

**BLUKNIGHT AQUAFARMS INC.**

**Condensed Interim Financial Statements**  
**Three-month period ended October 31, 2019**  
**(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 financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of Bluknight Aquafarms Inc. (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 the condensed interim financial statements by an entity's auditor.

**BluKnight Aquafarms Inc.**  
Condensed Interim Statements of Financial Position  
(Expressed in Canadian Dollars - Unaudited)

AS AT	Notes	October 31, 2019 (Unaudited)	July 31, 2019 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 355	\$ 361
Receivable		-	4,072
<b>TOTAL ASSETS</b>		<b>\$ 355</b>	<b>\$ 4,433</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 45,638	\$ 38,780
Loans payable	4	12,500	-
		58,138	38,780
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	5	507,422	507,422
Accumulated deficit		(565,205)	(541,769)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>		<b>(57,783)</b>	<b>(34,347)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 355</b>	<b>\$ 4,433</b>

**Nature and continuance of operations** (Note 1)

Approved by the board of directors and authorized for issue on December 17, 2019:

"Eugene Beukman"  
Eugene Beukman, Director

"Joel Dumaresq"  
Joel Dumaresq, Director

**BluKnight Aquafarms Inc.**

## Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

		<b>For the three-month period ended</b>	
	<b>Notes</b>	<b>October 31, 2019</b>	<b>October 31, 2018</b>
<b>Expenses</b>			
Consulting and management fees	6	\$ 13,647	\$ 7,500
Office and miscellaneous		95	53
Professional fees		7,068	8,468
Rent		725	4,500
Transfer agent and filing fees		1,901	665
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (23,436)</b>	<b>\$ (21,186)</b>
<b>Loss and comprehensive loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>38,365,601</b>	<b>38,365,601</b>

**BluKnight Aquafarms Inc.**

Condensed Interim Statements of Changes in Shareholders' Deficiency  
(Expressed in Canadian Dollars - Unaudited)

	Share capital		Deficit	Total
	Number of shares	Amount		
<b>Balance at July 31, 2018</b>	<b>38,365,601</b>	<b>\$ 507,422</b>	<b>\$ (619,135)</b>	<b>\$ (111,713)</b>
Loss for the period	-	-	(21,186)	(21,186)
<b>Balance at October 31, 2018</b>	<b>38,365,601</b>	<b>\$ 507,422</b>	<b>\$ (640,321)</b>	<b>\$ (132,899)</b>
<b>Balance at July 31, 2019</b>	<b>38,365,601</b>	<b>\$ 507,422</b>	<b>\$ (541,769)</b>	<b>\$ (34,347)</b>
Loss for the period	-	-	(23,436)	(23,436)
<b>Balance at October 31, 2019</b>	<b>38,365,601</b>	<b>\$ 507,422</b>	<b>\$ (565,205)</b>	<b>\$ (57,783)</b>

See accompanying notes to the condensed interim financial statements

**BluKnight Aquafarms Inc.**  
 Statements of Cash Flows  
 (Expressed in Canadian Dollars - unaudited)

	<b>Three-month period ended</b>	
	<b>October 31, 2019</b>	<b>October 31, 2018</b>
<b>Operating activities</b>		
Loss for the period	\$ (23,436)	\$ (21,186)
Adjustments for non-cash items:		
Changes in non-cash working capital items:		
Amounts receivable	4,072	(1,131)
Accounts payable and accrued liabilities	6,858	20,122
<b>Net cash flows used in operating activities</b>	<b>(12,506)</b>	<b>(2,195)</b>
<b>Financing activities</b>		
Loans received	12,500	2,000
Loans repaid	-	-
<b>Net cash flows provided by financing activities</b>	<b>12,500</b>	<b>2,000</b>
Change in cash	(6)	(195)
Cash, beginning of period	361	633
<b>Cash, ending of period</b>	<b>\$ 355</b>	<b>\$ 438</b>
<b>Other Supplementary Information</b>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Loans settled for shares	\$ -	\$ -

See accompanying notes to the condensed interim financial statements

## **BluKnight Aquafarms Inc.**

Notes to the Financial Statements

For the three-month period ended October 31, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

---

### **1. Nature and continuance of operations**

BluKnight Aquafarms Inc. (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.

### **2. Basis of presentation**

#### ***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, 2019. These financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended July 31, 2019.

The Board of Directors approved these financial statements on December 17, 2019.

