BLOK TECHNOLOGIES

(formerly Aida Minerals Corp.)

Consolidated Condensed Interim Financial Statements

Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

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 interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying Condensed Interim financial statements for Blok Technologies (the “Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). The accompanying condensed interim unaudited financial statements of the Company have been prepared by and are the responsibility of the Company’s management

BLOK Technologies Inc. (formerly Aida Minerals Corp.)
Consolidated Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Note	June 30, 2018	December 31, 2017 Audited
		$	$
ASSETS			
Current assets			
Cash		227,543	568,939
Amounts receivable		282,570	57,465
Prepaid expenses		3,139,563	199,596
Due from related parties	4	-	-
		3,649,676	826,000
Non-current assets			
Intangibile asset	5	877,128	267,931
Investments	6	119,260	-
Advance on share exchange agreement	5	-	-
		4,646,064	1,093,931
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		269,319	236,958
Due to related parties	4	71,512	24,068
		340,831	261,026
SHAREHOLDERS' EQUITY			
Share capital	7	8,630,839	1,763,621
Subscriptions received		3,000	3,000
Shares issued but not paid	7	(13,000)	(13,000)
Contributed surplus		104,273	104,273
Share based payment reserve		632,172	565,723
Warrant reserve		457,601	441,665
Deficit		(5,509,652)	(2,032,377)
		4,305,233	832,905
		4,646,064	1,093,931

Nature of operations and going concern 1

Approved and authorized for issuance by the Board of Directors on August 22, 2018:

"Lui Franciosi" — Lui Franciosi, Director

"James Hyland" — James Hyland, Director

BLOK Technologies Inc. (formerly Aida Minerals Corp.)
Consolidated Condensed Interim Statements of Comprehensive Loss
Unaudited
(Expressed in Canadian dollars)

	Three months ended June 30, 2018 $	Three months ended June 30, 2017 $	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Revenue				
Rent Income	-	6,000	-	10,400
	-	6,000	-	10,400
Expenses				
Advertising & communications	263,231	5,684	467,375	20,105
Bank and interests	5,583	46,061	5,583	70,346
Consulting fees	1,105,887	58,422	1,270,768	60,822
Due Diligence	-	-	-	7,410
Financing fees	-	-	20,000	-
General and administrative	26,143	14,289	61,591	29,535
Management fees	148,500	27,000	186,000	55,000
Professional fees	77,979	120	126,179	120
Rent	16,794	27,478	40,008	55,253
Share-based compensation	106,818	-	106,818	-
Software development	240,419	-	388,361	-
Transfer agent and filing fees	32,459	8,641	37,692	10,791
Travel expenses	43,004	-	76,433	2,819
Loss before other Items below	2,066,817	181,695	2,786,808	301,801
Other items:				
Foreign exchange loss (gain)	-	(3,431)	518	(17,396)
Loss in acquisition	-	-	690,000	-
	-	-	690,000	-
Net loss and comprehensive loss	2,066,817	178,264	3,477,326	284,405
Total Comprensive Loss for the Period	2,066,817	178,264	3,477,326	284,405
Basic and diluted loss per common share	0.05	0.01	0.09	0.01
Weighted average number of common shares outstanding	42,497,135	19,630,335	37,563,831	19,547,698

