BLUKNIGHT AQUAFARMS INC.

(Formerly 1040426 B.C. Ltd.)

Consolidated Condensed Interim Financial Statements

Three-month period ended October 31, 2017

(Unaudited)

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	Notes	October 31, 2017	July 31, 2017
ASSETS			
Current assets			
Cash		$ 23,133	$ 3,572
GST/HST receivable		4,119	2,880
Loan receivable	5	295,000	220,000
TOTAL ASSETS		**$ 322,252**	**$ 226,452**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities		$ 43,577	$ 21,590
Loans payable	6	1,510	324,679
		45,087	346,269
SHAREHOLDERS' DEFICIENCY			
Share capital	7	507,422	7,932
Deficit		(230,257)	(127,749)
TOTAL SHAREHOLDERS' EQUITY/(DEFICIENCY)		277,165	(119,817)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**$ 322,252**	**$ 226,452**

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

Approved by the board of directors and authorized for issue on December 13, 2017:

"Eugene Beukman"	*"Joel Dumaresq"*
Eugene Beukman, Director	Joel Dumaresq, Director

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three-month periods ended October 31, 2017 and October 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	October 31, 2017	October 31, 2016
Expenses			
Consulting fees		$ 55,313	$ -
Management fees		32,550	-
Office & miscellaneous		2,865	-
Professional fees		5,398	-
Transfer agent and filing fees		5,036	150
Travel		1,346	-
Loss and comprehensive loss for the period		**$ (102,508)**	**$ (150)**
Loss per share – basic and diluted		**$ (0.01)**	**$ (0.00)**
Weighted average number of common shares outstanding		**16,904,862**	**396,600**

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)
Condensed Interim Consolidated Statements of Changes in Equity
For the three-month periods ended October 31, 2017 and October 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

		Share capital		Reserves		
	Notes	Number of shares	Amount	Share Based Payment	Deficit	Total
Balance at July 31, 2016		**396,601**	**$ 7,932**	**$ -**	**$ (10,682)**	**$ (2,750)**
Loss for the period		-	-		(150)	(150)
Balance at October 31, 2016		**396,601**	**$ 7,932**	**$ -**	**$ (10,832)**	**$ (2,900)**
Balance at July 31, 2017		**396,601**	**$ 7,932**	**$ -**	**$ (127,749)**	**$ (119,817)**
Loss for the period		-	-	-	(102,508)	(102,508)
Shares issued – private placement		37,969,000	499,490	-	-	499,490
Balance at October 31, 2017		**38,365,601**	**$ 507,422**	**$ -**	**$ (230,257)**	**$ 277,165**

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)
Interim Condensed Consolidated Statements of Cash Flows
For the three-month periods ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

	October 31, 2017	October 31, 2016
Operating activities		
Loss for the period	$ (102,508)	$ (150)
Item not involving cash:		
Transaction fees	-	-
Changes in non-cash working capital items:		
GST/HST receivable	(1,239)	-
Accounts payable and accrued liabilities	21,987	150
Net cash flows used in operating activities	(81,760)	-
Investing activity		
Loan to a related company	(75,000)	-
Net cash flows used in investing activity	(75,000)	-
Financing activities		
Proceeds on issuance of common shares, net	499,490	-
Loans redeemed	(323,169)	-
Net cash flows from financing activities	176,321	-
Change in cash	19,561	-
Cash, beginning	3,572	-
Cash, ending	**$ 23,133**	**$ -**

1. Nature and continuance of operations

Bluknight Aquafarms Inc. (formerly 1040426 B.C. Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. The Company changed its name to Bluknight Aquafarms Inc. on July 12, 2017. The Company is a business development services company. It provides business development services to new and emerging businesses, including making introductions to accountants, lawyers, brokers, transfer agents, and various other professionals and service providers to assist companies in raising capital and going public.

The head office, principal address, records office and registered address of the Company are located at 1128 – 789 West Pender Street, Vancouver BC.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries 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. At October 31, 2017, the Company had not yet achieved profitable operations, had accumulated losses of $230,257 since its inception, and has working capital of $277,165. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or profits from its business activities.

2. Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with IAS 34 – Interim Financial Reporting. The condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2017. These financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended July 31, 2017.

The Board of Directors approved these financial statements on December 13, 2017.

Basis of Presentation

The financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

3. Plan of arrangement

In June 2015, the Company entered into an Arrangement Agreement with TNX Maverick Inc. ("TNX") (formerly Kidani Capital Partners Inc.) and 1033120 BC Ltd. ("1033120"). TNX is a reporting issuer in the provinces of Alberta and British Columbia.

In October 2015, the shareholders of the Company, TNX and 1033120, executed the Arrangement as follows:

a) 1033120 acquired all of the issued and outstanding common shares of the Company from TNX for consideration of the Purchase Price of $1,000 on the Closing of the Plan of Arrangement (the "Purchase Shares");

b) 1033120 and the Company exchanged securities on a 1:1 basis such that 396,600 common shares of 1033120 were exchanged by their holders for 396,600 common shares of the Company (Note 7);

c) TNX and the Company exchanged on a 1:1 basis, such that TNX issued one common shares to the Company and the Company issued one common share to TNX (collectively, the "Exchange Shares"); and

d) The Purchase and the Exchange Shares were then cancelled.

Following completion of the Arrangement Agreement, the Company became a reporting issuer. A transaction fee of $6,932 was recorded as a result of the Arrangement.

