16,952)	(12,494)
Net loss per share (Basic and Diluted)	(0.00)	(0.22)	(0.03)	(0.02)	(0.12)	(0.02)	(0.03)	(0.02)

Discussion

The Company has no revenues, therefore increased activity and operations causes an increase in losses. During the year ending March 31, 2017, business development expenses related to finding an acquisition target were \$1,493 (2016 - \$138). Consulting expenses were \$Nil (2016 - \$2,476). Professional fees were 53,306 (2016 - \$25,915) due to finding an acquisition target and getting the company relisted. Mineral property investigation costs of \$68,000 (2016-\$Nil) related to finding an acquisition target. Transfer agent and filing fees were \$27,856 (2016 - \$14,165) due to an increase in business activity associated with getting the company relisted.

During the period ending December 31, 2016, business development expenses related to finding an acquisition target were \$1,493 (2015 - \$Nil). Consulting expenses were \$95,000 (2015 - \$Nil). The increase was due to finding an acquisition target and getting the company relisted. Professional fees were \$16,844 (2015 - \$3,135) reflecting an increase in accounting fees and a decrease in legal fees. Transfer agent and filing fees were \$15,206 (2015 - \$4,448) due to an increase in business activity associated with getting the company relisted.

During the period ending September 30, 2016, professional fees were \$19,068 (2015 - \$6,593) reflecting an increase in accounting fees and a decrease in legal fees. Filing fees were \$Nil (2015 - \$4,401) due to a decrease in business activity during the period.

During the period ending June 30, 2016, professional fees were \$10,500 (2015 - \$4,649) reflecting an increase in accounting fees during the period. Exploration expenses were \$Nil (2015 - \$3,616) due to the company deciding not to pursue the exploration of the CWT Property. Filing fees were \$894 (2015 - 2,151) due to a decrease in business activity during the period.

Other than costs already discussed, management does not believe that meaningful information about the Company's operations can be derived in more detail, from an analysis of quarterly fluctuations, as being presented herein.

Liquidity and Capital Resources

At March 31, 2017, the Company had negative working capital of \$310,750 which management considers not being sufficient to continue operations for the coming year. The proposed business of the Company, completing its Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business opportunity for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment.

On September 9, 2014 the Exchange informed the Company that it has halted the Company's securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 8, 2014. The halt was changed to a suspension effective September 11, 2014. The Company was placed on notice to delist and to avoid delisting the Company was required to satisfy either of the following requirements, prior to the delisting deadline of December 8, 2014:

4.6.1 Completion of a Qualifying Transaction acceptable for the Exchange or

4.6.2 Transfer to NEX subject to NEX acceptance rules.

On December 10, 2014, the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange ("NEX"). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. In connection with the transfer to NEX, an aggregate 250,000 seed shares of the Company held in escrow by certain non-arm's length parties have been cancelled in accordance with the Exchange policy. The Company was transferred to NEX under the trading symbol SR.H and the Company's tier classification will change from Tier 2 to NEX.

Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern.

Operations of the Company are funded primarily by the issue of share capital. The continued operation of the Company is dependent on its ability to receive continued financial support from related parties, issue sufficient public equity, or generate profitable operations in the future.

Current assets are \$14,987 (2016 - \$Nil). Current liabilities being \$325,737 (2016 - \$148,177) consists of trade payables and accrued liabilities and loans payable. As of March 31, 2017, the Company had an accumulated deficit of \$758,144 (2016 - \$566,571).

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Related Party Transactions

As at March 31, 2017, an amount of \$94,941 (2016 - \$2,550) was owed to related parties. This amount is unsecured, non-interest bearing and has no fixed terms of repayment.

For the year ended March 31, 2017, the Company received a loan of \$7,500 (2016 - \$Nil) from a related party. The loan is unsecured, without interest and due on demand.

For more information on related parties, please refer to note 8 of the annual financial statements for the year ended March 31, 2017.

Subsequent Events

Effective at the opening on May 23, 2017, the Company has consolidated its capital on a 1:5 basis. The name of the company has not been changed. The shares of the Company commenced trading on the TSX Venture Exchange on a consolidated basis. The company is classified as a capital pool company. Post consolidation capitalization: unlimited shares with no par value, of which 1,070,000 shares are issued and outstanding, 382,000 shares are subject to escrow.

Proposed Transactions

The Company has no proposed transactions other than **Proposed Qualifying Transaction – Subject to the approval of the Exchange and other** already discussed above as of the date of this MD&A.

Critical Accounting Estimates

The Company's critical accounting estimates include the estimated fair value of stock-based compensation and other share-based payments, and the recoverability of deferred tax assets.

Changes in Internal Controls over Financial Reporting

There were no changes in internal controls over financial reporting during the period.

Financial Instruments and Other Instruments

The Company's financial instruments at March 31, 2017 consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Risk Factors

More detail on risk factors can be found in the Company's annual financial statements for the year ended March 31, 2017.

Disclosure of Outstanding Share Data

As at July 31, 2017, the Company had the following number of securities outstanding:

Common shares	1,070,000
Stock options	120,000
Fully diluted shares outstanding	1,190,000

As at July 31, 2017, the Escrow agent held 382,000 shares of the Company under an Escrow agreement.

ADDITIONAL INFORMATION

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

SCORPION RESOURCES INC.

**Management Discussion and Analysis
For the Period Ended December 31, 2017**

Expressed in Canadian Dollars

Date Submitted: February 26, 2018

DATE

- This MD&A includes material occurring up to and including February 26, 2018.

Management's Discussion and Analysis of Financial Position and Results of Operations

The following information should be read in conjunction with the unaudited condensed interim financial statements of Scorpion Resources Inc. ("Scorpion" or the "Company") for the period ended December 31, 2017 and the audited annual financial statements of Scorpion for the year ended March 31, 2017. All amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern.

Overall Performance

During the nine month period ended December 31, 2017, the Company raised cash of \$121,799 (2016 - \$Nil). Expenses amounted to \$160,268 (2016 - \$160,096).

Business of the Company

The Company was incorporated under the Canada Business Corporations Act on October 19, 2011.

The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. As a CPC, the Company’s principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. The Company’s shares were listed on the Exchange on September 7, 2012. Until completion of the Qualifying Transaction, the Company could not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On September 9, 2014 the Exchange informed the Company that it has halted the Company’s securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 8, 2014. The halt was changed to a suspension effective September 11, 2014. The Company was placed on notice to delist and to avoid delisting the Company was required to satisfy either of the following requirements, prior to the delisting deadline of December 8, 2014:

- 1.1 Completion of a Qualifying Transaction acceptable for the Exchange or
- 1.2 Transfer to NEX subject to NEX acceptance rules.

On December 10, 2014 the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange (“NEX”). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. In connection with the transfer to NEX, an aggregate 250,000 seed shares of the Company held in escrow by certain non-arm’s length parties have been cancelled in accordance with the Exchange policy. The Company’s listing will transfer to NEX under the trading symbol SR.H and the Company’s tier classification will change from Tier 2 to NEX.

About Scorpion Resources Inc.

Scorpion Resources Inc. is designated as a Capital Pool Company by the Exchange. It has not commenced commercial operations and has no assets. The purpose of the offering under its Prospectus was to provide it with funds to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Until completion of a Qualifying Transaction, Scorpion will not carry on any business other than identification and evaluation of businesses or assets with a view to completing a proposed Qualifying Transaction.

Proposed Qualifying Transaction – Subject to the approval of the Exchange and other*Acquisition of BlockStrain Technology Corp.*

On January 18, 2018, the Company entered into a definitive share exchange agreement with BlockStrain Technology Corp. (“BlockStrain”), a private company incorporated in the province of British Columbia, and each of the shareholders of BlockStrain, pursuant to which the Company has agreed to acquire all of the issued and outstanding securities of BlockStrain. The transaction will constitute a reverse takeover of Scorpion by BlockStrain and Scorpion's qualifying transaction as defined in the policies of the TSX Venture Exchange.

Pursuant to the terms of the agreement, the Company will issue an aggregate of 38,350,000 postsplit common shares, pro rata, to the vendors at a deemed price of \$0.30 per Scorpion share.