BLOK Technologies Inc. (formerly Aida Minerals Corp.)
Consolidated Condensed Interim Statements of Changes in Equity
Unaudited
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Subscriptions received	Shares issued but not paid	Contributed surplus	Stock based compensation reserve	Warrant reserve	Deficit	Total
		$	$	$	$	$	$	$	$
Balance, December 31, 2016	19,467,698	634,000	3,000	(13,000)	15,000	-	-	(1,055,478)	(416,478)
Shares issued pursant to private placement	400,000	40,000	-	-	-	-	-	-	40,000
Share subsription			47,000	3,000	-	-	-	-	50,000
Comprehensive loss	-	-	-	-	-	-	-	(284,405)	(284,405)
Balance June 30, 2017	19,867,698	674,000	50,000	(10,000)	15,000	-	-	(1,339,883)	(610,883)
Balance, December 31, 2017	28,117,378	1,763,621	3,000	(13,000)	104,273	565,723	441,665	(2,032,326)	832,956
Shares issued pursuant to acquision	7,000,000	1,400,000	-	-	-	-	-	-	1,400,000
Shares issued pursant to private placement	27,016,924	5,369,849	-	-	-	-	15,936	-	5,385,785
Shares issued pursant to exercise of option	250,000	97,369	-	-	-	(40,369)	-	-	57,000
Share-based compensation	-	-	-	-	-	106,818		-	106,818
Comprehensive loss	-	-	-	-	-	-	-	(3,477,275)	(3,477,275)
Balance June 30, 2018	62,384,302	8,630,839	3,000	(13,000)	104,273	632,172	457,601	(5,509,601)	4,305,284

BLOK Technologies Inc. (formerly Aida Minerals Corp.)
Condensed Consolidated Interim Statements of Cash Flows
Unaudited
(Expressed in Canadian dollars)

	Six months ended June 30, 2018 $	Six months ended June 30, 2017 $
Cash flow from operating activities		
Net loss and comprehensive loss	(3,477,326)	(284,405)
Adjustment for item not involving cash:		
Loss in acquisition	690,000	-
Share-based compensation	106,818	-
	(2,680,508)	(284,405)
Change in non-cash working capital components:		
Amounts receivable	(225,105)	(11,081)
Prepaid expenses	(2,939,967)	393
Accounts payable and accrued liabilities	32,361	(10,429)
Due (from) to related parties	47,444	-
Net cash used in operating activities	(5,765,775)	(305,522)
Investing Activities		
Advance on share exchange agreement	267,931	-
Purchase of Greenstream	(167,128)	-
Investments	(119,260)	(10)
Net cash used in investing activities	(18,457)	(10)
Financing activities		
Advances (repayment of) from promissory notes	-	22,942
Due to related parties	-	228,857
Issuance of common shares pursuant to exercise of options	57,000	-
Proceeds from share issuance, net of issuance costs	5,385,785	-
Shares issued but not paid	-	10,000
Subscriptions received	-	50,000
Net cash provided by financing activities	5,442,785	311,799
Increase (decrease) in cash	(341,447)	6,267
Cash, beginning of the period	568,990	10,323
Cash, ending of the period	227,543	16,590

1. NATURE OF OPERATIONS AND GOING CONCERN

BLOK Technologies Inc. (formerly Aida Minerals Corp.) (the "Company") was incorporated on September 19, 2013 as a wholly owned subsidiary of Web Watcher Systems Ltd. (Web Watcher) under the name of Mianach Resources Acquisition Corp. The Company remained dormant since incorporation until entering into to a Plan of Arrangement (the "Arrangement Agreement") between the Company and Web Watcher Systems Ltd. ("Web Watcher") dated October 23, 2013. The Plan of Arrangement was approved by the Supreme Court of British Columbia on January 7, 2014. Under the Arrangement Agreement, Web Watcher assigned its interest in a Letter of Intent with Fable Gold Exploration Inc. ("Fable Gold") dated as of November 1, 2013, to the Company. On October 9, 2014, the Company changed its name to Aida Minerals Corp. On January 16, 2018 the Company changed its name to BLOK Technologies Inc. and subsequently traded on the CSE under the symbol "BLK"

The intended principal business of the Company is the investment in blockchain enabled and mobile application technology. The address of the Company's corporate office and principal place of business is Suite 310 - 221 West Esplanade, North Vancouver, British Columbia, Canada.

