BLOCKSTRAIN TECHNOLOGY GROUP INC.
(Formerly “BLOCKSTRAIN TECHNOLOGY CORP.”)
FINANCIAL STATEMENTS
April 30, 2018

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Director of BLOCKStrain Technology Group Inc. (formerly "BLOCKStrain Technology Corp.")

We have audited the accompanying financial statements of BLOCKStrain Technology Group Inc. (the "Company"), which comprise the statement of financial position as at April 30, 2018, the statements of comprehensive loss, changes in shareholders' equity and cash flows for the period from November 22, 2017 (inception) to April 30, 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 the Company as at April 30, 2018, and its financial performance and its cash flows for the period from November 22, 2017 (inception) to April 30, 2018 in accordance with International Financial Reporting Standards.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 27, 2018

BLOCKSTRAIN TECHNOLOGY GROUP INC. (formerly "BLOCKSTRAIN TECHNOLOGY CORP.")
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		April 30, 2018
ASSETS		
Current		
Cash	$	25,109
Sales tax receivable		3,736
Prepaid expenses		30,063
Note receivable (Note 5)		103,178
Total Assets	$	162,086
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable (Note 7)	$	106,364
Accrued liabilities		8,270
Total Liabilities		114,634
Shareholders' Equity		
Share capital (Note 3)		575,250
Deficit		(527,798)
Total Shareholders' Equity		47,452
Total Liabilities and Shareholders' Equity	$	162,086

Subsequent Events (Note 1)

Approved and authorized for issue by the Director on July 27, 2018.

"Robert Galarza"
President and Director

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

BLOCKSTRAIN TECHNOLOGY GROUP INC. (formerly "BLOCKSTRAIN TECHNOLOGY CORP.")
STATEMENT OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		From November 22, 2017 (inception) to April 30, 2018
Operating Expenses		
Bank charges	$	497
Legal fees		23,202
Marketing		89,739
Office supplies		2,284
Product development (Note 4)		376,184
Travel		32,420
		(524,326)
Other item		
Interest income (Note 5)		3,178
Foreign exchange loss		(6,650)
Comprehensive loss	$	527,798
Basic and diluted loss per share	$	(0.02)
Weighted average shares outstanding		31,512,413

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

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

	Number of Shares #	Share Capital $	Deficit $	Total $
Balance, November 22, 2017 (inception)	-	-		
Shares issued for cash (Note 3)	38,350,000	575,250	-	575,250
Net loss	-	-	(527,798)	(527,798)
Balance, April 30, 2018	38,350,000	575,250	(527,798)	47,452

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

BLOCKSTRAIN TECHNOLOGY CROUP INC. (formerly "BLOCKSTRAIN TECHNOLOGY CORP.")
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

		From November 22, 2017 (inception) to April 30, 2018
CASH FLOW USED IN OPERATING ACTIVITIES		
Net loss	$	(527,798)
Interest income		(3,178)
Changes in working capital items		
Sales tax receivable		(3,736)
Prepaid expenses		(30,063)
Accounts payable and accrued liabilities		114,634
Net cash flow used in operating activities		(450,141)
CASH FLOW FROM INVESTING ACTIVITIES		
Issuance of loans receivable		(100,000)
Net cash flow provided by investing activities		(100,000)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued		575,250
Net cash flow provided by financing activities		575,250
NET CASH INFLOW		25,109
Cash – beginning of period		-
Cash – end of period	$	25,109

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

1. NATURE OF OPERATIONS

BLOCKStrain Technology Group Inc. (formerly "BLOCKStrain Technology Corp.") (the "Company") was incorporated on November 22, 2017, under the laws of the Province of British Columbia. The registered office and records office of the Company are located at 800 – 885 West Georgia Street, Vancouver, BC V6C 3H1.

On January 18, 2018, the Company and each of its shareholders entered into a definitive share exchange agreement (the "Share Exchange Agreement") with BLOCKStrain Technology Corp. (formerly "Scorpion Resources Inc.") ("Scorpion"), which was formerly a Capital Pool Company (as defined in the policies of the TSXV) listed on the NEX board of the TSXV. Scorpion agreed to acquire all of the issued and outstanding securities of the Company. The Transaction constituted a reverse takeover of Scorpion by the Company and Scorpion's Qualifying Transaction as defined in the policies of the TSXV. The Transaction closed on May 22, 2018. In connection with the Closing, the Company changed its name to "BLOCKStrain Technology Group Inc.".

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

Concurrent with the completion of the Transaction, Scorpion issued 35,000,000 common shares on conversion of subscription receipts that had been issued by Scorpion for gross proceeds of $10,500,000 prior to completion of the Transaction.

2. BASIS OF PREPARATION

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 issued by the International Reporting Interpretation Committee ("IFRIC") for all periods presented.

These financial statements were authorized for issue by the Board of Directors on July 27, 2018.

Basis of Presentation

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.

These financial statements are presented in Canadian dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND JUDGMENTS

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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 the Canadian dollar. The Company is not exposed to significant currency risk at this time.

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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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.

Research and Development Expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

Research and Development Expenditure (continued)

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At April 30, 2018, the Company had not recognized any internally-generated intangible assets.

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;
- whether research and development costs are capitalized or expensed; and
- the fair value and classification of financial instruments.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

Changes in accounting standards

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.

4. 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 April 30, 2018, the Company issued 38,350,000 common shares at $0.015 per share for gross proceeds of $575,250.

5. DEVELOPMENT FEES

On December 29, 2017, the Company entered into a letter of intent (the "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 services 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 payments of USD $240,000 ($302,040).

6. NOTE RECEIVABLE

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

As at April 30, 2018, the principal balance of $100,000 and accrued interest of $3,178 was outstanding.

7. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		April 30, 2018
Net loss for the period	$	(527,798)
Statutory tax rate		26%
Expected income tax recovery at the statutory tax rate		(136,867)
Change in unrecognized deferred assets		136,041
Foreign exchange and other		826
Income tax recovery	$	-

As at April 30, 2018, the Company had a total of $136,041 in unrecognized deferred tax assets and non-capital loss carry-forwards.

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 was no remuneration of the director or key management personnel from November 22, 2017 (inception) to April 30, 2018.

As at April 30, 2018, $14,644, included in accounts payable was due to a company controlled by a director of the Company.

As at April 30, 2018, $100,000 in principal and $3,178 in accrued interest was due from Spark, which is a company controlled by the President of the Company, in connection with the the LOI.

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 by 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 April 30, 2018, the Company incurred 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 sole source of funding since inception has been 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 its management of capital 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 April 30, 2018.