BLOCKStrain Technology Corp.

(formerly Scorpion Resources Inc.)

Financial Statements

For the Year Ended March 31, 2018

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BLOCKStrain Technology Corp. (formerly Scorpion Resources Inc.)

We have audited the accompanying financial statements of BLOCKStrain Technology Corp., which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of comprehensive loss, changes in deficit 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 BLOCKStrain Technology Corp. as at March 31, 2018 and 2017, 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 30, 2018

BLOCKStrain Technology Corp. (formerly Scorpion Resources Inc.)
Statements of Financial Position
As at March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	Note		March 31, 2018		March 31, 2017
ASSETS					
Current assets					
Cash		$	277	$	14,987
Prepaid expenses	4		32,750		-
TOTAL ASSETS		**$**	**33,027**	**$**	**14,987**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	5	$	255,587	$	318,237
Loan payable	6		3,000		7,500
TOTAL LIABILITIES			**258,587**		**325,737**
SHAREHOLDERS' DEFICIT					
Share capital	7		833,345		402,043
Stock option reserve	7		-		45,351
Deficit			(1,058,905)		(758,144)
TOTAL DEFICIT			(225,560)		(310,750)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$**	**33,027**	**$**	**14,987**

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

Approved on behalf of the Board of Directors:

”Robert Galarza”
Director

”Anthony Jackson”
Director

BLOCKStrain Technology Corp. (formerly Scorpion Resources Inc.)
Statements of Comprehensive Loss
For the Years Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

		For the Years Ended March 31,			
	Note		**2018**		**2017**
Expenses					
Business development		$	1,663	$	1,493
Consulting			34,125		-
Office and miscellaneous			67,122		2,761
Professional fees			61,350		88,806
Project investigation costs	8		119,225		68,000
Transfer agent and filing fees			66,624		27,856
			(350,109)		(188,916)
Other item					
Foreign exchange gain			(3,997)		(1,343)
Loss on settlement of debt	7		-		(4,000)
Net and comprehensive loss		**$**	**(346,112)**	**$**	**(191,573)**
Loss per share – basic and diluted	7	**$**	**(0.09)**	**$**	**(0.16)**
Weighted average number of shares outstanding – basic and diluted	7		**3,695,894**		**1,232,438**

BLOCKStrain Technology Corp. (formerly Scorpion Resources Inc.)
Statements of Changes in Deficit
For the Years Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

		Share capital				
	Note	Number of shares	Amount	Stock option reserve	Deficit	Total
Balance at March 31, 2016		**1,940,000**	**$ 373,043**	**$ 45,351**	**$ (566,571)**	**$ (148,177)**
Shares issued from private placement	7	160,000	20,000	-	-	20,000
Shares issued for settlement of debt	7	40,000	9,000	-	-	9,000
Net and comprehensive loss		-	-	-	(191,573)	(191,573)
Balance at March 31, 2017		**2,140,000**	**402,043**	**45,351**	**(758,144)**	**(310,750)**
Shares issued from private placement	7	4,714,382	459,652	-	-	459,652
Options expired	7	-	-	(45,351)	45,351	-
Share issuance costs	7	-	(28,350)	-	-	(28,350)
Net and comprehensive loss		-	-	-	(346,112)	(346,112)
Balance at March 31, 2018		**6,854,382**	**$ 833,345**	**$ -**	**$ (1,058,905)**	**$ (225,560)**

BLOCKStrain Technology Corp. (formerly Scorpion Resources Inc.)
Statements of Cash Flows
For the Years Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

		For the Years Ended March 31,		
		2018		**2017**
Operating activities				
Net loss	$	(346,112)	$	(191,573)
Non-cash items:				
Foreign exchange gain		3,997		1,343
Loss on settlement of debt		-		4,000
Changes in non-cash working capital item:				
Prepaid expenses		(32,750)		-
Trade payables and accrued liabilities		(66,647)		173,717
Net cash flows used in operating activities		**(441,512)**		**(12,513)**
Financing activities				
Shares issued in private placement, net of share issuance costs		431,302		20,000
Loan payable		(4,500)		7,500
Net cash flows provided by financing activities		**426,802**		**27,500**
Increase (decrease) in cash		(14,710)		14,987
Cash, beginning		14,987		-
Cash, ending	**$**	**277**	**$**	**14,987**
Non-cash transaction				
Shares issued for settlement of debt	**$**	**-**	**$**	9,000

1. Nature and continuance of operations

BlockStrain Technology Corp. (formerly 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.

On January 18, 2018, the Company signed a definitive share exchange agreement with BLOCKStrain Technology Group Inc. (formerly, 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 38,350,000 post-split common shares, pro rata, to the shareholders of BlockStrain at a deemed price of $0.30 per share. Subsequent to year ended March 31, 2018, the Company completed this qualifying transaction (Note 12).

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 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 30, 2018.

2. Significant accounting policies (cont'd)

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").

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 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

<u>Current income tax:</u>

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.

<u>Deferred income tax:</u>

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.

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.

(Expressed in Canadian Dollars)

4. Prepaid expenses

		March 31, 2018		March 31, 2017
Consulting fees	$	32,750	$	-

5. Trade payables and accrued liabilities

		March 31, 2018		March 31, 2017
Trade payables (Note 8)	$	247,537	$	310,237
Accrued liabilities		8,000		8,000
	$	255,587	$	318,237

6. Loan payable

As at March 31, 2018, the Company had an outstanding loan of $3,000 (2017 - $7,500) from a director. The loan is unsecured, without interest and due on demand (Note 8).