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

- Scorpion completing a 2 for 1 forward split of the Scorpion shares;
- The vendors receiving one Scorpion share for each common share of BlockStrain held;
- Scorpion completing a private placement of subscription receipts for aggregate gross proceeds of up to \$10,000,000 at a price of \$0.30 per subscription receipt;
- Scorpion 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 TSX-V.

The Scorpion shares issued to the vendors as consideration for the transaction are expected to be subject to a hold period expiring four months and one day after the closing of the transaction and such other escrow or pooling restrictions as may be applicable under the policies of the TSX-V. It is not expected that shareholder approval will be required for the transaction under the policies of the TSX-V.

Furthermore, the following directors and officers have been identified as proposed directors and officers of Scorpion following completion of the Transaction, subject to the approval of the TSXV:

- Robert Galarza, *Chief Executive Officer and Director*
- Tommy Stephenson, *Chief Technology Officer and Director*
- Anthony Jackson, *Chief Financial Officer and Director*
- Cameron Chell, *Director*

Management Changes

Subsequent to the period ended December 31, 2017, Joshua Bleak resigned as a director of the Company.

Results of Operations

Net loss in the current nine month period ending December 31, 2017 was \$160,268 compared to a net loss of \$160,096 for the same period in the prior year, reflecting an increase of \$172 in losses. Significant line item changes were as follows:

- Business development of \$1,663 compared to \$1,493 in the same period the prior year.
- Consulting fees of \$Nil compared to \$95,000 in the same period in the prior year.
- Foreign exchange gain of \$4,553 compared to \$1,072 in the same period the prior year.
- Office and miscellaneous expenses of \$31,147 compared to \$2,164 in the same period the prior year.
- Professional fees of (\$37,505) compared to \$46,412 in the same period the prior year.
- Property investigation costs of \$119,225 compared to \$Nil in the same period in the prior year.
- Transfer agent and filing fees of \$50,291 compared to \$16,099 in the same period the prior year.

Summary of Quarterly Results

Three months ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net income (loss) before tax	(191,525)	(13,327)	44,584	(31,477)	(128,872)	(19,146)	(12,078)	(67,779)
Net earnings (loss) per share (basic and diluted)	(0.06)	(0.01)	0.04	(0.00)	(0.22)	(0.03)	(0.02)	(0.12)

Discussion

During the period ending December 31, 2017, professional fees were \$5,145 (2016 - \$16,844) reflecting a decrease in accounting and legal fees during the period. Office and miscellaneous were \$30,173 (2016 - \$1,401), property investigation costs were \$119,225 (2016 - \$Nil) and transfer agent and filing fees were \$37,690 (2016 - \$15,206) due to an increase in business activity during the period.

During the period ending September 30, 2017, professional fees were \$5,888 (2016 - \$19,068) reflecting a decrease in accounting and legal fees during the period. Transfer agent and filing fees were \$8,278 (2016 - \$Nil) due to an increase in business activity during the period.

During the period ending June 30, 2017, the Company recovered \$48,538 of professional fees due to the forgiveness of debt from a related party. This resulted to a net income of \$44,584.

Transfer agent and filing fees were \$4,323 (2016 - \$893) due to an increase in business activity during the period.

During the period ending March 31, 2017, professional fees were \$42,394 (2016 - \$11,538) due to finding an acquisition target and getting the Company relisted. Mineral property investigation costs of \$68,000 (2016 - \$Nil) related to finding an acquisition target. Transfer agent and filing fees were \$11,757 (2016 - \$3,165) due to an increase in business activity associated with getting the Company relisted.

During the period ending December 31, 2016, business development expenses related to finding an acquisition target were \$1,493 (2015 - \$Nil). Consulting expenses were \$95,000 (2015 - \$Nil). The increase was due to finding an acquisition target and getting the Company relisted. Professional fees were \$16,844 (2015 - \$3,135) reflecting an increase in accounting fees and a decrease in legal fees. Transfer agent and filing fees were \$15,206 (2015 - \$4,448) due to an increase in business activity associated with getting the Company relisted.

During the period ending September 30, 2016, professional fees were \$19,068 (2015 - \$6,593) reflecting an increase in accounting fees and a decrease in legal fees. Filing fees were \$Nil (2015 - \$4,401) due to a decrease in business activity during the period.

During the period ending June 30, 2016, professional fees were \$10,500 (2015 - \$4,649) reflecting an increase in accounting fees during the period. Exploration expenses were \$Nil (2015 - \$3,616) due to the Company deciding not to pursue the exploration of the CWT Property. Filing fees were \$894 (2015 - 2,151) due to a decrease in business activity during the period.

Other than costs already discussed, management does not believe that meaningful information about the Company's operations can be derived in more detail, from an analysis of quarterly fluctuations, as being presented herein.

Liquidity and Capital Resources

At December 31, 2017, the Company had working capital of \$11,366 which management considers not being sufficient to continue operations for the coming year. The proposed business of the Company, completing its Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business opportunity for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment.

On September 9, 2014 the Exchange informed the Company that it has halted the Company's securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 8, 2014. The halt was changed to a suspension effective September 11, 2014. The Company was placed on notice to delist and to avoid delisting the Company was

required to satisfy either of the following requirements, prior to the delisting deadline of December 8, 2014:

4.6.1 Completion of a Qualifying Transaction acceptable for the Exchange or

4.6.2 Transfer to NEX subject to NEX acceptance rules.

On December 10, 2014, the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange ("NEX"). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. In connection with the transfer to NEX, an aggregate 250,000 seed shares of the Company held in escrow by certain non-arm's length parties have been cancelled in accordance with the Exchange policy. The Company was transferred to NEX under the trading symbol SR.H and the Company's tier classification will change from Tier 2 to NEX.

Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. Those factors raise doubt as to the Company's ability to continue as a going concern.

Operations of the Company are funded primarily by the issue of share capital. The continued operation of the Company is dependent on its ability to receive continued financial support from related parties, issue sufficient public equity, or generate profitable operations in the future.

On September 20, 2017, the Company closed a private placement for up to 2,357,191 shares for gross proceeds of \$459,652 at a price of \$0.195 per common share.

Current assets are \$159,549 (March 31, 2017 - \$14,987). Current liabilities being \$170,915 (March 31, 2017 - \$325,737) consists of trade payables and accrued liabilities and loans payable. As of December 31, 2017, the Company had an accumulated deficit of \$918,412 (March 31, 2017 - \$758,144).

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Related Party Transactions

As at December 31, 2017, an amount of \$22,955 (March 31, 2017 - \$94,941) was owed to related parties. This amount is unsecured, non-interest bearing and has no fixed terms of repayment.

As of December 31, 2017, the Company has a loan payable to a director of \$2,500 (March 31, 2017 - \$7,500). The loan is unsecured, without interest and due on demand.

For more information on related parties, please refer to note 8 of the condensed interim financial statements for the nine month period ended December 31, 2017.

Subsequent Events

On January 18, 2018, the Company signed a definitive share exchange agreement with BlockStrain Technology Corp. ("BlockStrain"), a private company incorporated in the province of British Columbia, and each of the shareholders of BlockStrain, pursuant to which the Company has agreed to acquire all of the issued and outstanding securities of BlockStrain. The transaction will constitute a reverse takeover of the Company by BlockStrain and the Company's qualifying transaction as defined in the policies of the Exchange.

Pursuant to the terms of the agreement, the Company will issue an aggregate of 38.35 million post-split common shares, pro rata, to the shareholders of BlockStrain at a deemed price of \$0.30 per share.

Terms of the transaction

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

- Scorpion completing a 2 for 1 forward split of the Company's shares;
- The shareholders of BlockStrain receiving one of the Company's share for each common share of BlockStrain held;
- The Company completing a private placement of subscription receipts for aggregate gross proceeds of up to \$10-million at a price of 30 cents per subscription receipt; 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 Exchange.

Closing of the proposed transaction is expected to be on or before April 30, 2018. The proceeds of the concurrent financing 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. Finders' fees may be paid in connection with the concurrent financing.

Subsequent to the period ended December 31, 2017, Joshua Bleak resigned as a director of the Company.

