



GLOBAL BLOCKCHAIN TECHNOLOGIES CORP.

Condensed Interim Consolidated Financial Statements

For the six month period ended October 31, 2018 and 2017

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Global Blockchain Technologies Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

Global Blockchain Technologies Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

As at	Notes	October 31, 2018	April 30, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 539,808	\$ 4,444,019
Amounts receivable	5	173,287	146,053
Investments	7,10	10,438,324	7,480,955
Due from Global Blockchain Mining	11	2,220,893	-
Prepaid and deposits	6	2,043,138	3,431,950
TOTAL ASSETS		\$ 15,415,450	\$ 15,502,977
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8,10	\$ 5,518,465	\$ 5,348,077
Due to Global Blockchain Mining	11	-	819,640
TOTAL LIABILITIES		5,518,465	6,167,717
SHAREHOLDERS' EQUITY			
Share capital	9	113,852,393	107,793,993
Reserves	9	21,881,976	21,881,976
Accumulated deficit		(125,837,384)	(120,340,709)
		9,896,985	9,335,260
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 15,415,450	\$ 15,502,977

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 31, 2018.

They are signed on the Board's behalf by:

“Brendan Purdy”

Director

“Theo van der Linde”

Director

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

Global Blockchain Technologies Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended October 31,		Six months ended October 31,	
	2018	2017	2018	2017
Realized loss on sale of investment (Note 7)	\$ 190,925	\$ -	\$ 190,925	\$ -
Unrealized fair value loss on investment (Note 7)	466,775	10,829	1,848,106	11,912
	657,700	10,829	2,039,031	11,912
Expenses				
Consulting fees (Note 11)	1,217,545	1,897,143	1,612,173	1,971,084
Corporate development	90,579	2,178,187	973,311	2,178,187
Investor communications	86,844	7,062	117,713	7,097
Office and general administration	135,967	58,750	223,656	59,193
Salaries and benefit	16,685	-	33,376	-
Professional fees	147,555	60,089	159,585	60,515
Insurance	17,375	-	34,750	-
Technology development	361,824	-	493,192	-
Transfer agent, regulatory and listing fees	9,116	107,948	61,129	116,445
Share-based payments	-	3,941,085	-	4,058,832
Loss from operations	(2,741,190)	(8,261,093)	(5,747,916)	(8,463,265)
Other income (expenses)				
Foreign exchange gain (loss)	15,083	(34,720)	122,626	(34,895)
Interest income	1,947	2,564	8,615	3,989
Gain on debt settlement (Note 9)	120,000	-	120,000	-
Net loss and comprehensive loss for the period	\$ (2,604,160)	\$ (8,292,249)	\$ (5,496,675)	\$ (8,494,171)
Basic and diluted loss and comprehensive loss per share for the period	\$ (0.01)	\$ (0.44)	\$ (0.01)	\$ (0.51)
Weighted average number of common shares outstanding	368,890,259	18,734,912	359,264,321	16,629,438

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

Global Blockchain Technologies Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of common shares* #	Share capital \$	Subscriptions received In advance \$	Reserves			Total reserves \$	Accumulated deficit \$	Total shareholders' equity \$
				Share-based payment reserve \$	Warrant reserve \$	Other reserves \$			
Balance, April 30, 2018	343,426,928	107,793,993	-	18,966,006	2,815,970	100,000	21,881,976	(120,340,709)	9,335,260
Private placement	8,333,333	2,500,000	-	-	-	-	-	-	2,500,000
Proceeds from warrants exercised	7,563,332	578,400	-	-	-	-	-	-	578,400
Issuance of 8,333,333 common shares for investment	8,333,333	2,500,000	-	-	-	-	-	-	2,500,000
Shares issued to settle debt	3,000,000	480,000	-	-	-	-	-	-	480,000
Net and comprehensive loss for the period	-	-	-	-	-	-	-	(5,496,675)	(5,496,675)
Balance, October 31, 2018	370,656,926	113,852,393	-	18,966,006	2,815,970	100,000	21,881,976	(125,837,384)	9,896,985
Balance, April 30, 2017*	9,451,824	1,869,933	-	1,183,733	(36,560)	100,000	1,247,173	(2,645,141)	471,965
Conversion of special warrants*	21,462,400	500,000	-	(536,560)	36,560	-	(500,000)	-	-
Issuance of special warrants	-	11,500,000	-	-	-	-	-	-	11,500,000
Private placement	733,334	55,000	-	-	-	-	-	-	55,000
Share issuance costs	-	(5,378,726)	-	-	4,228,726	-	4,228,726	-	(1,150,000)
Proceeds from warrant exercised	16,730,096	543,277	(103,333)	-	-	-	-	-	439,944
Proceeds from options exercised	3,248,096	625,718	(7,200)	-	-	-	-	-	618,518
Share-based payments	-	-	-	4,058,832	-	-	4,058,832	-	4,058,832
Net loss for the period	-	-	-	-	-	-	-	(8,494,171)	(8,494,171)
Balance, October 31, 2017*	25,812,872	9,715,202	110,533	4,706,005	4,228,726	100,000	9,034,731	(11,139,312)	7,500,088