These consolidated condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success is dependent upon the extent to which it can successfully raise the capital to implement its future plans. During the period ended June 30, 2018, the Company incurred a net loss of $3,477,326. As at June 30, 2018, the Company had a deficit of $5,509,652 which was funded primarily by the issuance of equity. The Company has never generated revenues or profits. These facts indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements prepared in conjunction of with the Company annual audited financial statements for the year ended December 31, 2017. As such, these condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Greenstream Networks Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

These condensed interim financial statements were authorized for issue by the board of directors on August 22, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit of loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

ii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are provided in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility and those assumptions may result in pricing that is different from the actual prices that would be achieved in an arm's length transaction at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year.

iii) Going concern

The assessment of the Company's ability to continue as a going concern involves management judgement about the Company's resources and future prospects.

iv) Income taxes

Management exercises judgment to determine the extent to which deferred tax assets are recoverable, and can therefore be recognized in the statements of financial position and comprehensive income or loss.

Cash

Cash is comprised of cash in banks.

Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issuance costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are assessed as either finite or infinite. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as a change in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of operations.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

Pursuant to the Company's option plan ("Option Plan"), the Company may grant stock options to directors, officers and employees for the purchase of the capital stock of the Company. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax asset is not recognized. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other liabilities
Due to related parties	Other liabilities

The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

i) Non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired
if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception.

Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which is subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the mineral property located in one geographical segment, Canada.

Accounting standards adopted during the period

There were no new or revised accounting standards scheduled for mandatory adoption on January 1, 2017 that affected the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in accounting policies

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning January 1, 2018 or later years.

The following accounting policies will be adopted by the Company effective January 1, 2018:

IFRS 2 *'Share-based payments'* In June 2016, the IASB issued the final amendments to IFRS 2 Share-based payments that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("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 adoption of this standard is not expected to have a material impact on the Company's financial statements.

The following standard will be adopted by the Company effective January 1, 2019:

IFRS 16 'Leases': IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. RELATED PARTY TRANSACTIONS AND KEY PERSONNEL COMPENSATION

All related party transactions were in the ordinary course of business and were measured at their exchange amount as agreed between the related parties.

	June 30, 2018 $	June 30, 2017 $
CEO	30,000	37,000
CFO	30,000	18,000
Director	15,000	-

	June 30, 2018 $	December 31, 2017 $
AP - CEO	7,221	-
AP - CFO	61,666	21,443
AP - Director	2,625	2,625
Due from Subsidary	1,400,000	-

5. ACQUISTION

<u>Greenstream</u>

On November 7, 2017, the Company entered into a commitment to complete a Share Exchange Agreement with 10375977 Canada Corp. and changed its name to Greenstream Networks Inc. (“Greenstream”) to purchase all of the common shares of Greenstream in exchange for issuing 7,000,000 common shares of the Company to the Greenstream shareholders.

Pursuant to the Agreement, the Company purchased 100% of the outstanding and issued common shares of Greenstream and continue the business of Greenstream in exchange for 7,000,000 common shares. The shares are subject to the following sale restrictions applicable to each shareholder in accordance with their respective percentage of the 7,000,000 common shares:

a) 1,750,000 of the shares as of March 1, 2018 became free trading;

b) 1,750,000 of the shares as of July 1, 2018 became free trading;

c) 1,750,000 of the shares as of November 1, 2018 will become free trading;

d) The remaining 1,750,000 of shares as of March 1, 2019 will become free trading

Management has determined that Greenstream does not have the necessary inputs and processes in place that are capable of producing outputs and consequently does not meet the IFRS 3 Business Combinations definition of a business. Consequently, the Agreement has been accounted for as an acquisition of assets by way of a share-based payment. In accordance with IFRS 2 Share-based payment the difference between the fair value of the equity consideration paid and the fair value of the net assets acquired will be recognized as an expense in profit or loss as follows:

(Expressed in Canadian dollars)

5. ACQUISTION (continued)

Greenstream (continued)

Cost of Exchange	
Fair value of shares held by shareholders of Greenstream	1,400,000
Total cost of acquiring Greenstream	1,400,000
Fair Value of Greenstream assets acquired, net of liabilities	
Cash	39,127
Amounts receivable	54,646
Prepaid expenses	7,130
Intangibile asset	877,128
Intercompany	(267,931)
Share capital	(100)
Net Assets Acquired	710,000
Loss on acquisition	690,000

The fair value of the shares of the Company is estimated to be $0.20, the price of its most recent financing.