Proposed Transactions

The Company has no proposed transactions other than **Proposed Qualifying Transaction – Subject to the approval of the Exchange and other** already discussed above as of the date of this MD&A.

Critical Accounting Estimates

The Company's critical accounting estimates include the estimated fair value of stock-based compensation and other share-based payments, and the recoverability of deferred tax assets.

Changes in Internal Controls over Financial Reporting

There were no changes in internal controls over financial reporting during the period.

Financial Instruments and Other Instruments

The Company's financial instruments at December 31, 2017 consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Risk Factors

More detail on risk factors can be found in the Company's interim financial statements for the period ended December 31, 2017.

Disclosure of Outstanding Share Data

As at February 26, 2018, the Company had the following number of securities outstanding:

Common shares	3,427,191
Stock options	Nil
Fully diluted shares outstanding	3,427,191

As at February 26, 2018, the Escrow agent held 382,000 shares of the Company under an Escrow agreement.

ADDITIONAL INFORMATION

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

SCHEDULE "C"

**Audited financial statements of Blockstrain Technology Corp. as at, and for the period from
incorporation to, February 28, 2018**

See attached documents

BLOCKSTRAIN TECHNOLOGY CORP.
FINANCIAL STATEMENTS
FEBRUARY 28, 2018
(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Director of Blockstrain Technology Corp.

We have audited the accompanying financial statements of Blockstrain Technology Corp., which comprise the statement of financial position as at February 28, 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the period from November 22, 2017 (inception) to February 28, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Blockstrain Technologies Corp. as at February 28, 2018, and its financial performance and its cash flows for the period from November 22, 2017 (inception) to February 28, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Blockstrain Technology Corp.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 3, 2018

BLOCKSTRAIN TECHNOLOGY CORP.
STATEMENT OF FINANCIAL POSITION
 (Expressed in Canadian Dollars)

		February 28, 2018
ASSETS		
Current		
Cash	\$	313,531
Sales tax receivable		1,671
Prepaid expenses		2,800
Note receivable (Note 5)		101,671
Total Assets	\$	419,673
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$	16,881
Accrued liabilities		5,282
Total Liabilities		22,163
Shareholders' Equity		
Share Capital (Note 3)		575,250
Deficit		(177,740)
Total Shareholders' Equity		397,510
Total Liabilities and Shareholders' Equity	\$	419,673

Approved and authorized for issue by the Director on April 3, 2018.

"Cameron Chell"
 President and Director

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

BLOCKSTRAIN TECHNOLOGY CORP.
STATEMENT OF COMPREHENSIVE LOSS
 (Expressed in Canadian Dollars)

	From November 22, 2017 (inception) to February 28, 2018	
Operating Expenses		
Bank charges	\$	146
Exchange gain or loss		(95)
Legal fees		19,791
Product development (Note 4)		149,729
Travel		9,840
		(179,411)
Other item		
Interest income (Note 5)		1,671
Comprehensive loss	\$	177,740
Basic and diluted loss per share		(0.01)
Weighted average shares outstanding		29,349,500

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

BLOCKSTRAIN TECHNOLOGY CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 (Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Deficit \$	Total Equity \$
Balance, November 22, 2017 (inception)	-	-		
Shares issued for cash (Note 3)	38,350,000	575,250	-	575,250
Net loss	-	-	(177,740)	(177,740)
Balance, February 28, 2018	38,350,000	575,250	(177,740)	397,510

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

BLOCKSTRAIN TECHNOLOGY CORP.
STATEMENT OF CASH FLOWS
 (Expressed in Canadian Dollars)

	From November 22, 2017 (inception) to February 28, 2018
CASH FLOWS USED IN OPERATING ACTIVITIES	
Net loss	\$ (177,740)
Interest income	(1,671)
Changes in working capital items	
Sales tax receivable	(1,671)
Prepaid expenses	(2,800)
Accounts payable and accrued liabilities	22,163
Net cash flow used in operating activities	(161,719)
CASH FLOWS FROM FINANCING ACTIVITIES	
Issuance of loans receivable	(100,000)
Shares Issued	575,250
Net cash flows provided by financing activities	475,250
NET CASH INFLOW	313,531
Cash - beginning of period	-
Cash - end of period	\$ 313,531

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

BLOCKSTRAIN TECHNOLOGY CORP.**NOTES TO THE FINANCIAL STATEMENTS**

Period from November 22, 2017 (Inception) to February 28, 2018

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

BlockStrain Technology Corp. (the "Company") was incorporated on November 22, 2017, under the laws of the British Columbia. The registered office and records of the Company are located at 800 – 888 West Georgia Street, Vancouver, BC V6C 3H1.

The Company intends to license and exploit technology in the cannabis industry (Note 4).

These financial statements have been prepared in accordance with accounting principles applicable to a going concern. The Company is in the development stage and does not yet generate cash flows from operations. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND JUDGMENTS**Basis of presentation and statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Income taxes*Current income tax:*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period.

Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currency translation

The Company's functional currency is Canadian dollars. The Company is not exposed to significant currency risk at this time.

BLOCKSTRAIN TECHNOLOGY CORP

NOTES TO THE FINANCIAL STATEMENTS

Period from November 22, 2017 (Inception) to February 28, 2018

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND JUDGMENTS (CONTINUED)**Financial instruments**Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognized in the statement of loss and comprehensive loss. The Company has classified cash, prepaid expenses and loans receivable as loans and receivables.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. The effective interest rate (or amortized cost method) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any Level 1, 2 or 3 fair value measurements.

Critical accounting estimates and significant management judgments

The preparation of financial statements in accordance with IFRS requires the Company to use judgment in applying its accounting policies and make estimates and assumptions about reported amounts at the date of the financial statements and in the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

Other significant judgments

The preparation of these financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the fair value and classification of financial instruments.

Changes in accounting standards

BLOCKSTRAIN TECHNOLOGY CORP**NOTES TO THE FINANCIAL STATEMENTS**

Period from November 22, 2017 (Inception) to February 28, 2018

(Expressed in Canadian Dollars)

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

3. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common and preferred shares without par value.

Shares issued for cash:

During the period ended February 28, 2018, the Company issued 38,350,000 common shares at \$0.015 for gross proceeds of \$575,250.

4. DEVELOPMENT FEES

On December 29, 2017, the Company entered into a Letter of Intent ("LOI") with Spark Digital Technologies, Inc. ("Spark") to license certain software and other intellectual property. The intention is for the terms of the LOI to be incorporated into a formal license agreement whereby Spark will provide the Company with an exclusive perpetual license to use, develop, sublicense, sell and distribute intellectual property for the cannabis industry. The initial license fee is \$500,000. Pursuant to a master service agreement entered into with Spark, the Company paid \$75,000 to Spark for services including product development and management strategy.

On January 19, 2018, the Company entered into a master services agreement and a statement of work with Heated Details, Inc. ("Heated Details"), a private company, pursuant to which Heated Details has agreed to develop the initial phases of the product development strategy necessary to launch the BLOCKstrain platform in consideration for aggregate cash payments of USD \$180,000 (\$224,187), to be paid by the Company in three instalments of USD \$60,000 each on January 22, 2018 (paid), February 26, 2018 and March 28, 2018.

5. NOTE RECEIVABLE

In conjunction with the LOI (Note 4), on January 4, 2018, the Company advanced \$100,000 to Spark for one year bearing interest at 10% per annum. At the option of the Company, the loan is convertible into equity securities of Spark or may be set off against the amount payable for the initial license fee.

As at February 28, 2018, the principal balance of \$100,000 and accrued interest of \$1,671 is outstanding.

6. SHARE EXCHANGE AGREEMENT

On January 18, 2018, the Company and each of its shareholders entered into a definitive share exchange agreement (the "Share Exchange Agreement") with Scorpion Resources Inc. ("Scorpion"), a Capital Pool Company (as defined in the policies of the TSX Venture Exchange (the "Exchange")) listed on the NEX board of the Exchange. Scorpion has agreed to acquire all of the issued and outstanding securities of the Company. The transaction will constitute a reverse takeover of Scorpion by the Company and Scorpion's Qualifying Transaction as defined in the policies of the Exchange.