As a result of the Arrangement Agreement, the former shareholders of 1033120, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Arrangement has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. As 1033120 is deemed to be accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on June 19, 2015 are included in the consolidated financial statements at their historical carrying value. The financial statements are a continuation of 1033120 in accordance with IFRS 3, "Business Combinations". The Company's results of operations are included from October 29, 2015 onwards.

4. Significant accounting policies

Consolidation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

4. Significant accounting policies (cont'd)

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of exploration and evaluation assets, fair value measurements for, reserves and accumulated depletion, financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of the financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgement applied in preparing the Company's financial statement is the assessment of the Company's ability to continue as a going concern.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its condensed consolidated interim financial statements or whether to early adopt any of the new requirements. The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 15, "Revenue from Contracts with Customers" – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11, "Construction Contracts", IAS 18, "Revenue", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers", and SIC 31, "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. Significant accounting policies (cont'd)

New accounting standards issued but not yet effective (cont'd)

IFRS 9, "Financial Instruments" – The IASB intends to replace IAS 39, "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated 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.

5. Loan receivable

During the three-month period ended October 31, 2017, the Company had a loan receivable of $295,000 (year ended July 31, 2017 - $220,000) provided to a company with directors and officers in common. The loan is unsecured, non-interest bearing and due on demand.

6. Loans payable

During the three-month period, the Company owed loans in aggregate of $1,510 (year ended July 31, 2017 - $324,69) to directors, officers, and various arm's length parties (Note 8). The loans are unsecured, non-interest bearing and due on demand.

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At October 31, 2017 there were 38,365,601 issued and fully paid common shares outstanding (July 31, 2017 – 396,601).

Share issuances

On September 21, 2017, the Company closed a non-brokered private placement of 35,499,000 units at $0.01 per unit, 2,050,000 units at $0.05 per unit and 420,000 units at $0.10 per unit for gross proceeds of $499,490. Each unit consists of a common share and one share purchase warrant, with each whole warrant entitles the holder thereof to acquire an additional common share of the Company at a price of $0.05 per share for a period of 2 years.

During the year ended July 31, 2016, pursuant to the Plan of Arrangement (see Note 3), the Company issued 396,600 for $1,000 and the acquisition of an LOI valued at $6,932 and included as transaction fees on the statement of loss and comprehensive loss.

On June 19, 2015, the Company issued one common share on incorporation.

Stock options

The Company has not issued any stock options and no stock options are outstanding as at October 31, 2017 (July 31, 2017 Nil).

Warrants

On September 21, 2017, the Company closed a non-brokered private placement of 35,499,000 units at $0.01 per unit, 2,050,000 units at $0.05 per unit and 420,000 units at $0.10 per unit for gross proceeds of $499,490. Each unit consists of a common share and one share purchase warrant, with each whole warrant entitles the holder thereof to acquire an additional common share of the Company at a price of $0.05 per share for a period of 2 years.

(Expressed in Canadian Dollars)

7. Share capital (cont'd)

Warrants (cont'd)

The following table summarizes the continuity of the Company's share purchase warrants:

	Warrants outstanding - # -	Exercise price - $ -	Expiry date
Balance, July 31, 2016	-	-	
Issued	37,969,000	0.05	September 21, 2019
Expired/Cancelled	-	-	
Balance, October 31, 2017	37,969,000		

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related parties

Related party balances

i) Amounts due to related parties

The following amounts due to related parties are included in trade payables and accrued liabilities.

	October 31, 2017	July 31, 2017
Companies controlled by directors of the Company	$ 36,287	$ 15,410
Directors of the Company	-	-
	$ 36,287	$ 15,410

The loans are unsecured, non-interest bearing and due on demand.

The following amounts due to Directors and Officers are included in loans due by the Company (Note 6)

	October 31, 2017	July 31, 2017
Directors and officers of the Company	$ 1,500	$ 108,179
	$ 1,500	$ 108,179

The loans are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

8. Related parties (Cont'd)
Related party balances (Cont'd)

ii) Amounts due from related parties
The following amounts included in loans receivable is due to the Company (Note 5)

	October 31, 2017	July 31, 2017
Company controlled by directors of the Company	$ 295,000	$ 220,000
	$ 295,000	$ 220,000

On December 08, 2017 Mr. John Meekison resigned as a Director and CFO of the Company. Up to his resignation there were no fees paid to him. On December 08, 2017 Mr. Joel Dumaresq was appointed as a director of the Company and Mr. Theo van der Linde was appointed as the CFO of the Company.

Related party transactions

During the three-month period ending October 31, 2017, the Company paid and/or accrued accounting and management and consulting fees of $52,863 (2016 - $Nil) to directors and a company controlled by a director of the Company.

9. Financial risk and capital management

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:

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 cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable. This risk is minimal as receivables consist of refundable government general sales taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding 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.

(Expressed in Canadian Dollars)

9. Financial risk and capital management (cont'd)

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. As at July 31, 2017, the Company did not have any cash equivalents or interest-bearing debt and is not subject to interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

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

		October 31, 2017		**July 31, 2017**
Cash	$	32,133	$	3,572

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

		October 31, 2017		**July 31, 2017**
Non-derivative financial liabilities:				
Trade payables	$	43,577	$	21,590
Loans payable		1,510		324,679
	$	45,087	$	346,269

10. Income taxes

The Company made no provision for income tax liability for the three-month period ending October 31, 2017, as no liability is anticipated.

11. Segmented information

The Company operates in a single reportable operating segment – business development services in Canada.