BLUKNIGHT AQUAFARMS INC.

(Formerly 1040426 B.C. Ltd.)

Condensed Interim Financial Statements

Six-month period ended January 31, 2018

(Unaudited)

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Notes		January 31, 2018		July 31, 2017
ASSETS					
Current assets					
Cash		$	669	$	3,572
GST/HST receivable			6,162		2,880
Loan receivable	3		295,000		220,000
TOTAL ASSETS		**$**	**301,831**	**$**	**226,452**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current Liabilities					
Accounts payable and accrued liabilities		$	64,111	$	21,590
Loans payable	4		1,510		324,679
			65,621		346,269
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	5		507,422		7,932
Deficit			(271,212)		(127,749)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)			236,210		(119,817)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$**	**301,831**	**$**	**226,452**

Nature and continuance of operations (Note 1)

Approved by the board of directors and authorized for issue on March 14, 2018:

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

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)

Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

	For the three-month period ended		For the six-month period ended	
	January 31, 2018	**January 31, 2017**	**January 31, 2018**	**January 31, 2017**
Expenses				
Consulting fees	$ 7,800	$ -	$ 63,113	$ -
Management fees	7,500	-	40,050	-
Office & miscellaneous	481	-	3,346	-
Professional fees	7,500	-	12,898	-
Rent	7,000	-	7,000	-
Transfer agent and filing fees	3,644	150	8,680	300
Travel	7,030	-	8,376	-
Loss and comprehensive loss for the period	**(40,955)**	**$ (150)**	**$ (143,463)**	**$ (300)**
Loss per share – basic and diluted	**(0.00)**	**(0.00)**	**$ (0.01)**	**$ (0.00)**
Weighted average number of common shares outstanding	**38,365,601**	**396,600**	**27,635,231**	**396,600**

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)

Condensed Interim Statements of Changes in Equity
For the six-month periods ended January 31, 2018 and January 31, 2017
(Expressed in Canadian Dollars - unaudited)

		Share capital			
	Notes	Number of shares	Amount	Deficit	Total
Balance at July 31, 2016		**396,601**	**$ 7,932**	**$ (10,682)**	**$ (2,750)**
Loss for the period		-	-	(300)	(300)
Balance at January 31, 2017		**396,601**	**$ 7,932**	**$ (10,932)**	**$ (3,050)**
Balance at July 31, 2017		**396,601**	**$ 7,932**	**$ (127,749)**	**$ (119,817)**
Shares issued for cash	5	10,000,000	100,000	-	100,000
Shares issued for services	5	7,500,000	75,000	-	75,000
Shares issued for loans	5	20,469,000	324,490	-	324,490
Loss for the period		-	-	(143,463)	(143,463)
Balance at January 31, 2018		**38,365,601**	**$ 507,422**	**$ (271,212)**	**$ 236,210**

See accompanying notes to the condensed interim financial statements

BluKnight Aquafarms Inc. (formerly 1040426 B.C. Ltd.)

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	For the six-month periods ended January 31, 2018	January 31, 2017
Operating activities		
Loss for the period	$ (143,463)	$ (300)
Adjustments for non-cash items:		
Management and consulting fees paid in shares	75,000	-
Changes in non-cash working capital items:		
GST/HST receivable	(3,282)	-
Accounts payable and accrued liabilities	42,521	300
Net cash flows used in operating activities	(29,224)	-
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	100,000	-
Loans received	21,500	-
Loans repaid	(20,179)	
Net cash flows from financing activities	101,321	-
Change in cash	(2,903)	-
Cash, beginning	3,572	-
Cash, ending	**$ 669**	**$ -**
Supplemental disclosure with respect to cash flows		
Interest paid	**$ -**	**$ -**
Income taxes paid	**$ -**	**$ -**

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 810 – 789 West Pender Street, Vancouver BC.

These condensed 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. At January 31, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $271,212 since its inception, and has working capital of $236,210. 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. Significant accounting policies

Statement of Compliance

These condensed interim 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 March ●●, 2018.

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.

2. Significant accounting policies (cont'd)

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.

Significant estimates and assumptions

The preparation of the Company's condensed interim 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 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 fair value measurements for financial instruments and the recoverability of deferred tax assets. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of the interim condensed 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 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 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning October 1, 2018. The Company determined that there is no impact of the adoption of this standard on its financial statements.

2. Significant accounting policies (cont'd)

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

IFRS 15 – Revenue from contracts with customers On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted

IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

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.

3. Loan receivable

During the six-month period ended January 31, 2018, the Company had a loan receivable of $295,000 (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.

4. Loans payable

During the six-month period, the Company owed loans in aggregate of $1,510 (July 31, 2017 - $324,679) to directors, officers, and various arm's length parties (Note 7). The loans are unsecured, non-interest bearing and due on demand.

During the six-month period ended January 31, 2018, the Company received additional loans totaling $21,500 and repaid $20,179.

During the six-month period ended January 31, 2018, the Company issued 20,469,000 units valued at $324,490 to settle loans payable in the amount of $324,490 (Note 5).

(Expressed in Canadian Dollars - unaudited)

5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At January 31, 2018 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 10,000,000 units at $0.01 per unit for gross proceeds of $100,000. 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.

On September 21, 2017, the Company issued 17,999,000 units at $0.01 per unit, 2,050,000 units at $0.05 per unit and 420,000 units at $0.10 per unit to settle loans payable in the amount of $324,490 (Notes 4 and 6). 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.

On September 21, 2017, the Company issued 7,500,000 units at $0.01 per unit for management and consulting services rendered to the Company by certain officers and directors of the Company (Note 6). 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.

Warrants

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

	Warrants outstanding - # -	Exercise price - $ -	Expiry date
Balance, July 31, 2017	-	-	
Issued	37,969,000	0.05	September 21, 2019
Balance, January 31, 2018	37,969,000		

(Expressed in Canadian Dollars - unaudited)

6. 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:

		January 31, 2018		July 31, 2017
Companies controlled by directors of the Company	$	53,151	$	15,410
Directors of the Company		-		-
	$	53,151	$	15,410

The following amounts are included in loans payable by the Company (Note 4):

		January 31, 2018		July 31, 2017
Directors and officers of the Company	$	1,510	$	108,179
	$	1,510	$	108,179

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

ii) Amounts due from related parties

The following amounts are included in loan receivable y (Note 3):

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

Related party transactions

During the six-month period ending January 31, 2018, the Company paid and/or accrued accounting and management and consulting fees of $67,863 (2017 - $Nil) to a company controlled by a director of the Company, of which $37,500 was paid by issuing 3,750,000 units at $0.01 per unit (Note 5).

During the six-month period ending January 31, 2018, the Company paid and/or accrued management and consulting fees of $37,500 (2017 - $Nil) to the Chief Financial Officer of the Company, of which $37,500 was paid by issuing 3,750,000 units at $0.01 per unit (Note 5).

During the six-month period ended January 31, 2018, the Company issued 11,799,000 units at $0.01 per unit (Notes 4 and 5) to settle several loans payable to current and former directors and/or officers of the Company in the amount of $117,990

7. 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.

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.

(Expressed in Canadian Dollars - unaudited)

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

Classification of financial instruments

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

		January 31, 2018		July 31, 2017
Cash	$	669	$	3,572

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

		January 31, 2018		July 31, 2017
Non-derivative financial liabilities:				
Trade payables	$	64,111	$	21,590
Loans payable		1,510		324,679
	$	65,621	$	346,269

8. Segmented information

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