Pursuant to the terms of the Share Exchange Agreement, Scorpion will issue one common share in the capital of Scorpion in exchange for each outstanding common share in the capital of the Company.

7. INCOME TAX

The Company has non-capital losses from the current reporting period of \$177,740 which were not recognized as a deferred tax asset and accordingly, the income tax recovery resulting from net loss is \$Nil.

8. 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 the Company's Director and corporate officers. There is no remuneration of director and key management personnel from November 22, 2017 (inception) to February 28, 2018.

BLOCKSTRAIN TECHNOLOGY CORP**NOTES TO THE FINANCIAL STATEMENTS**

Period from November 22, 2017 (Inception) to February 28, 2018

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS**Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its note receivable (Note 4). This receivable may be offset in the future against balances owing pursuant to the LOI. The Company's secondary exposure to credit risk is on its cash. All of its cash is held a major Candian financial institution. The credit risk associated with cash is minimized by ensuring that substantially all dollar amounts are held with a major financial institution with strong investment-grade ratings by a primary ratings agency.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at February 28, 2018, the Company incurs expenses in Canadian dollars and United States dollars. The Company therefore has exposure to fluctuations in the Canadian dollar - United States dollar exchange rate.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's source of funding is the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

10. CAPITAL MANAGEMENT

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change from inception to February 28, 2018.

SCHEDULE "D"

Pro Forma Financial Statements of Blockstrain Technology Corp. as at December 31, 2017

See attached document

BLOCKSTRAIN TECHNOLOGY CORP.

**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)**

DECEMBER 31, 2017

BLOCKSTRAIN TECHNOLOGY CORP.
Unaudited Pro-Forma Consolidated Statement of Financial Position
As at December 31, 2017

	Scorpion As at December 31, 2017	Blockstrain As at February 28, 2018	Notes	Pro-Forma Adjustments	Resulting Issuer As at December 31, 2017
Current Assets					
Cash	\$ 121,799	313,531	5(a)(i) (a)(ii) 5(b)	\$ 10,500,000 (337,271) (500,000)	\$ 10,098,059
Sales tax receivable	-	1,671			1,671
Prepaid expenses	37,750	2,800			40,550
Notes receivable	-	101,671			101,671
Total Current Assets	159,549	419,673		9,662,729	10,241,951
Total Assets	\$ 159,549	\$ 419,673		\$ 9,662,729	\$ 10,241,951
Current Liabilities					
Accounts payable and accrued liabilities	\$ 168,415	22,163			190,578
Loans payable	2,500	-			2,500
Total Current Liabilities	170,915	22,163		-	193,078
Total Liabilities	\$ 170,915	22,163		-	\$ 193,078
Shareholders' Equity					
Share capital	861,695	575,250	5(c) 5(a)(i) 5(a)(ii) 5(d)	(861,695) 10,500,000 (337,271) 2,056,315	12,794,294
Stock Option Reserve	45,351	-	5(c) 5(g)	(45,351) 7,145,701	7,145,701
Deficit	(918,412)	(177,740)	5(c) 5(f)	918,412 (9,713,382)	(9,891,122)
Total Equity	\$ (11,366)	\$ 397,510		\$ 9,662,729	\$ 10,048,873
Total Liabilities & Equity	\$ 159,549	\$ 419,673		\$ 9,662,729	\$ 10,241,951

The accompanying notes are integral part of these consolidated pro-forma financial statements.

BLOCKSTRAIN TECHNOLOGY CORP.
Notes to Unaudited Pro-Forma Consolidated Statement of Financial Position
As at December 31, 2017

1. Basis of Presentation

The accompanying unaudited pro-forma consolidated statement of financial position of Blockstrain Technology Corp. ("**Blockstrain**" or the "**Company**") has been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") from information derived from the financial statements of Blockstrain and the financial statements of Scorpion Resources Inc. ("**Scorpion**"), together with other information available to the Company. The unaudited pro forma consolidated statement of financial position to which these notes relate has been prepared for inclusion in the filing statement of Scorpion dated May 10, 2018 (the "**Filing Statement**") to be filed by Scorpion in conjunction with the Transaction (as defined herein). All capitalized terms used but not defined herein have the meaning ascribed thereto in the Filing Statement.

Pursuant to the terms of the Transaction, Scorpion intends to acquire all of the issued and outstanding shares (the "**Target Shares**") of Blockstrain, a corporation incorporated under the laws of British Columbia, causing Blockstrain to become a wholly owned subsidiary of Scorpion (the "**Transaction**").

It is management's opinion that the unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with Blockstrain's accounting policies, except as otherwise noted. The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that would have resulted if the Transaction had actually occurred on December 31, 2017.

Prior to the completion of the Transaction and the Concurrent Financing (as defined herein), it is expected that Scorpion will complete a forward split of its outstanding common shares (each, a "**Share**") pursuant to which it will issue two post-forward split Shares for each pre-forward split Share (the "**Scorpion Split**").

The Transaction will result in Scorpion, as it exists following completion of the Transaction (the "**Resulting Issuer**") issuing an aggregate of: (i) 35,000,000 Shares (on a post-Scorpion Split basis) on conversion of outstanding subscription receipts of Scorpion (a "**Subscription Receipt**") issued in connection with a concurrent financing by Scorpion (the "**Concurrent Financing**"); (ii) 38,350,000 Shares issued to the holders of the Target Shares (the "**Target Vendors**"), and (iii) 3,427,191 Shares issued in connection with the Scorpion Split.

Upon completion of the Transaction and assuming no further issuances under the Concurrent Financing following the date hereof, the Resulting Issuer is expected to have 80,204,382 Shares issued and outstanding.

The unaudited pro-forma consolidated statement of financial position should be read in conjunction with the historical financial statements and notes thereto of the Company and Scorpion, included elsewhere in the Filing Statement.

The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer has been compiled from (a) the interim statement of financial position of Scorpion as at December 31, 2017, (b) the audited statement of financial position of Blockstrain as at February 28, 2018, and (c) the additional information set out in Note 5 hereof.

The unaudited pro-forma consolidated statement of financial position has been prepared as if the Transaction described in Note 3 hereof had occurred on December 31, 2017, and represents the related assets and liabilities included in the December 31, 2017, interim consolidated financial statements of Scorpion.

The unaudited pro-forma consolidated statement of financial position of Blockstrain has been compiled using the significant accounting policies as set out in Scorpion's unaudited financial statements for the period ended December 31, 2017, and those accounting policies expected to be adopted by the Resulting Issuer.

The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

BLOCKSTRAIN TECHNOLOGY CORP.
Notes to Unaudited Pro-Forma Consolidated Statement of Financial Position
As at December 31, 2017

1. Basis of Presentation (Continued)

In the opinion of Blockstrain's management, the unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation of the transactions described in Note 3.

Actual amounts recorded upon approval of the Transaction will differ from those recorded in the unaudited pro-forma statement of financial position of Scorpion. Completion of the Transaction is subject to a number of conditions, including, but not limited to, final approval of the TSX Venture Exchange (the "TSXV").

This pro-forma statement is expressed in Canadian dollars.

2. Significant Accounting Policies

The unaudited pro-forma consolidated statement of financial position has been compiled using the significant accounting policies, as set out in the audited financial statements of Blockstrain as at and for the period ended February 28, 2018. Management has determined that no material pro forma adjustments are necessary to conform Scorpion's accounting policies to the accounting policies used by Blockstrain in the preparation of its financial statements.

3. The Transaction

Effective January 16, 2018, Scorpion entered into a share exchange agreement with Blockstrain pursuant to which Scorpion agreed to acquire all of the securities of Blockstrain from the Target Vendors (the "Agreement"). Upon completion of the Transaction, Blockstrain will be a wholly-owned subsidiary of Scorpion. The acquisition is intended to constitute the Qualifying Transaction of Scorpion pursuant to the policies of the TSXV.

The Transaction will result in the Reverse Takeover (as defined in the policies of the TSXV) of Scorpion by Blockstrain. In connection with the completion of the Transaction, Scorpion intends to change its name to "Blockstrain Technology Corp." or such other name as may be agreed by the parties. Completion of the Transaction is subject to various conditions, including receipt of the approval of the TSXV.