The intangible asset has not been put into use and therefore, no amortization has been recorded.

6. INVESTMENTS

Simpleblock

On March 01, 2018, the Company entered into a non-binding letter of intent with Port Mercantile Capital Limited, a private Hong Kong corporation, to acquire SimpleBlock Payment Systems, an existing mobile banking and payment software platform. The Company advanced $19,260. As of June 15, 2018, the Company's option to proceed on this application was expired and the Company had written off all of its expenditures.

Fog Chain

On March 08, 2018 the Company made a Strategic Investment into FogChain,Inc..FogChain is located in Silicon Valley, California. Under the terms of this strategic relationship, BLOK Tech has made an initial investment of $100,000 as part of a private placement for subscription receipts of FogChain. For BLOK Tech, this Investment is the first phase of a multifaceted relationship giving the Company access to leading edge developer tools and co-development of Blockchain-enabled software. FogChain will provide BLOK Tech access to tier 1 channel partner networks in the United States for technology product distribution.

7. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and Outstanding

As at June 30, 2018, there were 35,167,178 common shares issued and outstanding

<u>During the period ended June 30, 2018</u>

On January 15, 2018, the Company completed the acquisition of 100% common shares of Greenstream by issuing 7,000,000 common shares of the Company to the shareholders of Greenstream.

On February 18, 2018, the Company issued 50,000 common shares pursuant to the exercise of stock options for proceeds of $20,000.

On May 14, 2018, the Company issued 2,729,424 units at $0.20 per unit for gross proceeds of $545,884. Each unit consisted of one common share and one transferable share purchase warrant at an exercise price of $0.50 per share for a period of twenty four months. Each Warrant will entitle the holder to acquire one Common Share at an exercise price of $0.50 for a period of 24 months from the closing date of the Private Placement. The Warrants will be subject to an acceleration right if on any ten consecutive trading days, beginning on the date that is four months and one day following the Closing Date, the daily volume weighted average trading price of the Company’s Common Shares on the Canadian Securities Exchange is greater than $0.75. If the Company exercises its Warrant Acceleration Right, the new expiry date of the Warrants will be the 30th day following the date hereafter referred to as the on which such notice is given by the Company.

The Company also paid $17,600 and also issued 88,000 warrants $ issued 88,000. Each Finder's Warrant has the same terms as the Warrants issued under the Offering.

On June 8, 2018, the Company issued 24,487,500 units at $0.20 per unit for gross proceeds of $4,857,500. Each unit consisted of one common share and one transferable share purchase warrant at an exercise price of $0.50 per share for a period of twenty four months. The Warrants will be subject to an acceleration right if on any ten consecutive trading days, beginning on the date that is four months and one day following the Closing Date, the daily volume weighted average trading price of the Company’s Common Shares on the Canadian Securities Exchange is greater than $0.75. If the Company exercises its Warrant Acceleration Right, the new expiry date of the Warrants will be the 30th day following the date hereafter referred to as the on which such notice is given by the Company.

On June 8, 2018, the Company issued 200,000 common shares pursuant to the exercise of stock options for proceeds of $37,000.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(b) Issued and Outstanding (continued)

<u>During the year ended December 31, 2017</u>

i. The Company issued 200,000 common shares with a fair value of $20,000 as exploration and evaluation expenditures in connection with the option agreement for “Tay-LP” property (Note 6).

ii. The Company issued 200,000 common shares with an aggregate fair value of $25,000 pursuant to the terms and conditions of the original and amended promissory notes (Notes 8 (i) and (ii)).

iii. The Company issued 8,249,680 units at $0.20 per unit for gross proceeds of $1,649,936. Each unit consisted of one common share and one-half of one common share purchase warrant, with each full warrant entitling the holder to acquire one additional common share at an exercise price of $0.50 per share for a period of twelve months, subject to the Company’s discretion to reduce such exercise period in the event that the trading price of the common shares of the Company is $1.00 per share for a period of ten consecutive trading days. In connection with this private placement, the Company issued 571,680 finder’s warrants with a fair value of $441,665 and incurred other fees totalled $123,650 which included $109,536 paid in units. The finder’s warrants are exercisable at $0.50 per share for one year.