#### ***Going Concern***

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. At October 31, 2019, the Company had not yet achieved profitable operations, had accumulated losses of \$565,205 (July 31, 2019 - \$541,769) since its inception, and has negative working capital of \$57,783 (July 31, 2019 – \$34,347). 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.

#### ***Basis of presentation***

The condensed 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.

#### ***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

## **BluKnight Aquafarms Inc.**

Notes to the Financial Statements

For the three-month period ended October 31, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

---

### **2. Basis of presentation** (Continued)

#### *Significant estimates and assumptions* (cont'd)

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 are 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 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 is 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.

#### *Foreign currency translation*

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the company's functional and presentation currency.

#### *Gain/Loss per share*

Basic gain/loss per share is calculated by dividing the gain/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the gain/loss attributable to common shareholders equals the reported gain/loss attributable to owners of the Company. Diluted gain/loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted gain/loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.



## **BluKnight Aquafarms Inc.**

Notes to the Financial Statements

For the three-month period ended October 31, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

---

### **3. Significant accounting policies**

#### **IFRS 16 Leases**

This new standard, applicable to the Company's annual period beginning August 1, 2019, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

#### **Changes in Accounting Standards not yet effective**

Various changes to the Standards were made, none of which had any material impact on the Company's financial statements. The Company will continue to evaluate new announcements as they become available.

### **4. Loans payable**

At October 31, 2019, the Company owed loans in aggregate of \$12,500 (Year ending July 31, 2019 - \$Nil) to a private company controlled by a director (Note 6). The loans were unsecured, non-interest bearing and due on demand.

During the three-month period ended October 31, 2019, the Company received loans of \$12,500 (2019 - \$2,000) and repaid \$Nil (2019 - \$Nil).

### **5. Share capital**

#### ***Authorized share capital***

Unlimited number of common shares without par value.

#### ***Issued share capital***

At October 31, 2019 there were 38,365,601 (Year-end July 31, 2019 – 38,365,601) issued and fully paid common shares outstanding.

#### ***Share issuances***

#### ***Share issuances during the period ending October 31, 2019***

During the period ending October 31, 2019, the Company did not issue any shares.

**BluKnight Aquafarms Inc.**

Notes to the Financial Statements

For the three-month period ended October 31, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

**5. Share capital (Continued)*****Share issuances during the year ending July 31, 2019***

During the yearending July 31, 2019, the Company did not issue any shares.

***Warrants***

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

	Warrants outstanding #	Exercise price \$	Expiry date
Balance, July 31, 2018	37,969,000	0.05	September 21, 2019
Issued	-	-	
Balance, July 31, 2019	37,969,000	0.05	September 21, 2019
Expired	(37,969,000)		
Balance, October 31, 2019	Nil		

***Stock options***

The Company has not issued any stock options and no stock options are outstanding as at October 31, 2019, July 30, 2019 and July 31, 2018.

***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.

**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:

	October 31, 2019	July 31, 2019
Companies controlled by directors of the Company	\$ 40,000	\$ 28,000

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

	October 31, 2019	October 31, 2018
A private company controlled by a director of the Company	\$ 12,500	\$ 3,510

## **BluKnight Aquafarms Inc.**

Notes to the Financial Statements

For the three-month period ended October 31, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

---

### **6. Related parties (Continued)**

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

#### ***Related party transactions***

During the three-month period ended October 31, 2019, the Company paid and/or accrued accounting, management, consulting fees and rent of \$13,975 (2018 - \$16,500) to companies controlled by directors of the Company.

During the three-month period ended October 31, 2019, the Company paid and/or accrued management and consulting fees and rent of \$Nil (2018 - \$3,000) to the former Chief Financial Officer of the Company.

During the year ended July 31, 2019, a company controlled by a director of the Company, as well as the former Chief Financial Officer of the Company forgave debts of \$139,297.

### **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 October 31, 2019, the Company did not have any cash equivalents or interest-bearing debt and is not subject to interest rate risk.

**BluKnight Aquafarms Inc.**

Notes to the Financial Statements

For the three-month period ended October 31, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

**7. Financial risk and capital management** (Continued)*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 statements of financial position are as follows:

	<b>October 31, 2019</b>		<b>July 31, 2019</b>	
Cash	\$	355	\$	361

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

	<b>October 31, 2019</b>		<b>July 31, 2019</b>	
Non-derivative financial liabilities:				
Trade payables	\$	45,638	\$	38,780
Loans payable		12,500		-
	\$	58,138	\$	38,780

**8. Segmented information**

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