BUSINESS ACQUISITION REPORT

FORM 51-102F4

Item 1 – Identity of Company

1.1 Name and Address of Company

BIG BLOCKCHAIN INTELLIGENCE GROUP INC.
Suite 114 – 990 Beach Avenue
Vancouver, British Columbia V6Z 2N9

1.2 Executive Officer

Kim Evans
Chief Financial Officer
Telephone: 778-819-8704

Item 2 – Details of Acquisition

2.1 Nature of Business Acquired

On November 30, 2017, BIG Blockchain Intelligence Group Inc. (the "Company"), formerly Acana Capital Corp., completed the acquisition of all of the issued and outstanding shares of Blockchain Technology Group Inc. ("BTGI"), pursuant to a share exchange agreement (the "Definitive Agreement") dated September 14, 2017 for the consideration described in item 2.3 below.

Blockchain Technology Group Inc., a privately held company incorporated under the laws of the Province of British Columbia, is an information technology company headquartered in Vancouver, British Columbia, Canada. As a developer of blockchain technology solutions, search and data analytics, BTGI's proprietary platforms will globally target governments, law enforcement and the Fintech and Regtech sectors.

2.2 Date of Acquisition

November 30, 2017.

2.3 Consideration

In consideration of acquiring all of the issued and outstanding shares of BTGI, the Company agreed to issue to the shareholders of BTGI an aggregate of 37,939,483 Common Shares for all of the issued and outstanding shares of BTGI. Outstanding BTGI common share purchase warrants by their terms, and adjusted pursuant to the Definitive Agreement, became exercisable for an aggregate of 11,424,520 Common Shares. Outstanding BTGI options by their terms, and adjusted pursuant to the Definitive Agreement, became exercisable for an aggregate of 5,444,695 Common Shares.

In connection with the acquisition, the Company completed a non-brokered private placement of 10,000,000 Common Shares at a price of $0.35 per Share to raise gross proceeds of $3,500,000. The Company paid eligible finders a cash commission of $20,650 and issued

267,634 finders' Shares. All securities issued in connection with the offering are subject to the following release schedule: 33 per cent to be released in eight months of closing; 33 per cent to be released in 11 months of closing; and 34 per cent to be released in 14 months from the date of closing of the financing.

2.4 Effect on Financial Position

As a result of the acquisition, there are 73,758,877 Common Shares issued and outstanding (on an undiluted basis) of the Company.

BTGI is a wholly-owned subsidiary of the Company and its business is the continuing business of the Company.

The Company does not presently have any plans or proposals for material changes in the Company's or BTGI's affairs (corporate structure, personnel or management) that will have an impact on the financial performance and financial position of the Company.

2.5 Prior Valuations

No valuation opinion was obtained.

2.6 Parties to Transaction

The acquisition was not with informed persons, associates or affiliates of the Company.

2.7 Date of Report

February 7, 2018.

Item 3 – Financial Statements

The following financial statements attached as Schedule "A" hereto are included in this Business Acquisition Report:

(a) audited annual consolidated financial statements of BTGI for the fiscal years ended December 31, 2016 and 2015; and

(b) the unaudited condensed consolidated interim financial statements of BTGI for the nine month period ended September 30, 2017 and 2016.

The auditors of BTGI have not given their consent to include their audit report in this Business Acquisition Report.

BLOCKCHAIN
technology group

BLOCKCHAIN TECHNOLOGY GROUP INC.

Annual Consolidated Financial Statements
For the Years ended December 31, 2016 and 2015

(Expressed in Canadian dollars)

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Directors of
Blockchain Technology Group Inc.

We have audited the accompanying consolidated financial statements of Blockchain Technology Group Inc. which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blockchain Technology Group Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2(c) in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Blockchain Technology Group Inc. to continue as a going concern.

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
November 16, 2017

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at	December 31, 2016	December 31, 2015
ASSETS		
Current		
Cash	**$ 76,657**	$ 2,904
Investments (Note 4)	**248,890**	-
Amounts receivable	**28,183**	9,917
Investment tax credits receivable (Note 5)	**175,325**	61,891
Due from related parties (Note 8)	**14,063**	-
Prepaids	**9,850**	-
Total current assets	**552,968**	74,712
Equipment (Note 6)	**62,565**	-
Total assets	**$ 615,533**	$ 74,712
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	**$ 101,065**	$ 41,268
Due to related parties (Note 8)	**-**	8,850
Total liabilities	**101,065**	50,118
Shareholders' equity		
Share capital (Note 7)	**939,997**	289,885
Equity reserves (Note 7)	**932,566**	487
Deficit	**(1,358,095)**	(265,778)
Total shareholders’ equity	**514,468**	24,594
Total liabilities and shareholders’ equity	**$ 615,533**	$ 74,712

Basis of presentation and going concern (Note 2)
Commitments (Note 11)
Subsequent events (Note 13)

Approved on behalf of the Board:

“Lance Morginn” Director *“Shone Anstey”* Director

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

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	For the year ended December 31, 2016	For the year ended December 31, 2015
General and Administrative Expenses		
Advertising and promotion	**$ 54,806**	$ 8,864
Consulting (Note 8)	**123,500**	180,667
Depreciation	**5,558**	-
Office	**50,878**	14,349
Professional fees	**26,513**	16,282
Research and development (Note 8)	**86,181**	44,641
Share-based compensation	**870,619**	362
Travel	**2,429**	603
Wages and benefits (Note 8)	**43,136**	-
	1,263,620	265,768
Other Income		
Foreign exchange gain	**54,368**	-
Gain on sale of investments	**52,525**	-
Unrealized gain on investments	**66,668**	-
Loss on settlement of debt	**(2,258)**	-
	171,303	-
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ (1,092,317)**	$ (265,768)
Basic and diluted loss per common share	**$ (0.07)**	$ (0.02)
Weighted average number of common shares outstanding	**16,506,924**	11,782,922

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

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Share Capital				
	Number of Shares	**Amount**	**Equity Reserves**	**Deficit**	**Total**
Balance at January 1, 2015	12,500,000	$ 10	$ -	$ (10)	$ -
Shares issued on private placement	500,000	10,000	-	-	10,000
Shares issued to settle debt	4,100,000	280,000	-	-	280,000
Repurchase of shares	(2,500,000)	(125)	125	-	-
Share-based compensation	-	-	362	-	362
Loss and comprehensive loss	-	-	-	(265,768)	(265,768)
Balance at December 31, 2015	14,600,000	$ 289,885	$ 487	$ (265,778)	$ 24,594
Shares issued on private placement	4,664,479	778,423	-	-	778,423
Share subscriptions receivable	-	(10,000)	-	-	(10,000)
Shares issued to settle debt	66,667	10,000	-	-	10,000
Shares issued on exercise of options	100,000	19,740	(4,740)	-	15,000
Share issue costs	-	(81,851)	-	-	(81,851)
Finders' warrants on private placement	-	(66,200)	66,200	-	-
Share-based compensation	-	-	870,619	-	870,619
Loss and comprehensive loss	-	-	-	(1,092,317)	(1,092,317)
Balance at December 31, 2016	19,431,146	$ 939,997	$ 932,566	$ (1,358,095)	$ 514,468