4. Accounting for the Reverse Takeover

For accounting purposes, Blockstrain is deemed to be the acquirer and Scorpion is deemed to be the acquiree under the Transaction. Accordingly, Blockstrain's balances are accounted for at cost and Scorpion is accounted for at fair value.

Scorpion does not meet the definition of a business; therefore, the transaction is outside of the scope of IFRS 3 *Business Combinations*. Instead, the Transaction will be accounted for under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of Scorpion, with the net identifiable assets of Scorpion deemed to have been acquired by Blockstrain.

The capital structure recognized in the unaudited pro forma consolidated statement of financial position is that of Scorpion, but the dollar amount of the issued share capital immediately prior to completion of the Transaction is that of Blockstrain, plus the value of shares issued by Scorpion to acquire Blockstrain, plus any Shares issued by Scorpion prior to, or as part of the Transaction including the Shares issuable on conversion of the Subscription Receipts.

5. Pro Forma Assumptions and Adjustments

The unaudited pro-forma consolidated statement of financial position reflects the following assumptions and adjustments:

- (a) (i) In accordance with the Agreement, prior to the completion of the Transaction, Scorpion completed the Concurrent Financing of Subscription Receipts at a price of \$0.30 per Subscription Receipt (on a post-Scorpion Split basis) to raise gross proceeds of \$10,500,000 by the issuance of 35,000,000 Subscription Receipts.

BLOCKSTRAIN TECHNOLOGY CORP.
Notes to Unaudited Pro-Forma Consolidated Statement of Financial Position
As at December 31, 2017

5. Pro Forma Assumptions and Adjustments (Continued)

- (a) (ii) In connection with the Concurrent Financing, the Company will pay a cash finder's fee of \$337,271.
- (b) An adjustment of \$500,000 has been made to cash to reflect the estimated costs associated with the Transaction. This amount has been included in transaction costs.
- (c) In connection with the completion of the Transaction, Scorpion will acquire the Target Shares from the Target Vendors in consideration for the issuance of 38,500,000 Shares to the Target Vendors, at a deemed price of \$0.30 per Share (on a post-Scorpion Split basis), on the basis of one Share for each Target Share, such that, immediately following the completion of the Transaction, all of the issued and outstanding Target Shares will be owned by Scorpion. The former shareholders of Blockstrain will control Scorpion, and therefore the Transaction will be treated as a reverse acquisition of Scorpion by Blockstrain for accounting purposes. The Transaction, in substance, will result in Blockstrain being listed as a public entity and the Target Vendors acquiring the net assets of Scorpion. All equity and income statement accounts of Scorpion are eliminated pursuant to the Transaction.
- (d) An adjustment to share capital of \$2,056,315 to record the fair value of the Shares issued to the Target Vendors.
- (e) Prior to the closing of the Transaction, Scorpion completed the Scorpion Split, pursuant to which each pre-split Share was exchanged for two post-split Shares.
- (f) The preliminary purchase price allocation is summarized as follows:

Fair value of Shares issued (6,854,382 Shares at \$0.30/Share)	\$ 2,056,315
Fair value of stock options issued (note 5(g))	7,145,701
Transaction costs (note 5(b))	<u>500,000</u>
Total costs of acquisition	<u>9,702,016</u>
Allocated as follows:	
Cash	121,799
Prepaid expenses	37,750
Accounts payable	(168,415)
Due to related parties	<u>(2,500)</u>
Net assets assumed	<u>(11,366)</u>
Public listing costs expenses	<u>9,713,382</u>
	<u>\$ 9,702,016</u>

- (g) Upon the closing of the Transaction, 12,750,000 stock options will be granted. The options will have a 5 year term, an exercise price of \$0.30, and will vest four months following the date of grant, which will be the date of issuance of the Final Exchange Bulletin, with the first options vesting four months thereafter.

The options have been valued at \$7,145,701 using the Black-Scholes pricing model, with the following assumptions: share price of \$0.30, exercise price of \$0.30, expected dividend yield of 0%, volatility of 100%, risk free return of 1.81% and an expected remaining life of five years.

BLOCKSTRAIN TECHNOLOGY CORP.
Notes to Unaudited Pro-Forma Consolidated Statement of Financial Position
As at December 31, 2017

6. Pro-Forma Share Capital

After giving effect to the pro-forma adjustments and assumptions in Note 5, and assuming there are no further issuances under the Concurrent Financing following the date hereof, the issued and fully paid share capital of the Company would be as follows:

	<i>Notes</i>	<i>Shares</i>	<i>Amount</i>	<i>Stock Option Reserve</i>	<i>Deficit</i>	<i>Total Equity</i>
			\$	\$	\$	\$
Equity of Scorpion as at December 31, 2017		3,427,191	861,695	45,351	(918,412)	(11,366)
Equity of Blockstrain as at February 28, 2018		38,350,000	575,250	-	(177,740)	397,510
Effect of Transaction:						
1 for 2 forward split of Scorpion shares	5 (e)	3,427,191	-	-	-	-
Concurrent Financing	5 (a)	35,000,000	10,162,729	-	-	10,162,729
Cancellation of Target Shares	5 (c)	(38,350,000)	-	-	-	-
Issuance of Shares to Target Vendors	5 (c)	38,350,000	-	--	-	-
Fair Value of Scorpion shares issued	5 (d)	-	2,056,315	-	-	2,056,315
Issuance of Stock Options	5 (g)	-	-	7,145,701	-	7,145,701
Elimination of fair value of Scorpion share capital	5 (c)	-	(861,695)	(45,351)	918,412	11,366
Net loss for the period	5 (f)	-	-	-	(9,713,382)	(9,713,382)
Balance – December 31, 2017		80,204,382	12,794,294	7,145,701	(9,891,122)	10,048,873

7. Effective Tax Rate

The pro-forma effective income tax rate applicable to the consolidated operations subsequent to the completion of the Transaction is 30%.

SCHEDULE "E"

BLOCKCHAIN TECHNOLOGY CORP.

2018 STOCK OPTION PLAN

1. Purpose of the Plan

- 1.1 The purpose of the 2018 Stock Option Plan (the "**Plan**") is to give to Eligible Persons (as defined herein) the opportunity to participate in the success of the Corporation (as defined herein) by granting to such individuals options to acquire common shares of the Corporation in accordance with the terms of the plan, thereby giving such Eligible Persons an ongoing proprietary interest in the Corporation.

2. Defined Terms

Where used herein, the following terms shall have the following meanings:

"**Acquiring Person**" means, any Person who is the beneficial owner of twenty percent (20%) or more of the outstanding Shares of the Corporation.

"**BCSA**" means the *Securities Act* (British Columbia).

"**Blackout Period**" means a period of time during which the Optionee cannot exercise an Option, or sell the Shares issuable pursuant to an exercise of Options, due to applicable policies of the Corporation in respect of insider trading.

"**Board**" means the board of directors of the Corporation, or, if established and duly authorized to act with respect to this Plan, any committee of the board of directors of the Corporation.

"**Broker**" has the meaning given to it in Section 11.1.

"**Change of Control Event**" has the meaning given to it in Section 9.1

"**Company**" means, unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Consultant**" has the meaning given to it in National Instrument 45-106 - *Prospectus and Registration Exemptions*.

"**Corporation**" means Blockchain Technology Corp. and its successors.

"**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to permanently prevent the Optionee from:

- (a) being employed or engaged by the Corporation or its Subsidiaries in a position the same as or similar to that in which the Optionee was last employed or engaged by the Corporation or its Subsidiaries; or
- (b) acting as a director or officer of the Corporation or its Subsidiaries.

“Effective Time” means, in relation to a Change of Control Event, the time at which the Change of Control Event is, or is deemed to have been, completed.

“Eligible Person” means a *bona fide*:

- (a) director, senior officer, or Employee of the Corporation or any of its Subsidiaries at the time an Option is granted;
- (b) a Consultant engaged by the Corporation or any of its Subsidiaries at the time an Option is granted; or
- (c) a Company that is wholly-owned by any of the foregoing.