(c) Escrow Shares

Pursuant to an escrow agreement dated December 14, 2015, 7,410,318 common shares issued pursuant to the private placement are subject to escrow restrictions. At December 31, 2017, there were 3,334,643 common shares remaining in escrow. The escrow shares were to be released at 10% on April 27, 2016 and 15% every six-month period starting July 7, 2017.

Release Date	Released	Balance
12/14/2015		7,410,318
4/27/2016	(741,032)	6,669,286
7/7/2016	(1,111,548)	5,557,738
1/7/2017	(1,111,548)	4,446,190
7/7/2017	(1,111,548)	3,334,643
1/7/2018	(1,111,548)	2,223,095

Pursuant to Greenstream purchase agreement dated (note 5), 7,000,000 escrow shares were issued. The escrow shares were to be released at 10% on February 13, 2018 and 15% every six-month period starting August 2, 2018.

Release Date	Released	Balance
2/2/2018		7,000,000
2/13/2018	(700,000)	6,300,000

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(d) Stock options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The weighted average fair value of stock options granted was approximately at $0.185 (2017 - $0.29) per share. The aggregated fair values of the stock options granted was $106,818 and was recorded as share-based compensation on the statements of comprehensive loss. The fair values were estimated using the Black-Scholes option pricing model with the following assumptions:

(d) Stock options (continued)

	$0.185
Share price	
Risk-free interest rate	1.88%
Expected volatility	216%
Expected dividend yield	$nil
Expected life (in years)	1year
Expected forfeiture rate	0%

The following table summarizes the continuity of the Company's stock options:

	Number of options		Weighted average exercise price
Balance, December 31, 2015 and 2016	-		-
Granted	1,960,000	$	0.45
Balance, December 31, 2017	1,960,000	$	0.45
Granted	825,000	$	0.19
Exercised	(250,000)	$	0.23
Balance of June 30, 2018	2,535,000	$	0.40

As at June 30, 2018, the outstanding and exercisable stock options are as follows:

Number of options	Exercise price		Remaining contractual life (years)	Expiry date
1,760,000	$	0.40	0.30	October 17, 2018
150,000	$	1.00	0.39	November 20, 2018
50,000	$	1.00	0.48	December 24, 2018
575,000	$	0.19	0.92	June 1, 2019
2,535,000	$	0.40	0.45	

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(e) Warrants:

As noted in note 7(b), the Company issued 88,000 finder's warrants with a fair value of $14,774. The fair value of the finder's warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.50
Risk-free interest rate	1.95%
Expected volatility	219%
Expected dividend yield	$nil
Expected life (in years)	2year
Expected forfeiture rate	0%

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2016	-	-
Issued	4,696,520	$ 0.50
Balance, December 31, 2017	4,696,520	$ 0.50
Issued	13,596,462	$ 0.50
Balance of June 30, 2018	18,292,982	$ 0.50

As at June 30, 2018, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Remaining contractual life (years)	Expiry date
4,696,520	$ 0.50	0.34	November 2, 2018*
1,452,712	$ 0.50	1.87	May 14, 2020
12,143,750	$ 0.50	1.94	June 8, 2020
18,292,982	$ 0.50	1.53	

* The Company has the option to reduce the exercise period in the event that the trading price of the common shares of the Company is $1.00 or more for a period of ten consecutive trading days in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

9. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2018 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, $
Cash	227,543	–	–	227,543

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, promissory notes and due from (to) related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable due from the Government of Canada and a receivable from a public company. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. Foreign exchange risk arises from purchase transactions.

(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. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

9. FINANCIAL INSTRUMENTS AND RISKS (continued)

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.