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

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the year ended December 31, 2016	For the year ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**$ (1,092,317)**	$ (265,768)
Items not involving cash		
Depreciation	**5,558**	-
Share-based compensation	**870,619**	362
Foreign exchange gain	**(47,742)**	-
Realized gain on investments	**(52,525)**	-
Unrealized gain on investments	**(66,668)**	-
Loss on settlement of debt	**2,258**	-
Changes in non-cash working capital items:		
Amounts receivable	**(18,266)**	(9,917)
Investment tax credits receivable	**(113,434)**	(61,891)
Prepaids	**(9,850)**	-
Due to (from) related parties	**(22,913)**	8,750
Accounts payable and accrued liabilities	**69,797**	321,368
Net cash used in operating activities	**(475,483)**	(7,096)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	**(68,123)**	-
Proceeds from sale of investments	**313,737**	-
Net cash provided by investing activities	**245,614**	-
CASH FLOWS FROM FINANCING ACTIVITES		
Proceeds from issuance of common shares	**385,473**	10,000
Share issue costs	**(81,851)**	-
Net cash provided by financing activities	**303,622**	10,000
Change in cash for the year	**73,753**	2,904
Cash, beginning of year	**2,904**	-
Cash, end of year	**$ 76,657**	$ 2,904
Non-cash transactions		
Fair value of finder's warrants	$ 66,200	$ -
Debt settlement by issuance of common shares	10,000	280,000
Debt settlement by issuance of investments	6,984	-
Proceeds from share issuances received in investments	397,950	-
Cash paid or accrued for interest or taxes	$ -	$ -

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

1. NATURE OF OPERATIONS

Blockchain Technology Group Inc. (formerly 0882351 B.C. Ltd.) (the "Company"), which was incorporated under the *Business Corporations Act* (British Columbia) on May 31, 2010, has a registered and records office at 1130 – 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6. It is a private company with a corporate office and principal place of business at Suite 114 - 990 Beach Avenue, Vancouver, BC, Canada.

On June 2, 2013, the Company became a technology-based business. On July 2, 2015, the name of the Company was changed from 0882351 B.C. Ltd. to Blockchain Technology Group Inc., to better reflect the nature and development of the business.

The Company is a development stage technology-based company engaged in the research and development of a blockchain search engine with data processing and big data analytics for large enterprises with significant data requirements in the financial and ecommerce sectors globally. Blockchain is fundamentally a digital ledger of transactions with unique characteristics designed to create records that are secure, reliable, transparent, and accessible.

2. BASIS OF PRESENTATION AND GOING CONCERN

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 16, 2017.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at fair value as explained in Note 3 to these consolidated financial statements. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries. The accounts of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All significant intercompany balances, transactions, income and expenses have been eliminated upon consolidation.

d) Going Concern

	December 31, 2016	December 31, 2015
Working capital	**$ 451,903**	$ 24,594
Deficit	**(1,358,095)**	(265,778)

These consolidated financial statements have been prepared on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since inception and has negative cash flows from operations. Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive, or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing. These factors cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION AND GOING CONCERN

d) Going Concern (cont'd…)

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. SIGNIFICANT ACCOUNTING POLICIES Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has exposure or rights to variable returns from its involvement with an entity, and the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the consolidated financial statements of the subsidiaries to bring their accounting policies into line with those of the Company.

The consolidated financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
2140 Software Solutions Inc.	British Columbia	100%

Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value net of transaction costs, if applicable. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivables", "available-for-sale", "held-to-maturity", or "financial liabilities measured at amortized cost" as follows:

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

(i) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. FVTPL assets are initially recorded at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and investments are classified as FVTPL.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Due from related parties are classified as loans and receivables.

The Company does not have any financial assets classified as held to maturity or available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

(i) Other financial liabilities

The category consists of liabilities carried at amortized cost being the effective interest method. The Company's accounts payable and due to related parties are classified as other financial liabilities.

The Company does not have any financial liabilities classified as FVTPL.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the assets have been impacted.

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principle payments; or

It has become probable that the borrower will enter bankruptcy or financial re-organization.For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

In a subsequent period if, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants are measured at the fair value of the goods or services received from these parties, or at their Black-Scholes fair values on the measurement date if the fair value of goods or services received cannot be reliably measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

Financial instruments issued by the Company are classified as share capital only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share purchase warrants

The fair value of compensatory warrants issued by the Company are determined on their issuance date, using the Black-Scholes option pricing model, and are recorded as a component of equity reserves. When the warrants are granted as compensation for the receipt of goods or services, they are recorded either as an expense or as a cost, capitalized to share capital or assets, on the same basis as equivalent cash payments.

When share purchase warrants are exercised, the cash proceeds and their fair value previously recorded in equity reserves are recorded as share capital.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in profit or loss in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to apply to the period when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in profit or loss in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow whose issuance is contingent on future events.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. For the years presented, this calculation proved to be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Significant accounting judgments and estimation uncertainties

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates

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

a) Valuation of share-based payments and compensatory warrants

Share-based payments and compensatory warrants are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

(ii) Critical accounting judgments

a) Going concern

The determination of the Company's ability to continue as a going concern requires the Company to make certain judgments about whether the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

b) Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Equipment

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of, its carrying cost is derecognized. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The Company provides for depreciation of equipment on a straight-line balance basis unless otherwise noted. Computer equipment is depreciated at an annual rate of 30%.

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment (cont'd…)

When equipment is composed of major components with different useful lives, the components are accounted for as separate items of capital assets. Expenditures incurred to replace an asset component that is accounted for separately, including major inspections and overhaul expenditures, are capitalized.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. 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 had been recognized.

Cash and cash equivalents

The Company considers all highly liquid instruments, with minimal interest rate risk and having an initial term to maturity of three months or less at the time of issuance to be cash equivalents.

Investments

The Company's investments are in cryptocurrencies which consist of digital hybrid currencies that are limited in supply, created and traded through open-source software and used as both a means of exchange and a store of value. On the date acquired, cryptocurrencies are recorded as a financial asset at the market value. The cryptocurrencies are subsequently re-measured at their fair value at the end of each financial reporting period, with any gains or losses recorded to profit or loss. When cryptocurrencies are sold, the gain or loss recognized on the sale of the cryptocurrencies is recorded to profit or loss.

Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The Company's functional currency is the Canadian Dollar. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Research and development expenditures

Research expenditures are expensed in the period incurred. Product development expenditures are expensed in the period incurred unless the product under development meets specific criteria related to technical, market and financial feasibility for deferral and amortization. The Company's policy is to amortize deferred product development expenditures over the expected future life of the product once product revenues or royalties are recorded. No product development expenditures have been deferred to date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Government assistance

Government assistance consists of scientific research and experimental development ("SRED") tax credits. SRED tax credits are accounted for as a reduction of the related expenditures and recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved government program.

The refundable portion of tax credits is recorded in the period in which the related expenditures are incurred. The non-refundable portion of tax credits is recorded in the period in which the related expenditures are incurred or in a subsequent period to the extent that their future realization is determined to be probable, provided the Company has reasonable assurance the credits will be received and the Company will comply with the conditions associated with the award. SRED tax credits are subject to government review which could result in adjustments to profit or loss.

Provisions

Provisions are recorded when a present legal, statutory 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 of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statements of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

New accounting standards and interpretations

There were no new or amended standards or interpretations adopted during the year that had a significant impact on the consolidated financial statements.

Accounting standards issued but not yet effective

<u>IFRS 15, *Revenue from Contracts with Customers*</u>

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 applies to an annual reporting period beginning on or after January 1, 2018.

<u>IFRS 9, *Financial Instruments – Classification and Measurement*</u>

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

<u>IFRS 16, *Leases*</u>

IFRS 16 specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

The Company is in the process of determining the impact that these changes will have on its consolidated financial statements.

(Expressed in Canadian dollars)

4. INVESTMENTS

The Company holds cryptocurrencies as investments as follows:

	Number of coins held	**December 31, 2016**	December 31, 2015
Bitcoin	185.28	$ 246,033	$ -
Solarcoin	25,916.45	2,857	-
		$ 248,890	$ -

5. INVESTMENT TAX CREDITS RECEIVABLE

The Company has filed scientific research and experimental development ("SRED") expenditure claims with the Canada Revenue Agency. At December 31, 2016, the Company has investment tax credits receivable of $175,325 (2015 - $61,891) which is composed of a refundable federal investment tax credit of $136,365 (2015 - $48,138) and a refundable provincial investment tax credit of $38,960 (2015 - $13,753).

6. EQUIPMENT

	Total
Balance at December 31, 2014 and 2015	**$ -**
Additions	68,123
Disposals	-
Balance at December 31, 2016	**$ 68,123**
Depreciation	
Balance at December 31, 2014 and 2015	**$ -**
Depreciation for the year	5,558
Disposals	-
Balance at December 31, 2016	**$ 5,558**
Carrying amounts	
At December 31, 2014 and 2015	**$ -**
At December 31, 2016	**$ 62,565**

7. SHARE CAPITAL

Authorized share capital

Unlimited common shares, without par value
Unlimited preferred shares, without par value, with special rights or restrictions attached

On June 24, 2015, the authorized share structure of the Company was reorganized whereby the authorized share capital was amended to remove certain unissued classes of shares, add a new class of preferred shares and change the identifying name of the Class G shares to common shares.

Share issuances

As at December 31, 2016: 19,431,146 (2015 – 14,600,000) common shares were issued and outstanding

7. SHARE CAPITAL (cont'd…)

Share issuances (cont'd…)

2015

On June 24, 2015, the Company split its common shares outstanding resulting in the issue of 12,499,900 common shares. The share split has been accounted for retroactively.

On July 9, 2015, the Company repurchased a total of 2,500,000 common shares at a cost of $125 from directors and officers of the Company.

On September 1, 2015, the Company completed a private placement of 500,000 common shares at a price of $0.02 per share to raise gross proceeds of $10,000.

On September 1, 2015, the Company issued 500,000 common shares with a fair value of $0.02 per share to settle debts of $10,000.

On November 30, 2015 and December 31, 2015, the Company issued 1,766,665 common shares and 1,833,335 common shares, respectively, with a fair value of $0.075 per share to settle aggregate debt of $270,000.

2016

On June 13, 2016, the Company completed the third and final tranche of a private placement of an aggregate 3,089,479 units at a price of $0.15 per unit to raise gross proceeds of $463,423. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share a price of $0.20 for a period of 24 months. The Company paid finder's fees of $27,451 cash and granted 69,667 share purchase warrants exercisable for a period of 24 months at a price ranging from $0.15 to $0.20 per common share. The share purchase warrants were valued at $6,900 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk-free interest rate ranging from 0.38 to 0.49%, an expected life of two years, an expected volatility of 147.19% and a dividend rate of nil. All of the warrants are subject to an acceleration provision whereby if the Company's shares trade at $0.25 or more for 10 consecutive trading days, the Company may reduce the exercise time to not less than 30 days upon provision of notice to warrant holders.

On June 13, 2016, the Company issued 66,667 common shares and 66,667 share purchase warrants exercisable for a period of 24 months at a price of $0.20 to settle debt of $10,000.

On December 12, 2016, the Company completed a private placement of 1,575,000 common shares at a price of $0.20 per share to raise gross proceeds of $315,000. The Company paid finder's fees of $54,400 cash and granted 419,943 share purchase warrants exercisable for a period of 24 months at a price of $0.10 per common share. The share purchase warrants were valued at $59,300 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk-free interest rate of 0.66%, an expected life of two years, an expected volatility of 147.19% and a dividend rate of nil. The finder's warrants are subject to an acceleration provision whereby if the Company's shares trade at $0.25 or more for 10 consecutive trading days, the Company may reduce the exercise time to not less than 30 days upon provision of notice to warrant holders.

