



BLOCKStrain Announces Closing of Qualifying Transaction

VANCOUVER, May 22, 2018 /CNW/ - **BLOCKSTRAIN TECHNOLOGY CORP. (TSXV: DNAX)** (formerly Scorpion Resources Inc.) (**NEX:SR.H**) (the "**Company**") is pleased to announce that it has completed its Qualifying Transaction (as defined in the policies of the TSX Venture Exchange (the "**TSXV**")) (the "**Transaction**"), pursuant to which it acquired all of the issued and outstanding shares of BLOCKStrain Technology Group Inc. (formerly, BLOCKStrain Technology Corp.) ("**BLOCKStrain**"), a software company building a comprehensive, community-driven cannabis genetics registration and licensing archive platform, dedicated to making it safe and comfortable for breeders and growers, large and small, to protect and release their varieties into the public domain, while also being compensated and rewarded. The Company expects to resume trading as a Tier 2 Industrial Issuer on the TSX Venture Exchange (the "**TSXV**") under the symbol "DNAX" at market open on Wednesday, May 23, 2018.

In connection with the closing of the Transaction (the "**Closing**"), the Company:

- changed its name to "BLOCKStrain Technology Corp.";
- issued 35 million common shares on conversion of subscription receipts issued in connection with the concurrent financing for the Transaction, pursuant to which the Company raised aggregate gross proceeds of \$10.5 million; and
- appointed new officers and directors,

all as further described in this news release and in the Company's filing statement dated May 10, 2018 (the "**Filing Statement**") with respect to the Transaction, which is available under the Company's profile on SEDAR at www.sedar.com.

About BLOCKStrain Technology Corp.

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

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

With compliance and regulation being a critical priority for industry participants, BLOCKStrain is also expected to enable regulatory standards to be adhered to, while providing real-time visibility and collaboration of industry operations directly to agencies assigned to enforce and regulate cannabis activity nationwide. It uses powerful supply chain and IoT technology to allow for the tracking of cannabis movement from genetics to sale, while providing for the scalability of what is expected to become a globally traded product.

BLOCKStrain was incorporated on November 22, 2017 under the laws of the Province of British Columbia. Its principal operations are currently conducted in Canada. To date, BLOCKStrain has not generated any revenues from its business.

Closing of Qualifying Transaction

In connection with the Closing, the Company acquired all of the issued and outstanding common shares of BLOCKStrain, with BLOCKStrain becoming a wholly-owned subsidiary of the Company. The Company issued one common share to each former shareholder of BLOCKStrain, on a one for one basis. After giving effect to the completion of the Transaction, the Company has 80,204,382 common shares issued and outstanding (on an undiluted basis), with approximately 9.3% of the shares (on an undiluted basis) held by insiders.

New Board of Directors and Management Team

In connection with the Closing, the Company welcomes a new board of directors and management team. The Company will be led by Robert Galarza, as Chief Executive Officer, and Tommy Stephenson as Chief Technology Officer. Anthony Jackson will continue to act as Chief Financial Officer of the Company and has also been appointed as Secretary. The Company's board of directors will be comprised of Mr. Galarza, Mr. Jackson, Cameron Chell, Michael Kraft and Konstantin Lichtenwald. In connection with the Closing, Quinn Field-Dyte and Von Torres resigned from their respective director and officer positions, and the Company thanks them for their service in bringing the Company to completion of the Transaction.

Closing of Concurrent Financing

Immediately prior to the Closing, the Company converted an aggregate of 35,000,000 previously issued subscription receipts issued pursuant to a non-brokered private placement for gross proceeds of \$10,500,000 into common shares on a one for one basis. The proceeds of the concurrent financing are expected to be used for BLOCKStrain's technology development and licensing, corporate and business development, blockchain and smart contract development, Smart Hub API development and general working capital purposes. The shares issued on conversion of the subscription receipts are subject to a hold period expiring four months and one day after original the issuance of the subscription receipts in March 2018.

Grant of Stock Options

In connection with the Closing, the Company agreed to grant an aggregate of 12,750,000 stock options of the Company, effective as of the date of the Final Exchange Bulletin with respect to the Transaction, to certain consultants, directors, officers, and advisors of the Company. Each of the options will be exercisable into one common share at a price of \$0.30 per share for a period of five years following the Closing.

Of the options to be granted, 800,000 will be granted to each of Robert Galarza, Tommy Stephenson, Cameron Chell, Anthony Jackson and Michael Kraft, 100,000 will be granted to Konstantin Lichtenwald, and the balance will be granted to certain employees of, and consultants to, the Company. Each of the options will vest four months from the date of grant, except an aggregate of 200,000 to be granted to Paula Arab and Gary Symons, the principal of Deep Incite Consulting Ltd., located in Kelowna, BC, which, subject to the approval of the TSXV, the Company intends to retain to provide investor relations services for monthly compensation of \$9,000. These options will vest over 12 months, with 25% vesting every three months, in accordance with the policies of the TSXV.

No securities of the Company (including, for greater certainty, the shares issued to the former BLOCKStrain shareholders and on conversion of the subscription receipts) have been or will be registered under the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or the securities laws of any state, district or commonwealth of the United States (as defined in Regulation S under the U.S. Securities Act). Accordingly, these securities may not be offered or sold, directly or indirectly, within the United States or to or for the account or benefit of any "U.S. Person" (as defined in

Regulation S under the U.S. Securities Act), absent an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this news release in the United States or any jurisdiction where such offer or sale would be unlawful, or for the account or benefit of any U.S. Person or person within the United States.

ON BEHALF OF THE BOARD OF DIRECTORS

"Robert Galarza"

Robert Galarza
Chief Executive Officer and Director

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Company's future business plans. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Forward looking statements in this news release include statements relating to the expected benefits of, and impact on, the cannabis industry as a result of BLOCKStrain's technology, other statements regarding the business of BLOCKStrain, the expected date for resumption of trading of the Company's shares on the TSXV, and the expected use of proceeds of the concurrent financing. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including that: BLOCKStrain's platform may not operate as expected; the cannabis industry may not use the BLOCKStrain platform once it is built; legislative changes may occur that negatively impact BLOCKStrain's business; and other factors beyond the Company's control. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Readers are urged to consider these factors carefully in evaluating the forward-looking statements contained in this news release and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. These forward-looking statements are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

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