
BTL GROUP LTD.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2018**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of BTL Group Ltd.(the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

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 the condensed interim consolidated financial statements have not been reviewed by an auditor.

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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

BTL GROUP LTD.**Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)**

As at	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	\$ 14,227,309	\$ 17,998,870
Investment	50,000	50,000
Accounts receivable	86,785	86,485
Prepaid and sundry receivable	315,872	221,358
Total assets	\$ 14,679,966	\$ 18,356,713
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 740,819	\$ 996,690
Shareholders' equity		
Share capital (note 3)	22,543,707	21,095,384
Shares to be issued	-	118,625
Contributed surplus (notes 5 and 6)	8,343,038	7,397,108
Deficit	(16,947,598)	(11,251,094)
Total shareholders' equity	13,939,147	17,360,023
Total liabilities and shareholders' equity	\$ 14,679,966	\$ 18,356,713

Commitments (note 9)

Approved on behalf of the Board of Directors:

/s/ "Brian Hinchcliffe"

Brian Hinchcliffe
Director

/s/ "John Thomson"

John Thomson
Director*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

BTL GROUP LTD.**Consolidated Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue				
Consulting fees - Pilot projects	-	43,244	-	372,927
	\$ -	\$ 43,244	\$ -	\$ 372,927
Expenses				
Salaries and benefits	\$ 958,522	\$ 531,692	\$ 1,763,913	\$ 880,629
Consulting fees (note 8)	416,279	262,436	708,369	298,108
Travel	136,619	72,408	290,772	117,401
Office and general	467,052	193,889	736,869	312,706
Professional fees	51,847	101,886	197,744	154,663
Marketing	243,811	94,145	446,114	139,228
Interest income	(60,256)	-	(113,812)	-
Stock-based compensation (note 5)	954,499	312,832	1,666,535	348,631
	3,168,373	1,569,288	5,696,504	2,251,366
Net loss and comprehensive loss for the period	\$(3,168,373)	\$(1,526,044)	\$(5,696,504)	\$(1,878,439)
Basic and diluted net loss per share (note 7)	\$ (0.13)	\$ (0.08)	\$ (0.25)	\$ (0.11)
Weighted average number of common shares outstanding, basic and diluted (note 7)	23,693,779	18,463,876	22,575,316	17,836,982

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

BTL GROUP LTD.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Share Capital Number	Amount	Shares to be Issued	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	17,177,228	\$ 5,952,122	\$ -	\$ 1,034,528	\$ (5,377,524)	\$ 1,609,126
Private placements, net of costs	1,150,000	2,930,833	-	-	-	2,930,833
Warrants issued	-	(2,120,313)	-	2,120,313	-	-
Exercise of options	197,500	193,915	51,055	(120,845)	-	124,125
Exercise of warrants	165,625	266,778	-	(63,340)	-	203,438
Stock-based compensation	-	-	-	348,631	-	348,631
Net loss for the period	-	-	-	-	(1,878,439)	(1,878,439)
Balance, June 30, 2017	18,690,353	\$ 7,223,335	\$ 51,055	\$ 3,319,287	\$ (7,255,963)	\$ 3,337,714
Balance, December 31, 2017	23,395,766	21,095,384	118,625	7,397,108	(11,251,094)	17,360,023
Exercise of warrants	143,150	1,171,900	(118,625)	(589,782)	-	463,493
Exercise of options	275,000	276,423	-	(130,823)	-	145,600
Stock-based compensation	-	-	-	1,666,535	-	1,666,535
Net loss for the period	-	-	-	-	(5,696,504)	(5,696,504)
Balance, June 30, 2018	23,813,916	\$ 22,543,707	\$ -	\$ 8,343,038	\$ (16,947,598)	\$ 13,939,147

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

BTL GROUP LTD.**Condensed Interim Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)

For the Six Months Ended June 30,	2018	2017
Operating activities		
Net loss for the period	\$ (5,696,504)	\$ (1,878,439)
Stock-based compensation	1,666,535	348,631
Non-cash working capital items:		
Accounts receivable	(300)	(130,404)
Prepaid and sundry receivable	(94,514)	(197,487)
Accounts payable and accrued liabilities	(255,871)	(51,065)
	(4,380,654)	(1,908,764)
Financing activities		
Private placement, net of fees	-	2,930,833
Proceeds on exercise of options	145,600	124,125
Proceeds on exercise of warrants	463,493	203,438
	609,093	3,258,396
Net change in cash	(3,771,561)	1,349,632
Cash, beginning of the period	17,998,870	1,884,568
Cash, end of the period	\$ 14,227,309	\$ 3,234,200

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

BTL GROUP LTD.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations and Going Concern

BTL Group Ltd. ("BTL" or "the Company") was incorporated on March 28, 2011 and organized under the laws of Alberta, Canada. BTL is the creator of Interbit™, a next generation blockchain platform. Its unique chain joining capability between thousands of Interbit™ blockchains enables scalable security, data integrity and privacy.