“Employee” has the meaning given to it in the Exchange Manual.

“Event of Termination” has the meaning given to it in Section 6.2.

“Exchange” means the TSX Venture Exchange, or, if any time the Shares are not listed for trading on such exchange, any other stock exchange (including the Toronto Stock Exchange) on which the Shares are then listed and posted for trading from time to time as may be designated by the Board.

“Exchange Manual” means the Corporate Finance Manual of the Exchange.

“Exchanged Share” means a security that is exchanged for a Share in a Change of Control Event.

“Exchanged Share Price” means the product of the Share to Exchanged Share ratio multiplied by the five day volume weighted average price of the Exchanged Shares on an exchange for the period ending one day prior to the Effective Time of the Change of Control Event, or, in the case of Exchanged Shares that are not listed or quoted for trading, the fair value of those Exchanged Shares, as determined by the Board as of the day immediately preceding the Effective Time of the Change of Control Event.

“Expiry Time” means, with respect to any Option, the close of business on the date upon which such Option expires.

“In the Money Amount” means: (a) in the case of a Change of Control Event in which the holders of Shares will receive only cash consideration, the difference between the Exercise Price and the cash consideration paid per Share pursuant to that Change of Control Event; (b) in the case of a Change of Control Event in which the holders of Shares will receive Exchanged Shares, the difference between the Exercise Price and the Exchanged Share Price; or (c) in the case of a Change of Control Event in which the holders of Shares will receive cash consideration and Exchanged Shares, the difference between the Exercise Price and the sum of the cash consideration paid per Share plus the Exchanged Share Price;

“Insider” has the meaning given to it in the Exchange Manual.

“Investor Relations Activities” has the meaning given to it in the Exchange Manual.

“Market Price” at any date in respect of the Shares means the closing sale price of the Shares on the Exchange on the trading day prior to the date on which an option is granted provided that, in the event that the Shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of the Shares at the close of trading on such trading day and provided further that, in the event that the Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.

“**Option**” means an option to purchase Shares granted to an Eligible Person under the Plan.

“**Option Price**” means the price per Share at which Optioned Shares may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 8.

“**Optioned Shares**” means the Shares issuable pursuant to an exercise of Options.

“**Optionee**” means an Eligible Person to whom an Option has been granted and who continues to hold such Option.

“**Person**” means any individual, firm, partnership, limited partnership, limited liability company or partnership, unlimited liability company, joint stock company, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association, syndicate, joint venture or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning.

“**Plan**” means this stock option plan of the Corporation, as the same may be amended from time to time.

“**Shares**” means the common shares of the Corporation.

“**Subsidiary**” means any corporation which is a subsidiary, as such term is defined in Subsection 1(1) of the BCSA.

“**Withholding Obligations**” has the meaning given to it in Section 11.1.

3. **Administration of the Plan**

3.1 The Plan shall be administered by the Board.

3.2 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan to:

- (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (b) interpret and construe the Plan and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) determine the number of Optioned Shares issuable on the exercise of each Option, the Option Price thereunder and the time or times when the Options will be granted, exercisable and expire;
- (d) determine if the Optioned Shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option;
- (e) prescribe the form of the instruments relating to the grant, exercise and other terms of Options; and
- (f) determine, in accordance with Section 9.1, how to administer the Plan in connection with a Change of Control Event.

- 3.3 A member of the Board may be entitled to participate in the Plan only if such member does not participate in any manner whatsoever in the granting of any Options to, the terms and conditions of, or any other determinations made with respect to, such member of the Board or to such Option.
- 3.4 The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee shall have, among other things:
- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that such Optionee is acquiring and will acquire such Option and the Optioned Shares for such Optionee's own account, and not with a view to or in connection with any distribution or resale, that such Optionee has had access to such information as is necessary to enable such Optionee to evaluate the merits and risks of such investment and that such Optionee is able to bear the economic risk of investing in the Shares;
 - (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Shares making appropriate reference to such restrictions; and
 - (c) agreed to indemnify the Corporation in connection with the foregoing.

4. **Shares Subject to the Plan**

- 4.1 Subject to Article 8, the maximum number of Shares with respect to which Options may be granted from time to time pursuant to the Plan shall not exceed 16,000,000 Shares.
- 4.2 If any Option is exercised, terminated, cancelled or has expired without being fully exercised, any unissued Shares which have been reserved to be issued upon the exercise of the Option shall become available to be issued upon the exercise of Options subsequently granted under the Plan.

5. **Eligibility, Grant and Terms of Options**

- 5.1 Options may be granted to any Eligible Person in accordance with Section 5.2.
- 5.2 Options may be granted by the Corporation pursuant to the recommendations of a committee of the Board from time to time provided and to the extent that such decisions are approved by the Board.
- 5.3 Subject to any adjustments pursuant to the provisions of Article 8 hereof, the Option Price of any Option shall in no circumstances be lower than the Market Price. If, as and when any Shares have been duly purchased and paid for under the terms of an Option, such Optioned Shares shall be conclusively deemed to be allotted and issued as fully paid and non-assessable Shares at the price paid therefor.
- 5.4 Subject to Section 5.9, the term of an Option shall not exceed 10 years from the date of the grant of the Option.
- 5.5 No Options shall be granted to any Optionee if such grant could result, at any time, in:
- (a) the issuance to any one individual and any Company that is wholly-owned by that individual, within a one-year period, of a number of Shares exceeding 5% of the issued and outstanding Shares calculated on the date an Option is granted to that individual and any Company that is wholly-owned by the individual, unless the Corporation has

obtained the requisite approval of disinterested Shareholders pursuant to the requirements set forth in the Exchange Manual;

- (b) the issuance to any one Consultant, in any 12-month period, of a number of Shares exceeding 2% of the issued and outstanding Shares calculated on the date an Option is granted to that Consultant; or
 - (c) the issuance to Persons conducting Investor Relations Activities, in any 12-month period, of an aggregate number of Shares exceeding 2% of the issued and outstanding Shares calculated on the date an Option is granted to such Persons, unless permitted otherwise by the Exchange.
- 5.6 With respect to any Options granted to Employees or Consultants, the Corporation and the Optionee shall represent and confirm that that the Optionee is a *bona fide* Employee or Consultant, as applicable.
- 5.7 Options:
- (a) shall vest and may be exercised (in each case to the nearest full Share) in whole or in part at any time during the term of such Option after the date of the grant as determined by the resolution of the Board granting the Option; or
 - (b) in the case of Options issued to Persons retained to provide Investor Relations Activities, must vest in stages over a period of not less than 12 months with no more than $\frac{1}{4}$ of such Options vesting in less than a three-month period within the first 12 months after such Options are issued.
- 5.8 No fractional Shares may be purchased or issued under the Plan.
- 5.9 Notwithstanding anything else contained in this Plan, and subject to the applicable provisions in the Exchange Manual, if an Option expires during a Blackout Period applicable to the relevant Optionee, then the expiration date for that Option shall be the date that is the tenth business day after the expiry date of such Blackout Period. This section applies to all Options outstanding under this Plan.