Share purchase warrants

The Company may issue share purchase warrants to acquire its common shares either in combination with share offerings, or on a stand-alone basis to its consultants and advisors. The terms of warrants issued are determined by the Company's Board of Directors.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd…)

Share purchase warrant transactions are summarized for the years ended December 31, 2016 and 2015:

	Expiry Date	Exercise price	Balance, December 31, 2015	Issued/ Granted	Expired/ Cancelled	Balance, December 31, 2016
Warrants	January 11, 2018	$0.20	-	100,000	-	100,000
Finder's warrants	January 11, 2018	$0.15	-	7,000	-	7,000
Warrants	March 4, 2018	$0.20	-	33,500	-	33,500
Warrants	June 13, 2018	$0.20	-	3,022,646	-	3,022,646
Finder's warrants	June 13, 2018	$0.20	-	62,667	-	62,667
Finder's warrants	November 22, 2018	$0.10	-	419,943	-	419,943
			-	3,645,756	-	3,645,756
Weighted average exercise price			$ -	$ 0.19	$ -	$ 0.19

Performance-based share purchase warrants

On May 31, 2016, the Company granted an aggregate 12,000,000 performance warrants to directors, officers and employees at an exercise price of $0.15 per warrant share with an expiration date of December 31, 2022. The performance warrants are subject to vesting upon the achievement of certain milestones by certain dates, as set out below:

	Milestone	On or before	No. of Performance Warrants	Exercise price of vested Performance Warrants	No. of Performance Warrants vested
1	Upon completion of product – QLUE v1.0	December 31, 2016	1,000,000	$0.15	1,000,000
2	Upon filing of software patent	June 30, 2017	2,000,000	$0.15	-
3	Upon signing of first government contract	August 31, 2017	2,000,000	$0.15	-
4	Upon completion of BitRank product	October 31, 2017	3,000,000	$0.15	-
5	Upon completion of global network	December 31, 2017	4,000,000	$0.15	-
			12,000,000	$0.15	1,000,000

Subsequent to December 31, 2016 the Company achieved milestone 2 – filing of software patent as at June 30, 2017, and milestone 3 – first government contract as at July 31, 2017.

During the year ended December 31, 2016, the Company recorded share-based compensation totaling $795,781 in relation to the performance warrants, which was expensed as share-based compensation in operations, with a corresponding increase in reserves-share based.

Stock options

The Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and consultants of 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. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. On October 10, 2017, the Option Plan was amended and restated. Refer to Note 13(h).

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

The following options were outstanding as at December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	50,000	$0.15	-	$ -
Granted	1,125,000	0.16	50,000	0.15
Exercised	(100,000)	(0.15)	-	-
Expired	(25,000)	(0.15)	-	-
Forfeited	(200,000)	(0.15)	-	-
Ending balance	850,000	$0.17	50,000	$0.15
Options exercisable	500,000	$0.16	50,000	$0.15

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$ 0.15	May 12, 2017	100,000	75,000	0.36 years
$ 0.20	August 30, 2017	100,000	50,000	0.66 years
$ 0.15	September 1, 2017	50,000	50,000	0.67 years
$ 0.20	October 15, 2017	50,000	-	0.79 years
$ 0.20	December 7, 2017	50,000	-	0.93 years
$ 0.20	August 2, 2019	100,000	25,000	2.59 years
$ 0.15	March 14, 2021	400,000	300,000	4.20 years
		850,000	500,000	2.53 years

During the year ended December 31, 2016, the Company recorded share-based compensation totaling $74,838 (2015 - $362) in relation to the stock options, which was expensed as share-based compensation in operations, with a corresponding increase in reserves-share based.

The fair value of share options granted during the year was estimated on the measurement date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The weighted average assumptions used to calculate the fair value were in the follows ranges:

	December 31, 2016	December 31, 2015
Share price at measurement date	$0.15	$0.02
Exercise price	$0.17	$0.15
Risk-free interest rate	0.67%	0.41%
Expected life of options	2.85 years	2.00 years
Expected volatility	147.19%	147.19%
Forfeiture rate	0%	0%
Dividend yield	Nil	Nil

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. Key management includes directors and officers of the Company. The Company entered into the following transactions with related parties:

a) During the year ended December 31, 2016, the Company completed debt for shares settlements with officers, directors, and companies controlled by directors of the Company by issuing 3,600,000 (2015 - Nil) common shares to discharge liabilities in the amount of $280,000 (2015 - Nil).

b) During the year ended December 31, 2016, the Company paid finders fees of $4,000 and granted 26,667 finders warrants to a spouse of a director and officer.

c) As at December 31, 2016 accounts payable included $77,960 (2015 - $29,357) owing to directors and officers of the Company.

d) As at December 31, 2016 due from related parties consisted of amounts owing from directors and officers of the Company in the amount of $14,063 (2015 - Nil).

e) As at December 31, 2016 due to related parties consisted of amounts owing to directors and officers of the Company in the amount of Nil (2015 - $8,850).

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	December 31, 2016	December 31, 2015
Consulting fees	$ 20,000	$ 180,667
Research and development - wages	18,598	60,000
Wages and benefits	40,000	-
Total	$ 78,598	$ 240,667

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2016, the Company's financial instruments are comprised of cash, due from/to related parties, investments and accounts payable. The fair values of due from related parties and accounts payable approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2016, the fair value of cash and investments held by the Company was based on Level 1 of the fair value hierarchy.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, investments and due from related parties. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. The Company's credit risk has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through private placements, the risks of which are discussed in Note 2 above.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has investment assets, some liabilities and revenue or expenses denominated in a foreign currency, so is exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

10. CAPITAL MANAGEMENT

The Company includes all components of equity in the definition of capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its blockchain technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash and investments on hand. The Company is not currently subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

10. CAPITAL MANAGEMENT (cont'd…)

The Company has been dependent upon external financings to fund activities. Until such time as it begins to generate revenue, in order to carry out planned expenditures and pay for administrative costs the Company will spend its existing working capital and may seek to raise additional funds as needed.

In order to maximize ongoing development, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management during the year ended December 31, 2016.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. COMMITMENTS

The Company has entered into an operating lease agreement for its corporate head office premises. The annual lease commitments under the lease are as follows:

2017	$ 24,000
2018	$ 24,000
2019	$ 8,000

12. INCOME TAXES

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following:

	For the year ended December 31, 2016	2015
Loss for the year before income tax	**$ (1,092,317)**	$ (265,768)
Expected income tax recovery at statutory rate of 26%	**$ (284,003)**	$ (69,099)
Permanent differences	**237,241**	13,032
Change in unrecognized deductible temporary differences	**46,762**	56,067
Provision for income taxes	**$ -**	$ -

The tax effect of the following temporary differences and non-capital losses have not been recognized in the consolidated financial statements.