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. On March 5, 2018, the Company completed a two-for-one forward split of the outstanding common shares in the capital of the Company. All references to shares in the financial statement reflect the share consolidation and split.

At March 31, 2018, there were 6,854,382 issued and fully paid common shares (2017 - 2,140,000).

On January 30, 2017, the Company issued 40,000 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 160,000 common shares at a price of $0.125 per share for gross proceeds of $20,000.

On September 20, 2017, the Company closed a private placement of 4,714,382 shares for gross proceeds of $459,652 at a price of $0.0975 per common share. The Company incurred share issue costs of $28,350 in connection with this private placement (Note 8).

(Expressed in Canadian Dollars)

7. Share capital (cont'd)

Restricted share capital

The Company has 924,000 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:

92,400	Shares to be released after Final Exchange Bulletin;
138,600	Shares to be released 6 months following the Final Exchange Bulletin;
138,600	Shares to be released 12 months following the Final Exchange Bulletin;
138,600	Shares to be released 18 months following the Final Exchange Bulletin;
138,600	Shares to be released 24 months following the Final Exchange Bulletin;
138,600	Shares to be released 30 months following the Final Exchange Bulletin;
138,600	Shares to be released 36 months following the Final Exchange Bulletin;
924,000	Total

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2018 was based on the loss attributable to common shareholders of $346,112 (2017 - $191,573) and the weighted average number of post-split common shares outstanding of 3,695,894 (2017 - 1,232,438).

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.

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 194,000 options to be exercised until the Company is in compliance with the Exchange policies regarding the 10% rolling stock option plan. The remaining 46,000 options would not be available for exercise until the Company has 2,400,000 shares issued and outstanding.

No incentive stock options were issued during the years ended March 31, 2018 and 2017. The following table summarizes the continuity of the Company's stock options:

	Number	Weighted average exercise price
Balance, March 31, 2017 and 2016	240,000	$0.25
Expired	(240,000)	$0.25
Balance, March 31, 2018	-	-

(Expressed in Canadian Dollars)

7. Share capital (cont'd)

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 are due to related parties and are included in accounts payable (Note 5):

	March 31, 2018	March 31, 2017
Companies controlled by directors and officers of the Company	$ 20,424	$ 58,570
Due to a director and former director of the Company	-	36,371
	$ 20,424	$ 94,941

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As of March 31, 2018, the Company has a loan payable to a director of $3,000 (2017 - $7,500) (Note 6).

During the year ended March 31, 2018, the Company incurred share issuance costs of $28,350 (2017 - Nil) to a company controlled by a director of the Company (Note 7), and administration fees of $25,200 to the wife of a director of the Company.

Key management compensation

	March 31, 2018	March 31, 2017
Management and professional fees	$ -	$ 40,000
Property investigation costs	-	5,000
	$ -	$ 45,000

9. 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:

	March 31, 2018	March 31, 2017
Net loss	$ (346,112)	$ (191,573)
Statutory tax rate	26.0%	26.0%
Expected income tax recovery at the statutory tax rate	(89,989)	(49,809)
Non-deductible item and other	(7,305)	1,040
Effect of tax rate changes	(11,504)	-
Change in valuation allowance	108,798	48,769
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

9. Income taxes (cont'd)

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, 2018	March 31, 2017
Non-capital loss carry-forwards	$ 235,698	$ 135,572
Exploration and evaluation assets	68,776	66,229
Share issuance costs	6,124	-
	310,598	201,801
Less: valuation allowance	(310,598)	(201,801)
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
2038	351,528
	$ 872,957

10. 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 significant assets or liabilities denominated in foreign currencies; therefore, the exposure to foreign exchange risk is limited.

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.

(Expressed in Canadian Dollars)

10. Financial instruments and risks (cont'd)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2018:

	Within one year	Between one and five years	More than five years
Trade payables	$ 227,163	$ -	$ -
Loan payable	3,000	-	-
	$ 230,163	$ -	$ -

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	$ -	$ -

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

	March 31, 2018	March 31, 2017
Held for trading:		
Cash	$ 277	$ 14,987

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

	March 31, 2018	March 31, 2017
Non-derivative financial liabilities:		
Trade payables	$ 227,163	$ 310,237
Loan payable	3,000	7,500
	$ 230,163	$ 317,737

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, 2018, the Company's financial assets measured at fair value include cash, which is determined based on Level 1.

11. 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.

12. Subsequent events

On May 22, 2018, the Company completed its Qualifying Transaction (the "Transaction"), pursuant to which it acquired all of the issued and outstanding shares of BLOCKStrain, a software company building a comprehensive, community-driven cannabis genetics registration and licensing archive platform. As a result, BLOCKStrain became 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 for a total of 38,350,000 shares.

The Company began trading as a Tier 2 Industrial Issuer on the Exchange under the symbol "DNAX" on May 23, 2018.

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

- changed its name to "BLOCKStrain Technology Corp.";
- issued 35,000,000 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 $10,500,000; and
- appointed new officers and directors.

Immediately prior to the Closing, the Company converted an aggregate of 35,000,000 previously received 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 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. After giving effect to the completion of the Transaction, the Company has 80,204,382 common shares issued and outstanding.

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.

Each of the options will vest four months from the date of grant, except an aggregate of 200,000 options which, subject to the approval of the Exchange, 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 Exchange.