BLUKNIGHT AQUAFARMS INC.

Condensed Interim Financial Statements

Nine-month period ended April 30, 2020

(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)

	Note		April 30, 2020		July 31, 2019
ASSETS					
Current assets					
Cash		$	850	$	361
Receivable			-		4,072
TOTAL ASSETS		**$**	**850**	**$**	**4,433**
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities					
Accounts payable and accrued liabilities		$	4,346	$	38,780
Loans payable	4		80,000		-
			84,346		38,780
SHAREHOLDERS' DEFICIENCY					
Share capital	5		507,422		507,422
Accumulated deficit			(590,918)		(541,769)
TOTAL SHAREHOLDERS' DEFICIENCY			(83,496)		(34,347)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**$**	**850**	**$**	**4,433**

Nature and continuance of operations (Note 1)

Approved by the board of directors and authorized for issue on June 19, 2020:

"Gregory Baron"	*"Shawn Babcock"*
Gregory Baron, Director	Shawn Babcock, Director

BluKnight Aquafarms Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	For the three-month period ended		For the nine-month period ended	
	April 30, 2020	**April 30, 2019**	**April 30, 2020**	**April 30, 2019**
Expenses				
Consulting and management fees	$ 5,512	$ -	$ 29,034	$ 7,500
Office and miscellaneous	18	18	131	89
Professional fees	6,513	500	18,256	11,508
Rent	-	-	725	4,500
Transfer agent and filing fees	525	375	2,426	1,580
Travel	-	-	-	-
Net loss for the period	**$ (12,568)**	**$ (893)**	**$ (50,572)**	**$ (25,177)**
Other items				
Accounts payable recovery	$ -	$ -	$ 1,423	$ 128,287
Loan forgiveness	-	-	-	11,010
Net Income (loss) and comprehensive income(loss) for the period	**$ (12,568)**	**$ (893)**	**$ (49,149)**	**$ 139,297**
Gain/Loss and comprehensive gain/(loss) per share – basic and diluted	**$ (0.00)**	**$ 0.00**	**$ (0.00)**	**$ 0.00**
Weighted average number of common shares outstanding	**38,365,601**	**38,365,601**	**38,365,601**	**38,365,601**

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

	Share capital						
	Number of shares		Amount		Deficit		Total
Balance at July 31, 2018	**38,365,601**	**$**	**507,422**	**$**	**(619,135)**	**$**	**(111,713)**
Loss for the period	-		-		114,120		114,120
Balance at April 30, 2019	**38,365,601**	**$**	**507,422**	**$**	**(505,015)**	**$**	**2,407**
Balance at July 31, 2019	**38,365,601**	**$**	**507,422**	**$**	**(541,769)**	**$**	**(34,347)**
Income for the period	-		-		(49,149)		(49,149)
Balance at April 30, 2020	**38,365,601**	**$**	**507,422**	**$**	**(590,918)**	**$**	**(83,496)**

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

	Nine-month period ended April 30, 2020	April 30, 2019
Operating activities		
Income (loss) for the period	$ (49,149)	$ 114,120
Adjustments for non-cash items:		
Accounts payable recovery	-	(128,287)
Loan forgiveness	-	(11,010)
Changes in non-cash working capital items:		
Amounts receivable	4,072	(1,260)
Accounts payable and accrued liabilities	(34,434)	16,683
Net cash flows used in operating activities	(79,511)	(9,754)
Financing activities		
Loans received	92,500	9,500
Loans repaid	(12,500)	-
Net cash flows provided by financing activities	80,000	9,500
Change in cash	489	(254)
Cash, beginning	361	633
Cash, ending	**$ 850**	**$ 379**

Other Supplementary Information

Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -
Loans settled for shares	$ -	$ -

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 June 19, 2020.

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 April 30, 2020, the Company had not yet achieved profitable operations, had accumulated losses of $590,918 (July 31, 2019 - $541,769) since its inception, and has working capital deficit of $83,496 (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.

2. Basis of presentation (cont'd)

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 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 risks 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.