6. **Termination of Employment or Engagement with the Corporation**

- 6.1 Subject to Sections 6.2 and 6.3 hereof and to any express resolution passed by the Board with respect to an Option, an Option, vested or unvested, and all rights to purchase Optioned Shares pursuant thereto shall expire and terminate immediately upon the Optionee ceasing to be an Eligible Person in any capacity and does not otherwise become an Eligible Person in another capacity within 10 business days, provided that:
- (a) in the case of termination of employment without cause, such Option and all rights to purchase Optioned Shares in respect thereof shall expire and terminate:
 - (i) in the case of an Optionee who is an Eligible Person, 90 days following notice of termination of employment or on the Expiry Time, whichever is earlier; and
 - (ii) in the case of an Optionee who is engaged in Investor Relations Activities, 30 days following notice of termination to provide such Investor Relation Activities or on the Expiry Time, whichever is earlier; or

- (b) in the case of termination for cause, such Option and all rights to purchase Optioned Shares in respect thereof shall expire and terminate on the date of such termination shall be cancelled as of that date or on the Expiry Time, whichever is earlier.
- 6.2 If, before the Expiry Time of an Option, an Optionee shall cease to be an Eligible Person (an “**Event of Termination**”) as a result of the Optionee’s Disability, then the Board, at its discretion, may allow the Optionee to exercise any vested Options to the extent that the Optionee was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date 12 months following the date of such Event of Termination or on the Expiry Time, whichever is earlier.
- 6.3 If an Optionee dies before the Expiry Time of an Option, the Optionee’s heirs, administrators or legal representative(s) may, subject to the terms of the Option and the Plan, exercise any vested Options to the extent that the Optionee was entitled to do so at the date of the Optionee’s death at any time up to and including, but not after, a date 12 months following the date of the Optionee’s death or on the Expiry Time, whichever is earlier.
- 6.4 For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director, senior officer or employee of the Corporation or any of its Subsidiaries provided that the Optionee continues to be an Eligible Person.
- 6.5 If the Optionee is a Company that is wholly-owned by an Eligible Person, the references to the Optionee in this Article 6 shall be deemed to refer to the Eligible Person associated with such Company.
- 6.6 Notwithstanding anything contained in this Article 6, the Board may when granting an Option to a Consultant impose specific rules respecting the cessation of participation of such Consultant, which rules may vary from, and shall supersede, those contained in this Article 6.
- 7. **Exercise of Options**
- 7.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its principal office in Vancouver, British Columbia of a written notice of exercise (substantially in the form attached as Schedule “B”) specifying the number of Optioned Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Shares then being purchased and, if required by the Corporation, the amount necessary to satisfy any applicable Withholding Obligations. The Optioned Shares so purchased shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. The transfer and delivery of any Optioned Shares issued upon exercise of any Option shall be effected according to the procedures established by the transfer agent of the Corporation for the transfer and delivery of the Shares.
- 7.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation’s obligation to issue Shares to an Optionee pursuant to the exercise of any Option shall be subject to:
 - (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - (b) the admission of such Shares to listing on the Exchange;

- (c) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the Corporation or its counsel determines to be necessary or advisable; and
- (d) the satisfaction of any conditions on exercise, including those prescribed under Section 3.4.

7.3 No member of the Board shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted under it.

7.4 Options shall be evidenced by a share option agreement, instrument or certificate in such form not inconsistent with this Plan as the Board may from time to time determine as provided for under Subsection 3.2(e) (substantially in the form attached as Schedule "A").

7.5 The exercise price of options is subject to the discretion of the Plan administrator, provided however that options may not be granted at prices that are less than the Discounted Market Price as defined in Exchange policy. Discounted Market Price generally means, subject to certain exceptions, the most recent closing price of the Company's shares on the Exchange, less a discount of from 15% to 25% depending on the trading value of the Company's shares;

8. Certain Adjustments

8.1 In the event of any reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other corporate change involving a change to the Shares at any time after the grant of any Option to any Optionee and prior to the expiration of the term of such Option, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of his or her Option in accordance with the terms hereof, in lieu of the number of Optioned Shares to which the Optionee was entitled upon such exercise, but for the same aggregate consideration therefor, such number of Optioned Shares as such Optionee would have held as a result of such change if on the record date thereof the Optionee had been the registered holder of the number of Optioned Shares to which the Optionee was previously entitled upon such exercise.

8.2 If the Corporation declares and pays a special cash dividend or other distribution out of the ordinary course, a special dividend in specie on the Shares, or a stock dividend other than in the ordinary course, the Option Price of all Options outstanding on the record date of such dividend or other distribution shall be reduced by an amount equal to the cash payment or other distribution or the fair market value of the dividend in specie or stock dividend or other distribution, as determined by the Board in its sole discretion but subject to all necessary regulatory approvals.

9. Change of Control Event

9.1 If at any time when an Option granted under this Plan remains unexercised with respect to any Shares and:

- (a) a Person makes an offer to acquire Shares that, regardless of whether the acquisition is completed, would make the Person an Acquiring Person;
- (b) an Acquiring Person makes an offer, regardless of whether the acquisition is completed, to acquire Shares;

- (c) the Corporation proposes to sell all or substantially all of its assets and undertaking;
- (d) the Corporation proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a Subsidiary) under any circumstances which involve or may involve or require the liquidation of the Corporation, a distribution of its assets among its shareholders, or the termination of the corporate existence of the Corporation;
- (e) the Corporation proposes an arrangement as a result of which a majority of the outstanding Shares of the Corporation would be acquired by a third party; or
- (f) any other form of transaction is proposed which the majority of the Board determines is reasonably likely to have similar effect any of the foregoing,

(each a “**Change of Control Event**”),

- (g) then, in connection with of any of the foregoing Change of Control Events, the Board in its sole discretion, may authorize and implement one or more of the following courses of action:
 - (i) accelerate the vesting of the Option and the time for the fulfillment of any conditions or restrictions on such vesting to a date or time prior to the Effective Time of the Change of Control Event, and any Options not exercised or surrendered by the Effective Time of the Change of Control Event will be deemed to have expired;
 - (ii) offer to acquire from each Optionee his or her Options for a cash payment equal to the In the Money Amount, and any Options not so surrendered or exercised by the Effective Time of the Change of Control Event will be deemed to have expired; and
 - (iii) that an Option granted under this Plan be exchanged for an option to acquire, for the same exercise price, that number and type of securities as would be distributed to the Optionee in respect of the Shares issued to the Optionee had the Optionee exercised the Option prior to the Effective Time of the Change of Control Event, provided that any such replacement option must provide that it survives for a period of not less than one year from the Effective Time of the Change of Control Event, regardless of the continuing directorship, officership or employment of the holder.

9.2 For greater certainty, and notwithstanding anything else to the contrary contained in this Plan, the Board shall have the power, in its sole discretion, in any Change of Control Event which may or has occurred, to make such arrangements as it shall deem appropriate for the exercise of outstanding Options including, without limitation, to modify the terms of this Plan and/or the Options. If the Board exercises such power, the Options shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to or in conjunction with completion of the Change of Control Event.

10. **Amendment or Discontinuance of the Plan**

- 10.1 The Board may suspend or terminate the Plan at any time, or from time to time amend the terms of the Plan or of any Option granted under the Plan and any stock option agreement relating thereto, provided that any such suspension, termination or amendment:
- (a) complies with applicable law and the requirements of the Exchange, including applicable requirements relating to requisite shareholder approval and prior approval of the Exchange or any other relevant regulatory body;
 - (b) is, in the case of an amendment that materially adversely affects the rights of any Optionee, made with consent of such Optionee; and
 - (c) is, in the case of any reduction in the Option Price of Options held by Optionees that are Insiders at the time of the proposed reduction, subject to approval by disinterested shareholders of the Corporation in accordance with the Exchange Manual.
- 10.2 If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.
- 10.3 No amendment, suspension or discontinuance of the Plan may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan or the Corporation is now or may hereafter be subject.

11. **Withholding Obligations**

- 11.1 The Corporation may withhold from any amount payable to an Optionee, either under the Plan or otherwise, such amounts as are required by law to be withheld or deducted as a consequence of the Optionee's exercise of Options or other participation in this Plan ("**Withholding Obligations**"). The Corporation shall have the right, in its discretion, to satisfy any Withholding Obligations by:
- (a) selling or causing to be sold, on behalf of any Optionee, such number of Shares issued to the Optionee on the exercise of Options as is sufficient to fund the Withholding Obligations;
 - (b) retaining the amount necessary to satisfy the Withholding Obligations from any amount which would otherwise be delivered, provided or paid to the Optionee by the Corporation, whether under this Plan or otherwise;
 - (c) requiring the Optionee, as a condition of exercise under Article 3 to:
 - (i) remit the amount of any such Withholding Obligations to the Corporation in advance;
 - (ii) reimburse the Corporation for any such Withholding Obligations; or

- (iii) cause a broker who sells Shares acquired by the Optionee on behalf of the Optionee to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations and to remit such amount directly to the Corporation; and
- (d) making such other arrangements as the Corporation may reasonably require.