The registered office of the Company is located at 1600, 421 - 7 Avenue SW, Calgary, Alberta T2P 4K9.

On November 4, 2015, the Company closed its qualifying transaction (the "Transaction") with Blockchain Tech Ltd. ("BTL" or "Blockchain"). As part of the Transaction, the Company changed its name from Northern Aspect Resources Ltd. to BTL Group Ltd. Following completion of the Transaction, Blockchain is now a wholly-owned subsidiary of the Company, and the Company continued the business of Blockchain. Trading in the common shares of BTL began on the TSX Venture Exchange on November 6, 2015 under the symbol "BTL". The Transaction was accounted for as a reverse take-over. Blockchain Tech Ltd. was incorporated June 3, 2015.

2. Accounting Policies

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 15, 2018.

Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries Blockchain Tech Ltd. and BTL Dev Ltd. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Accounting Pronouncements

In July 2014, the IASB issued IFRS 9 to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company adopted this standard on January 31, 2018, with no impact on its condensed interim consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers – The IASB issued IFRS 15 to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Company adopted this standard on January 31, 2018, with no impact on its condensed interim consolidated financial statements.

BTL GROUP LTD.**Notes to Condensed Interim Consolidated Financial Statements****June 30, 2018****(Expressed in Canadian Dollars)****(Unaudited)**

2. Accounting Policies (Continued)**Accounting Pronouncements (Continued)**

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

There are no other relevant IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Share Capital

- a) Authorized share capital - at June 30, 2018, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.
- b) Common shares issued - the holders of common shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each common share held at such meetings. In the event of liquidation, dissolution or winding-up of the Company, the holders of common shares are entitled to share rateably the remaining assets of the Company.

The change in issued share capital for the periods presented are as follows:

	Number of common shares	Amount
Balance, December 31, 2016	17,177,228	\$ 5,952,122
Shares issued on private placements	1,150,000	3,105,000
Costs of issue	-	(174,167)
Warrants issued	-	(2,120,313)
Exercise of warrants - cash	166,625	203,438
Exercise of warrants - valuation	-	63,340
Exercise of options - cash	197,500	99,125
Exercise of options - valuation	-	94,790
Balance, June 30, 2017	18,691,353	\$ 7,223,335
Balance, December 31, 2017	23,395,766	\$ 21,095,384
Exercise of warrants - cash	143,150	498,950
Exercise of warrants - valuation	-	246,933
Exercise of options - cash	275,000	228,768
Exercise of options - valuation	-	473,672
Balance, June 30, 2018	23,813,916	\$ 22,543,707

BTL GROUP LTD.**Notes to Condensed Interim Consolidated Financial Statements****June 30, 2018****(Expressed in Canadian Dollars)****(Unaudited)**

4. Escrowed Shares

As of the date of the Transaction, 8,055,000 common shares of the Company were escrowed. Under the CPC Escrow and Transaction Escrow Agreements, 10% of the escrowed common shares were released from escrow upon completion of the Qualifying Transaction by the Company and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. However, the release of the escrowed shares will be accelerated if the Company meets the Exchange Tier 1 initial listing requirements. As at June 30, 2018, 1,208,250 (December 31, 2017 - 2,416,500) shares remained in escrow.

5. Stock Options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

The following table reflects the continuity of stock options for the six months ended June 30, 2018 and 2017:

	Number of Stock Options	Weighted Average Exercise Price (CDN)
Balance, December 31, 2016	1,330,000	\$0.50
Granted	675,000	\$3.17
Exercised	(197,500)	\$0.50
Expired	(25,000)	\$0.50
Balance, June 30, 2017	1,782,500	\$1.54
Balance, December 31, 2017	1,592,500	\$1.81
Exercised	(275,000)	\$0.56
Granted	360,000	\$6.73
Balance, March 31, 2018	1,677,500	\$2.30

On January 29, 2018, the Company granted 160,000 compensation options to employees and consultants of the Company, exercisable for a period of 5 years at \$7.75. The options were assigned a fair value of \$1,379,072 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 203.17%, risk-free interest rate of 2.07%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after one year, and 50% on the second anniversary of the grant.

On April 20, 2018, the Company granted 120,000 compensation options to employees and consultants of the Company, exercisable for a period of 5 years at \$4.85. The options were assigned a fair value of \$536,988 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 155.87%, risk-free interest rate of 2.00%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after one year, and 50% on the second anniversary of the grant.

On April 20, 2018, the Company granted 5,000 compensation options to an employee of the Company, exercisable for a period of 5 years at \$4.13. The options were assigned a fair value of \$22,522 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 155.87%, risk-free interest rate of 2.00%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after one year, and 50% on the second anniversary of the grant.

BTL GROUP LTD.**Notes to Condensed Interim Consolidated Financial Statements****June 30, 2018****(Expressed in Canadian Dollars)****(Unaudited)**

5. Stock Options (Continued)

On May 11, 2018, the Company granted 75,000 compensation options to a director of the Company, exercisable for a period of 5 years at \$5.83. The options were assigned a fair value of \$401,655 using the Black-Scholes valuation model with the following assumptions: 5 year expected life, volatility of 153.50%, risk-free interest rate of 2.21%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after one year, and 50% on the second anniversary of the grant.