	2016	2015
Non-capital losses available for future periods	**$ 109,330**	$ 56,070
Share issue costs	**17,025**	-
Equipment	**1,445**	-
Investments	**(24,968)**	-
	$ 102,832	$ 56,070

The Company has approximately $420,500 of Canadian non-capital losses which may be applied to reduce taxable income in future years, and which if not utilized, will expire through to 2036. Future tax benefits which may arise as a result of future income tax assets have not been recognized in these consolidated financial statements as management believes that it is not probable that sufficient taxable income will be available to realize such assets.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2016 the Company:

(a) granted an aggregate 3,577,224 incentive stock options exercisable at a range from $0.20 to $0.35 per share for a period of one to five years to directors, officers, employees and consultants;

(b) received proceeds of $22,500 upon the exercise of 150,000 stock options priced at $0.15 per common share and $23,363 from the exercise of 116,813 share purchase warrants priced at $0.20 per common share;

(c) on April 10, 2017, the Company closed a non-brokered private placement and issued 625,668 common shares at a price of $0.30 per share for gross proceeds of $187,700. A total finder's fees of $2,700 was paid with respect to the funds received for this private placement;

(d) on July 25, 2017, the Company increased the number of issued and outstanding performance warrants as described under Note 7 from 12,000,000 to 13,000,000 and amended the terms by reducing the exercise prices from $0.15 to a range of Nil to $0.01 per share for the first three tranches comprised of 8,000,000 performance warrants and from $0.15 to $0.07 per share for the final two tranches comprised of 5,000,000 performance warrants. On November 16, 2017, the Company amended the exercise prices from a range of Nil to $0.01 to Nil to $0.02 per share for the first three tranches comprised of 8,000,000 performance warrants;

(e) on September 14, 2017, the Company entered into a definitive share exchange agreement with Acana Capital Corp. ("Acana"), pursuant to which Acana will acquire all of the issued and outstanding shares of the Company on the basis of 1.3395 common shares of Acana per common share of the Company outstanding at the closing, causing the Company to become a wholly-owned subsidiary of Acana (the "Transaction");

(f) on September 14, 2017, the Company entered into a non-interest bearing promissory note agreement with Acana under which the Company received $50,000 that is due and payable on December 31, 2017;

(g) on September 29, 2017, the Company entered into a loan agreement with Acana under which the Company received $1,000,000 that is due and payable on March 29, 2018, or earlier in the event of termination of the Transaction described under Note 13(d). The loan agreement is non-interest bearing and secured by a general security agreement with the Company; and

(h) on October 10, 2017, the Company amended and restated its incentive stock option plan (the "Option Plan") as described under Note 7 so as to convert its Option Plan into a 20% fixed stock option plan (the "Amended Plan"). Pursuant to the Amended Plan, an aggregate total of 4,064,725 options to purchase common shares may be granted to eligible persons (as such term is defined in the Amended Plan) from time to time at the discretion of the Board of Directors.

BLOCKCHAIN TECHNOLOGY GROUP INC.

Condensed Consolidated Interim Financial Statements
For the Nine Months ended September 30, 2017 and 2016

(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current		
Cash	**$ 996,843**	$ 76,657
Investments (Note 4)	**146,542**	248,890
Amounts receivable	**20,864**	28,183
Investment tax credits receivable (Note 5)	**175,325**	175,325
Due from related parties (Note 8)	**-**	14,063
Prepaids	**20,204**	9,850
Total current assets	**1,359,778**	552,968
Equipment (Note 6)	**56,385**	62,565
Total assets	**$ 1,416,163**	$ 615,533
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	**$ 165,535**	$ 101,065
Short-term loans payable (Note 9)	**1,050,000**	-
Total liabilities	**1,215,535**	101,065
Shareholders' equity		
Share capital (Note 7)	**1,192,199**	939,997
Equity reserves (Note 7)	**2,006,696**	932,566
Deficit	**(2,998,267)**	(1,358,095)
Total shareholders' equity	**200,628**	514,468
Total liabilities and shareholders' equity	**$ 1,416,163**	$ 615,533

Basis of presentation and going concern (Note 2)
Commitments (Note 12)
Subsequent events (Note 14)

On behalf of the Board:

"Lance Morginn" Director *"Shone Anstey"* Director

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

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Consulting income	**$ 36,136**	$ -	**$ 99,718**	$ -
Cost of sales	**27,286**	-	**81,859**	-
	8,850	-	**17,859**	-
General and Administrative Expenses				
Advertising and promotion	**$ 63,212**	$ 18,215	**$ 83,038**	$ 44,372
Depreciation	**5,199**	1,373	**14,584**	3,004
Consulting	**9,313**	37,500	**29,332**	96,000
Office	**36,565**	11,914	**100,129**	27,478
Professional fees	**1,731**	7,885	**16,893**	25,010
Research and development	**142,967**	67,151	**326,394**	122,532
Share-based compensation	**349,499**	17,700	**1,085,795**	39,000
Travel	**9,626**	2,130	**26,049**	2,429
Wages and benefits	**17,908**	16,036	**49,885**	26,727
Loss from operating activities	**(627,170)**	(179,904)	**(1,714,240)**	(386,552)
Other Income (Expenses)				
Exchange (loss) gain	**(2,888)**	(7,588)	**(21,189)**	4,524
Gain on sale of investment	**-**	9,930	**18,520**	23,278
Unrealized gain on investment	**60,975**	(17,650)	**94,839**	13,650
Loss on settlement of debt	**-**	-	**(18,102)**	-
Net loss for the period	**$ (569,083)**	$ (195,212)	**$ (1,640,172)**	$ (345,100)
Basic and diluted loss per common share	**$ (0.03)**	$ (0.01)	**$ (0.08)**	$ (0.02)
Weighted average number of common shares outstanding	**20,219,320**	17,736,581	**19,677,883**	15,581,197

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

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	Share Capital				
	Number of Shares	**Amount**	**Equity Reserves**	**Deficit**	**Total**
Balance at January 1, 2017	19,431,146	$ 939,997	$ 932,566	$ (1,358,095)	$ 514,468
Shares issued on private placement	625,668	197,700	-	-	197,700
Shares issued on exercise of options	150,000	34,165	(11,665)	-	22,500
Shares issued on exercise of warrants	116,813	23,363	-	-	23,363
Share issue costs	-	(3,026)	-	-	(3,026)
Share-based compensation	-	-	1,085,795	-	1,085,795
Loss and comprehensive loss	-	-	-	(1,640,172)	(1,640,172)
Balance at September 30, 2017	20,323,627	$ 1,192,199	$ 2,006,696	$ (2,998,267)	$ 200,628

	Share Capital				
	Number of Shares	**Amount**	**Equity Reserves**	**Deficit**	**Total**
Balance at January 1, 2016	14,600,000	$ 289,885	$ 487	$ (265,778)	$ 24,594
Shares issued on private placement	3,089,479	463,423	-	-	463,423
Shares issued on exercise of options	100,000	19,740	(4,740)	-	15,000
Shares issued to settle debt	66,667	10,000	-	-	10,000
Advance share subscriptions received	-	35,000	-	-	35,000
Share issue costs	-	(30,251)	-	-	(30,251)
Finders' warrants on private placement	-	(6,900)	6,900	-	-
Share-based compensation	-	-	39,000	-	39,000
Loss and comprehensive loss	-	-	-	(345,100)	(345,100)
Balance at September 30, 2016	17,856,146	$ 780,897	$ 41,647	$ (610,878)	$ 211,666