The sale of Shares by the Corporation, or by a broker engaged by the Corporation (the “**Broker**”), under this Section 11.1 will be made on the Exchange. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to affect the sale of such Shares on the Optionee’s behalf and acknowledges and agrees that:

- (i) the number of Shares sold shall, at a minimum, be sufficient to fund Withholding Obligations net of all selling costs, which costs are the responsibility of the Optionee and which the Optionee hereby authorizes to be deducted from the proceeds of such sale;
- (ii) in effecting the sale of any such shares, the Corporation or the Broker will exercise its sole judgement as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and
- (iii) neither the Corporation nor the Broker will be liable for any loss arising out of any sale of such Shares including any loss relating to the pricing, manner or timing of such sales or any delay in transferring any Shares to an Optionee or otherwise. The Optionee further acknowledges that the sale price of Shares will fluctuate with the market price of the Corporation’s Shares and no assurance can be given that any particular price will be received upon any sale.

12. **Miscellaneous Provisions**

- 12.1 The operation of this Plan and the issuance and exercise of all Options and Optioned Shares contemplated by this Plan are subject to compliance with all applicable laws, and all rules and requirements of the Exchange.
- 12.2 As a condition of participating in the Plan, each Optionee agrees to comply with all applicable laws and the policies and requirements of the Exchange, and to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance with such laws, rules and requirements, including all Withholding Obligations.
- 12.3 Participation in the Plan is voluntary and does not constitute a condition of employment or continued employment or service. An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Optioned Shares underlying any Option until the date of issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.
- 12.4 Nothing in the Plan or any Option shall confer upon an Optionee any right to continue or be re-elected as a director of the Corporation or any right to continue in the employ or engagement of the Corporation or any Subsidiary, or affect in any way the right of the Corporation or any

Subsidiary to terminate the Optionee's employment or engagement at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or engagement of any Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which the Optionee would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.

- 12.5 An Option shall be personal to the Optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise), except as provided for herein. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of the Plan, or upon the levy of any attachment or similar process upon an Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever. Notwithstanding the above, if the Optionee is a company that is wholly-owned by an Eligible Person, the Option may be transferred or assigned between the Optionee and the Eligible Person associated with the Optionee.
- 12.6 The Plan (including any amendment to the Plan), the terms of the issue or grant of any Option under the Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell and deliver Optioned Shares upon the exercise of Options, shall be subject to all applicable law and the requirements of the Exchange, and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be necessary or advisable. The Corporation shall not be obliged by any provision of the Plan or the grant of any Option hereunder to issue or sell Shares in violation of such laws, rules and regulations or any condition of such approvals.
- 12.7 The Plan, and all matters related hereto or arising herefrom, shall be governed by and construed in accordance with the laws of the Province of British Columbia and the Plan shall be treated in all respects as a British Columbia contract.

SCHEDULE "A"

**BLOCKCHAIN TECHNOLOGY CORP.
STOCK OPTION AGREEMENT**

THIS STOCK OPTION AGREEMENT (this "**Agreement**") is made as of the ___ day of _____, 2018.

BETWEEN:

BLOCKCHAIN TECHNOLOGY CORP., a corporation incorporated under the laws of the Province of British Columbia, (the "**Corporation**")

AND:

◆[NAME], having an address at ◆[address] (the "**Optionee**")

WHEREAS:

A. The Corporation has established the 2018 Stock Option Plan (the "**Plan**") for Eligible Persons; and

B. The Optionee is an "**Eligible Person**" under the Plan and the board of directors of the Corporation (the "**Board**") has authorized the granting by the Corporation of options (the "**Options**") to the Optionee pursuant to and in accordance with the provisions of the Plan on the terms hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the Corporation and the Optionee agree as follows:

1. Capitalized terms used but not defined herein have the meaning given to them in the Plan, a copy of which the Optionee, by signing this Agreement, acknowledges having received a copy of.
2. The Corporation hereby grants to the Optionee, subject to the terms and conditions set forth in this Agreement and the Plan, Options to purchase that number of common shares of the Corporation (each, an "**Optioned Share**") set forth below, at the exercise price(s) set forth below, which Options will vest and be exercisable as of the vesting date(s) set forth below and expire (to the extent not previously exercised) as of the close of business on the expiry date(s) set forth below:

Number of Optioned Shares	Exercise Price	Vesting Date	Expiry Date

3. As of the close of business on the expiry date(s) set forth in Section 1 above, any Options that remain unexercised will expire and be of no further force or effect.
4. The Optionee acknowledges receipt of a copy of the Plan and hereby agrees that the Options are subject to the terms and conditions of the Plan, including all amendments to the Plan required by the Exchange or other regulatory authority or otherwise consented to by the Optionee. The Plan contains provisions permitting the termination of the Plan and outstanding Options.
5. By signing this Agreement, the Optionee acknowledges and agrees that:

- (a) the Optionee has read and understands the Plan and has been advised to seek independent legal advice with respect to his rights in respect of the Options and agrees to the terms and conditions thereof and of this Agreement;
 - (b) in addition to any resale restrictions under applicable securities laws, all Options and Optioned Shares may be legended with a hold period as required by the Exchange or other regulatory authority;
 - (c) the Optionee has not been induced to participate in the Plan by expectation of appointment, employment, or service or continued appointment, employment or service; and
 - (d) if the Optionee is a Company that is wholly-owned by an Eligible Person, it agrees not to effect or permit any transfer of ownership or option of shares of the Company nor to issue further shares of any class in the Company to any other individual or entity as long as any Options granted to the Optionee remain outstanding, except with the written consent of the Exchange.
5. The Optionee acknowledges and agrees that the Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee shall have, among other things:
- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that such Optionee is acquiring and will acquire such Option and the Optioned Shares for such Optionee's own account, and not with a view to or in connection with any distribution or resale, that such Optionee has had access to such information as is necessary to enable such Optionee to evaluate the merits and risks of such investment and that such Optionee is able to bear the economic risk of investing in the Optioned Shares;
 - (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement or certificate representing the Optioned Shares making appropriate reference to such restrictions; and
 - (c) agreed to indemnify the Corporation in connection with the foregoing.
7. The Optionee represents and confirms that, if the Optionee or any Company (as defined in the Plan) that is wholly-owned or controlled by the Optionee is being granted Options on the basis of such Optionee being an Employee or Consultant of the Corporation, the Optionee is a *bona fide* Employee or Consultant, as applicable.
8. Time is of the essence of this Agreement.
9. This Agreement shall ensure to the benefit of and be binding upon the Corporation, its successors and assigns. Other than as provided for in the Plan, the Options granted under this Agreement are not transferable or assignable by the Optionee.
10. In the event of any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall govern.
11. The grant of the Options is strictly confidential and the information concerning the number or price of Optioned Shares granted under this Plan shall not be disclosed by the Corporation or the

Optionee, except for such disclosure is required by the Corporation in accordance with applicable securities laws and the policies of the Exchange.

- 12. This Agreement, and all matters related hereto or arising herefrom, shall be governed by and construed in accordance with the laws of the Province of British Columbia and this Agreement shall be treated in all respects as a British Columbia contract.

IN WITNESS WHEREOF the Corporation and the Optionee have executed this Agreement as of the date first set forth above.

BLOCKCHAIN TECHNOLOGY CORP.

Per: _____
Authorized Signatory

WITNESSED BY:)
)
)
 _____)
 Signature)
 _____)
 Name)
 _____)
 Address)
 _____)
 _____)

◆[OPTIONEE NAME]

SCHEDULE 'B'

NOTICE OF EXERCISE OF STOCK OPTIONS

TO: BLOCKCHAIN TECHNOLOGY CORP.

The undersigned Optionee hereby exercises his/her/its option to purchase _____ common shares of Blockchain Technology Corp. granted on ♦[date] at the exercise price of \$_____ per share (the "Exercise Price").

Payment in full of the aggregate Exercise Price for the total number of common shares purchased is enclosed.

Date: _____

Signature

Name *(please print)*

Address

Please have my certificate sent to me at:

- at my address indicated above.
- Blockchain Technology Corp. head office

Please register my shares as set out above, or as follows:

Address