The following table reflects the stock options outstanding as at June 30, 2018:

Expiry Date	Exercise Price(CDN)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
October 12, 2022	\$ 3.25	4.29 years	200,000	\$ 834,240
June 22, 2022	4.30	3.98 years	150,000	432,549
June 6, 2022	5.55	3.94 years	140,000	910,658
May 18, 2022	2.79	3.88 years	40,000	122,908
March 1, 2022	1.97	3.67 years	45,000	60,669
February 1, 2022	1.56	3.59 years	60,000	114,324
January 18, 2022	1.04	3.56 years	5,000	6,801
January 11, 2022	0.92	3.54 years	40,000	48,156
July 4, 2021	0.53	3.01 years	130,000	79,313
May 9, 2021	0.50	2.86 years	205,000	106,825
March 11, 2021	0.51	2.70 years	37,500	21,082
December 14, 2020	0.50	2.46 years	265,000	110,508
January 29, 2023	0.50	4.59 years	160,000	1,379,072
April 20, 2023	4.85	4.81 years	120,000	536,988
April 20, 2023	4.13	4.81 years	5,000	22,522
May 11, 2023	5.83	4.87 years	75,000	401,655
	\$ 2.30	3.66 years	1,677,500	\$ 5,188,270

Of the 1,602,500 options outstanding at June 30, 2018, 932,500 were exercisable.

BTL GROUP LTD.**Notes to Condensed Interim Consolidated Financial Statements****June 30, 2018****(Expressed in Canadian Dollars)****(Unaudited)**

6. Warrants

The following table reflects the continuity of warrants for the six months ended June 30, 2018 and 2017:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - December 31, 2016	1,281,164	\$ 1.46
Issued on private placement	575,000	3.25
Exercised	(165,625)	1.22
Balance - June 30, 2017	1,690,539	\$ 2.09
Balance, December 31, 2017	1,901,787	\$ 6.32
Exercised	(143,150)	4.82
Balance - June 30, 2018	1,758,637	\$ 6.45

As at June 30, 2018, the following warrants were issued and outstanding:

Expiry Date	Exercise Price	Number of Warrants and Broker Warrants
November 23, 2018	\$ 7.00	1,501,637
April 6, 2019	\$ 3.25	257,000
		1,758,637

7. Net Loss Per Share

The calculation of basic and diluted loss per share for the six month periods ended June 30, 2018 and 2017 was based on the loss attributable to common shareholders of \$5,696,504, and \$1,878,439, respectively and the weighted average number of common shares outstanding of 22,575,316 and 17,836,982, respectively.

BTL GROUP LTD.

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

8. Related Party Balances and Transactions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Remuneration paid for current CEO ¹	\$ 75,274	\$ -	\$ 154,800	\$ -
Remuneration paid for prior CEO ¹	-	35,000	-	70,000
Remuneration paid for CFO	4,500	4,635	9,000	9,285
Stock-based compensation expense - directors and officers	50,207	12,771	312,192	12,771

Mr. Dominic McCann, transitioned from the position of Executive Vice-President, Sales and Marketing, a position he held since July 3, 2017 to the role of Chief Executive Officer on October 2, 2017. Mr. Guy Halford-Thompson, the former Chief Executive Officer, remained with the Company as a director until July 30, 2018.

As at June 30, 2018, amounts due to related parties totaled \$9,985 (December 31, 2017 - \$31,930) pertaining to amounts payable for key management remuneration, and reimbursement of expenses paid on behalf of the Company included in accounts payable.

During the three and six months ended June 30, 2018, two directors were paid strategic consulting fees as follows: Mr. Brian Hinchcliffe: \$39,069 and \$77,170, respectively (three and six months ended June 30, 2017 - \$nil); and Mr. John Thomson: \$53,337 (three and six months ended June 30, 2017 - \$nil). As at June 30, 2018, \$nil (December 31, 2017 - \$nil) was included in accounts payable and accrued liabilities in relation to these fees.

During the three and six months ended June 30, 2018, the Company expensed \$12,327 and \$23,414, respectively (three and six months ended June 30, 2017 - \$13,337 and \$24,895, respectively) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

- (i) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company (effective March 11, 2016);
- (ii) Bookkeeping and office support services;
- (iii) Regulatory filing services; and

The Marrelli Group is also reimbursed for out of pocket expenses.

As of June 30, 2018, the Marrelli Group was owed \$4,318 (December 31, 2017 - \$18,202). These amounts are included in accounts payable.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

9. Operating Lease Commitment

The Company is party to lease agreements for the four premises that it currently operates from, for a 1 to 3 year term with no renewal option. Future minimum lease payments under leases with terms of one year or more are as follows as at June 30, 2018:

2018	\$134,031
2019	\$160,800
2020	\$134,000