BLOCKCHAIN TECHNOLOGY GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian dollars)

	For the period ended	
	September 30, 2017	September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	**$ (1,640,172)**	$ (345,100)
Items not involving cash		
Depreciation	**14,584**	3,004
Share-based compensation	**1,085,795**	39,000
Foreign exchange gain	**(1,317)**	-
Gain on sale of investments	**(18,520)**	(23,278)
Unrealized gain on investments	**(94,839)**	(13,650)
Loss on settlement of debt	**18,102**	-
Changes in non-cash working capital items:		
Amounts receivable	**7,319**	(10,644)
Prepaids	**(10,354)**	(204)
Accounts payable and accrued liabilities	**64,470**	6,543
Due to/from related parties	**14,063**	(22,913)
Net cash used in operating activities	**(560,869)**	(367,242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	**(8,404)**	(36,614)
Proceeds from sale of investments	**198,922**	127,179
Short-term loans from Acana	**1,050,000**	-
Net cash provided by investing activities	**1,240,518**	90,565
CASH FLOWS FROM FINANCING ACTIVITES		
Proceeds from issuance of common shares	**243,563**	292,700
Advance share subscriptions received	**-**	35,000
Share issue costs	**(3,026)**	(30,251)
Net cash provided by financing activities	**240,537**	297,449
Change in cash for the period	**920,186**	20,722
Cash, beginning of period	**76,657**	2,904
Cash, end of period	**$ 996,843**	$ 23,676
Non-cash transactions		
Fair value of finder’s warrants	$ -	$ 6,900
Debt settlement by issuance of common shares	-	10,000
Debt settlement by issuance of investments	15,020	-
Cash paid or accrued for interest or taxes	$ 86	$ -

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

1. NATURE OF OPERATIONS

Blockchain Technology Group Inc. (formerly 0882351 B.C. Ltd.) (the "Company"), which was incorporated under the *Business Corporations Act* (British Columbia) on May 31, 2010, has a registered and records office at 501 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. It is a private company with a corporate office and principal place of business at Suite 114 - 990 Beach Avenue, Vancouver, BC, Canada.

On June 2, 2013, the Company became a technology-based business. On July 2, 2015, the name of the Company was changed from 0882351 B.C. Ltd. to Blockchain Technology Group Inc., to better reflect the nature and development of the business.

The Company has developed a blockchain search engine with data processing and big data analytics. It principal business activity is the provision of its blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally. Blockchain is fundamentally a digital ledger of transactions with unique characteristics designed to create records that are secure, reliable, transparent, and accessible.

2. BASIS OF PRESENTATION AND GOING CONCERN

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on November 30, 2017.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at fair value as explained in Note 3 to these consolidated financial statements. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company's subsidiaries. The accounts of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All significant intercompany balances, transactions, income and expenses have been eliminated upon consolidation.

d) Going Concern

	September 30, 2017	December 31, 2016
Working capital	**$ 144,243**	$ 451,903
Deficit	**(2,998,267)**	(1,358,095)

These consolidated financial statements have been prepared on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since inception and has negative cash flows from operations. Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive, or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing. These factors cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION AND GOING CONCERN (cont'd…)

d) Going Concern (cont'd…)

There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has exposure or rights to variable returns from its involvement with an entity, and the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the consolidated financial statements of the subsidiaries to bring their accounting policies into line with those of the Company.

The consolidated financial statements of the Company include the following subsidiary:

Name of subsidiary	Place of incorporation	Percentage ownership
2140 Software Solutions Inc.	British Columbia	100%

Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value net of transaction costs, if applicable. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivables", "available-for-sale", "held-to-maturity", or "financial liabilities measured at amortized cost" as follows:

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

(i) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. FVTPL assets are initially recorded at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and investments are classified as FVTPL.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Due from related parties are classified as loans and receivables.

The Company does not have any financial assets classified as held to maturity or available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

(i) Other financial liabilities

The category consists of liabilities carried at amortized cost being the effective interest method. The Company's accounts payable and short-term loans payable are classified as other financial liabilities.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the assets have been impacted.

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principle payments; or
- It has become probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

In a subsequent period if, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of the goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

Financial instruments issued by the Company are classified as share capital only to the extent that they do not meet the definition of a financial liability. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share purchase warrants

The fair value of compensatory warrants issued by the Company are determined on their issuance date, using the Black-Scholes option pricing model, and are recorded as a component of equity reserves. When the warrants are granted as compensation for the receipt of goods or services, they are recorded either as an expense or as a cost, capitalized to share capital or assets, on the same basis as equivalent cash payments.

When share purchase warrants are exercised, the cash proceeds and their fair value previously recorded in equity reserves are recorded as share capital.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in profit or loss in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to apply to the period when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in profit or loss in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow whose issuance is contingent on future events.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. For the years presented, this calculation proved to be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Significant accounting judgments and estimation uncertainties

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statement, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates

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

a) Valuation of share-based payments and compensatory warrants

Share-based payments and compensatory warrants are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

(ii) Critical accounting judgments

a) Going concern

The determination of the Company's ability to continue as a going concern requires the Company to make certain judgments about whether the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

b) Deferred income taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Equipment

Equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of, its carrying cost is derecognized. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The Company provides for depreciation of equipment on a straight-line balance basis unless otherwise noted. Computer equipment is depreciated at an annual rate of 30%.

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Equipment (cont'd…)

When equipment is composed of major components with different useful lives, the components are accounted for as separate items of capital assets. Expenditures incurred to replace an asset component that is accounted for separately, including major inspections and overhaul expenditures, are capitalized.

The Company's equipment is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. 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 had been recognized.

Cash and cash equivalents

The Company considers all highly liquid instruments, with minimal interest rate risk and having an initial term to maturity of three months or less at the time of issuance to be cash equivalents.

Investments

The Company's investments are in cryptocurrencies which consist of digital hybrid currencies that are limited in supply, created and traded through open-source software and used as both a means of exchange and a store of value. On the date acquired, cryptocurrencies are recorded as a financial asset at the market value. The cryptocurrencies are subsequently re-measured at their fair value at the end of each financial reporting period, with any gains or losses recorded to profit or loss. When cryptocurrencies are sold, the gain or loss recognized on the sale of the cryptocurrencies is recorded to profit or loss.

Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The Company's functional currency is the Canadian Dollar. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Revenue recognition

The Company derives its revenues from two sources: (a) service fees from customers accessing its on-demand software platforms, under a pay-as-you-go model or a monthly subscription model; and (b) related consulting services.