3. Significant accounting policies

Foreign currency translation

The results and financial position of subsidiaries whose functional currency differs from that of the parent company ("foreign operations") are translated into the Canadian dollar presentation currency as follows: (i) assets and liabilities are translated at the closing rate as at the reporting date, and (ii) income and expenses are translated at the average exchange rate of transactions for the period. All resulting exchange differences are recognized as other comprehensive income (loss).

A foreign currency translation is a transaction denominated or requiring settlement in a foreign currency and is initially recorded in the functional currency of the subsidiary by applying the spot exchange rate on the date of the transaction. At the end of each reporting period, these balances are translated as: (i) foreign currency monetary assets and liabilities are translated using the prevailing exchange rate at the balance sheet date; (ii) non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; (iii) non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate when the fair value was measured; and (iv) income statement items denominated in foreign currencies are translated using the average monthly exchange rates, except for depreciation which is translated at historical exchange rates.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. Significant accounting policies (cont'd)

Financial assets

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified at FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial instrument has been classified and measured at:

(i)amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL). All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. The classification determines the method by which financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Cash and cash equivalents, and accounts receivable are measured at amortized cost with subsequent impairments recognized in the statements of operations and comprehensive loss.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. Financial liabilities, other than financial liabilities classified as FVTPL, are measured in subsequent periods at amortized cost using the effective interest method. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Impairment of financial assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the consolidated statement of operations. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis. If the carrying amount of a non-financial asset exceeds the recoverable amount, being the higher of its fair value less costs to sell and its value-in-use, an impairment loss is recognized in net earnings as the excess of the carrying amount over the recoverable amount.

Where the recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed production plans. The mine plan is the basis for forecasting production output in each future year and for forecasting production costs. For value-in-use calculations, production costs and output may be revised to reflect the continued use of the asset in its present form.

3. Significant accounting policies (cont'd)

Share-based payments

The fair value of equity settled stock options awarded to employees (i.e. employees for legal and tax purpose, directors and certain consultants), determined as of the date of grant, and awarded to non-employees, as of the date of delivery of service, is recognized as share-based compensation expense, included in general and administrative expenses in the Consolidated Statements of Comprehensive Income (Loss), over the vesting period of the stock options based on the estimated number of options expected to vest, with a corresponding increase to equity. The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant or the date of delivery of service. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively.

Basic and diluted loss per share

Basic earnings or loss per share represents the income or loss for the year, divided by the weighted average number of common shares outstanding during the year. Diluted earnings or loss per share represents the income or loss for the year, divided by the weighted average number of common shares outstanding during the year plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

The following is an overview of new accounting standards that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The adoption of IFRS 16 had no material impact on the Company's financial statements.

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.

(Expressed in Canadian Dollars - unaudited)

4. Loans payable

At April 30, 2020, the Company owed loans in aggregate of $80,000 (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 nine-month period ended April 30, 2020, the Company received loans of $92,500 (2019 - $9,500) and repaid $12,500 (2019 - $Nil). As at April 30, 2019, the lender forgave the outstanding loan balance of $11,010.

5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At April 30, 2020 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 April 30, 2020

During the period ending April 30, 2020, the Company did not issue any shares.

Share issuances during the year ending July 31, 2019

During the year ending 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, April 30, 2020	-		

Stock options

The Company has not issued any stock options and no stock options are outstanding as at April 30, 2020, July 31, 2019 and July 31, 2018.

(Expressed in Canadian Dollars - unaudited)

5. Share capital (Continued)

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:

		April 30, 2020		July 31, 2019
Companies controlled by directors of the Company	$	-	$	28,000

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

		April 30, 2020		January 31, 2019
A private company controlled by a director of the Company	$	80,000	$	-

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

Related party transactions

During the nine-month period ended April 30, 2020, the Company paid and/or accrued accounting, management, consulting fees and rent of $27,922 (2019 - $16,500) to companies controlled by directors of the Company.

During the nine-month period ended April 30, 2020, the Company paid and/or accrued management and consulting fees and rent of $Nil (2019 - $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.

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 April 30, 2020, 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 (Continued)

Classification of financial instruments

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

		April 30, 2020		July 31, 2019
Cash	$	850	$	361

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

		April 30, 2020		July 31, 2019
Non-derivative financial liabilities:				
Trade payables	$	4,346	$	38,780
Loans payable		80,000		-
	$	84,346	$	38,780