The Company recognizes revenue when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- the collection of fees is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

The Company's arrangements do not contain general rights of return. Product and service elements that have been prepaid but do not yet qualify for recognition as revenue under the Company's revenue recognition policy are reflected as deferred revenue on the Company's statements of financial position.

Research and development expenditures

Research expenditures are expensed in the period incurred. Product development expenditures are expensed in the period incurred unless the product under development meets specific criteria related to technical, market and financial feasibility for deferral and amortization. The Company's policy is to amortize deferred product development expenditures over the expected future life of the product once product revenues or royalties are recorded. No product development expenditures have been deferred to date.

Government assistance

Government assistance consists of scientific research and experimental development ("SRED") tax credits. SRED tax credits are accounted for as a reduction of the related expenditures and recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved government program.

The refundable portion of tax credits is recorded in the period in which the related expenditures are incurred. The non-refundable portion of tax credits is recorded in the period in which the related expenditures are incurred or in a subsequent period to the extent that their future realization is determined to be probable, provided the Company has reasonable assurance the credits will be received and the Company will comply with the conditions associated with the award. SRED tax credits are subject to government review which could result in adjustments to profit or loss.

Provisions

Provisions are recorded when a present legal, statutory 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 of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statements of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting standards and interpretation

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the consolidated financial statements.

Accounting standards issued but not yet effective

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 applies to an annual reporting period beginning on or after January 1, 2018.

IFRS 9, *Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, *Leases*

IFRS 16 specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

The Company is in the process of determining the impact that these changes will have on its consolidated financial statements.

(Expressed in Canadian dollars)

4. INVESTMENTS

The Company holds cryptocurrencies as investments as follows:

	September 30, 2017		December 31, 2016	
	Number of coins held	Value	Number of coins held	Value
Bitcoin	20.33	$ 138,476	185.28	$ 246,033
Solarcoin	25,916.45	8,066	25,916.45	2,857
		$ 146,542		$ 248,890

5. INVESTMENT TAX CREDITS RECEIVABLE

The Company has filed scientific research and experimental development ("SRED") expenditure claims with the Canada Revenue Agency. At September 30, 2017 and December 31, 2016, the Company has investment tax credits receivable of $175,325 which is composed of a refundable federal investment tax credit of $136,365 and a refundable provincial investment tax credit of $38,960.

6. EQUIPMENT

	Total
Balance at December 31, 2015	**$ -**
Additions	68,124
Disposals	-
Balance at December 31, 2016	**$ 68,124**
Additions	8,404
Disposals	-
Balance at September 30, 2017	**$ 76,528**
Depreciation	
Balance at December 31, 2015	**$ -**
Depreciation for the period	5,558
Disposals	-
Balance at December 31, 2016	**$ 5,558**
Depreciation for the period	14,584
Disposals	-
Balance at September 30, 2017	**$ 20,142**
Carrying amounts	
At December 31, 2015	**$ -**
At December 31, 2016	**$ 62,565**
At September 30, 2017	**$ 56,385**

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized share capital

Unlimited Common shares, without par value
Unlimited Preferred shares, without par value, with special rights or restrictions attached.

On June 24, 2015, the authorized share structure of the Company was reorganized whereby the authorized share capital was amended to remove certain unissued classes of shares, add a new class of Preferred shares and change the identifying name of the Class G shares to Common shares.

As at September 30, 2017: 20,323,627 (December 31, 2016 – 19,431,146) common shares were issued and outstanding

Share issuances

<u>2017</u>

On June 16, 2017, the Company completed a private placement of 625,668 Common shares at a price of $0.30 per share to raise gross proceeds of $187,700. Share issue costs of $2,977 were incurred with respect to the offering.

<u>2016</u>

On June 13, 2016, the Company completed the third and final tranche of a private placement of an aggregate 3,089,479 units at a price of $0.15 per unit to raise gross proceeds of $463,423. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase an additional common share a price of $0.20 for a period of 24 months. The Company paid finder's fees of $27,451 cash and granted 69,667 share purchase warrants exercisable for a period of 24 months at a price ranging from $0.15 to $0.20 per common share. The share purchase warrants were valued at $6,900 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk-free interest rate ranging from 0.38 to 0.49%, an expected life of two years, an expected volatility of 147.19% and a dividend rate of nil. All of the warrants are subject to an acceleration provision whereby if the Company's shares trade at $0.25 or more for 10 consecutive trading days, the Company may reduce the exercise time to not less than 30 days upon provision of notice to warrant holders.

On June 13, 2016, the Company issued 66,667 common shares and 66,667 share purchase warrants exercisable for a period of 24 months at a price of $0.20 to settle debt of $10,000.

Share purchase warrants

The Company may issue share purchase warrants to acquire its common shares either in combination with share offerings, or on a stand-alone basis to its consultants and advisors. The terms of warrants issued are determined by the Company's Board of Directors.

Share purchase warrant transactions are summarized for the periods ended September 30, 2017 and December 31, 2016:

	Expiry Date	Exercise price	Balance, December 31, 2016	Issued/ Granted	Expired/ Exercised	Balance, September 30, 2017
Warrants	January 11, 2018	$0.20	100,000	-	-	100,000
Finder's warrants	January 11, 2018	$0.15	7,000	-	-	7,000
Warrants	March 4, 2018	$0.20	33,500	-	-	33,500
Warrants	June 13, 2018	$0.20	3,022,646	-	(116,813)	2,905,833
Finder's warrants	June 13, 2018	$0.20	62,667	-	-	62,667
Finder's warrants	November 22, 2018	$0.10	419,943	-	-	419,943
			3,645,756	-	(116,813)	3,528,943
Weighted average exercise price			$ 0.19	$ -	$ 0.20	$ 0.19

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

Performance-based share purchase warrants

On May 31, 2016, the Company granted an aggregate 12,000,000 performance warrants to directors, officers and employees at an exercise price of $0.15 per warrant share with an expiration date of December 31, 2022. On July 25, 2017, the Company increased the number of issued and outstanding performance warrants from 12,000,000 to 13,000,000 and amended the terms by reducing the exercise prices from $0.15 to a range of Nil to $0.01 per share for the first three tranches comprised of 8,000,000 performance warrants and from $0.15 to $0.07 per share for the final two tranches comprised of 5,000,000 performance warrants. The amended performance warrants are subject to vesting upon the achievement of certain milestones by certain dates, as set out below:

	Milestone	On or before	No. of Performance Warrants	Exercise price of vested Performance Warrants	No. of Performance Warrants vested
1	Upon completion of product – QLUE v1.0	December 31, 2016	2,500,000	Nil	2,500,000
2	Upon filing of software patent	June 30, 2017	2,500,000	Nil	2,500,000
3	Upon signing of first government contract	August 31, 2017	3,000,000	Nil	3,000,000
4	Upon completion of BitRank product	October 31, 2017	2,000,000	$0.07	-
5	Upon completion of global network	December 31, 2017	3,000,000	$0.07	-
			13,000,000	$0.03	8,000,000

During the year ended December 31, 2016, the Company recorded share-based compensation totaling $795,781 in relation to the performance warrants, which was expensed as share-based compensation in operations, with a corresponding increase in reserves-share based.

During the period ended September 30, 2017, share-based compensation of $890,095 was recorded in relation to the performance warrants with an offsetting credit to reserves-share based.

Stock options

The Company 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, 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. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The following options were outstanding as at September 30, 2017 and December 31, 2016.

	For the Nine months ended September 30, 2017		**For the Year ended December 31, 2016**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	850,000	$0.17	50,000	$ 0.15
Granted	1,130,000	0.22	1,125,000	0.16
Exercised	(150,000)	(0.15)	(100,000)	(0.15)
Expired	-	-	(25,000)	(0.15)
Forfeited	(162,500)	(0.20)	(200,000)	(0.15)
Ending balance	1,667,500	$0.20	850,000	$0.17
Options exercisable	1,255,000	$0.19	500,000	$0.17

(Expressed in Canadian dollars)

7. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
$ 0.20	October 15, 2017	50,000	37,500	0.04 years
$ 0.20	December 7, 2017	25,000	25,000	0.19 years
$ 0.20	January 12, 2018	12,500	12,500	0.28 years
$ 0.30	June 8, 2018	50,000	12,500	0.69 years
$ 0.35	August 29, 2018	30,000	30,000	0.91 years
$ 0.20	August 2, 2019	100,000	75,000	1.84 years
$ 0.15	March 14, 2021	400,000	400,000	3.45 years
$ 0.20	February 1, 2022	600,000	600,000	4.34 years
$ 0.20	March 15, 2022	200,000	50,000	4.46 years
$ 0.25	August 7, 2022	200,000	12,500	4.85 years
		1,667,500	1,255,000	

Share-based compensation

During the period ended September 30, 2017, the Company recorded share-based compensation totaling $195,700 (2016 - $39,000) in relation to the stock options, which was expensed as share-based compensation in operations, with a corresponding increase in reserves-share based.

The fair value of share options was estimated on the measurement date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were in the follows ranges:

	Nine-months Ended September 30, 2017	Year Ended December 31, 2016
Risk-free interest rate	0.72 to 1.55%	0.55 to 0.70%
Expected life of options	1 - 5 years	0.3 - 5 years
Expected volatility	109.35 -135.93%	147.19%
Weighted average fair value per option	$0.0924 to $0.2632	$0.0474 to $0.1559
Dividend yield	Nil	Nil

8. RELATED PARTY TRANSACTIONS

Key Management Compensation

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. Key management includes directors and officers of the Company. The Company entered into the following transactions with related parties:

a) As at September 30, 2017, accounts payable included $19,802 (2016 - $10,540) owing to directors and officers of the Company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	September 30, 2017	September 30, 2016
Consulting fees	$ 22,500	$ 12,500
Wages (included in Research and Development costs)	18,810	10,000
Wages	45,000	25,000
Total	$ 86,310	$ 47,500

9. SHORT TERM LOANS PAYABLE

On September 14, 2017, the Company entered into a definitive share exchange agreement with Acana Capital Corp. ("Acana"), pursuant to which Acana will acquire all of the issued and outstanding shares of the Company on the basis of 1.3395 common shares of Acana per common share of the Company outstanding at the closing, causing the Company to become a wholly-owned subsidiary of Acana (the "Transaction"). Concurrently, Acana and the Company entered into a non-interest bearing promissory note agreement under which the Company received $50,000 that is due and payable to Acana on December 31, 2017.

On September 29, 2017, the Company entered into a loan agreement with Acana under which the Company received $1,000,000 that is due and payable on March 29, 2018, or earlier in the event of termination of the Transaction. The loan agreement is non-interest bearing and secured by a general security agreement with the Company.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2017, the Company's financial instruments are comprised of cash, investments, accounts payable and short-term loans payable. The fair values of due from related parties and accounts payable approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at September 30, 2017, the fair value of cash and investments held by the Company was based on Level 1 of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, investments and due from related parties. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. The Company's credit risk has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through private placements, the risks of which are discussed in Note 2 above.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has investment assets, some liabilities and revenue or expenses denominated in a foreign currency, so is exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

11. CAPITAL MANAGEMENT

The Company includes all components of equity in the definition of capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its blockchain technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash and investments on hand. The Company is not currently subject to any externally imposed capital requirements.

The Company has been dependent upon external financings to fund activities. Until such time as it begins to generate revenue, in order to carry out planned expenditures and pay for administrative costs the Company will spend its existing working capital and may seek to raise additional funds as needed.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand. There have been no changes to the Company's approach to capital management during the period ended September 30, 2017.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. COMMITMENTS

The Company has entered into an operating lease agreement for its corporate head office premises. The annual lease commitments under the lease are as follows:

2017	$ 6,000
2018	$ 24,000
2019	$ 8,000

(Expressed in Canadian dollars)

13. SEGMENTED INFORMATION

The Company operates in the single business segment of blockchain technology development. The summarized financial information for revenue derived by geographic segment is as follows:

	September 30, 2017	September 30, 2016
Total consulting revenues:		
Canada	**$ 78,039**	**$ -**
Japan	**21,679**	**-**

14. SUBSEQUENT EVENTS

Subsequent to September 30, 2017 the Company;

(a) granted an aggregate 2,447,224 incentive stock options to directors, officers, employees and consultants which are exercisable at prices ranging from $0.25 to $0.35 with expiry dates ranging from 1.03 to five years;

(b) on October 10, 2017, amended and restated its incentive stock option plan (the "Option Plan") as described under Note 7 so as to convert its Option Plan into a 20% fixed stock option plan (the "Amended Plan"). Pursuant to the Amended Plan, an aggregate total of 4,064,725 options to purchase common shares may be granted to eligible persons (as such term is defined in the Amended Plan) from time to time at the discretion of the Board of Directors;

(c) on November 16, 2017, amended the exercise prices of issued and outstanding performance-based share purchase warrants from a range of Nil to $0.01 to Nil to $0.02 per share for the first three tranches comprised of an aggregate 8,000,000 performance warrants; and

(d) received proceeds of $110,000 from the exercise of 5,500,000 performance-based share purchase warrants priced at $0.02 per common share.