**On March 1, 2018, the Company completed a stock split whereby each issued and outstanding common share have been effectively split into two common shares. All references to capital stock, warrants, options and per share data have been adjusted retrospectively to reflect the Company's one-for-two stock-split for the periods ended October 31, 2018 and 2017.*

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

Global Blockchain Technologies Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the six-month period ended October 31,	2018	2017
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the period	\$ (5,496,675)	\$ (8,494,171)
Items not affecting operating cash:		
Share-based payments	-	4,058,832
Unrealized fair value loss on investments	1,848,106	11,912
Realized loss on sale of investment	190,925	-
Gain on settlement of debt	(120,000)	-
	(3,577,644)	(4,423,427)
Net changes in non-cash working capital:		
Amounts receivable	(27,234)	(65,959)
Interest receivable on promissory notes receivable	-	(3,989)
Prepaid and deposits	1,388,812	(1,630,076)
Trade and other payables	770,388	402,371
	(1,445,678)	(5,722,080)
FINANCING ACTIVITIES		
Proceeds from private placement	2,500,000	55,000
Issuance of special warrants	-	11,500,000
Share issuance cost	-	(1,150,000)
Proceeds from exercise of options	-	619,851
Proceeds from exercise of warrants	1,446,000	438,611
	3,946,000	11,463,462
INVESTING ACTIVITIES		
Cash paid for investment	(2,750,000)	-
Sale of investments	253,600	-
Cash advanced to Global Blockchain Mining	(3,408,133)	-
Cash paid on Plan of Arrangement	(500,000)	-
	(6,404,533)	-
Decrease in cash and cash equivalents	(3,904,211)	5,741,382
Cash and cash equivalents, beginning of the year	4,444,019	531,489
Cash and cash equivalents, end of the year	\$ 539,808	\$ 6,272,871
Supplemental cash flow information		
Fair value of shares issued for investment in Hyperion	\$ 2,500,000	\$ -
Amount owed to Global Blockchain Mining for warrant exercise	\$ 867,600	\$ -
Fair value of shares to settle debt	\$ 480,000	\$ -

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

Global Blockchain Technologies Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the six month period ended October 31, 2018 and 2017
(Expressed in Canadian dollars)

1 NATURE AND CONTINUANCE OF OPERATIONS

Global Blockchain Technologies Corp. (formerly Carrus Capital Corporation) (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on February 12, 2010. The Company’s registered office is located at 810 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

The Company is a listed issuer on the Canadian Securities Exchange (“CSE”) under the symbol "BLOC", the Frankfurt Stock Exchange under the symbol BWSP.F and on the United States OTC stock market’s OTC Pink, under the symbol BLKCF.

The Company’s activities include the investment or incubation and creation of interactive gaming, new blockchains and blockchain applications, initial coin offerings, and tokens specifically in partnership with leading brands that have large captive user bases, and/or collaboration with industry participants whose principal areas of business truly merit and benefit from decentralization and the blockchain.

During the year ended April 30, 2018, the Company completed a plan of arrangement (“Arrangement”) whereby it spun out its investments in cryptocurrency mining to Global Blockchain Mining Corp. (“Global Blockchain Mining”). Subsequent to the spin out on April 20, 2018, the investment was distributed to the shareholders of the Company (note 4).

Subsequent to the period ended, the Company announced the closing of the acquisition of all the issued and outstanding shares of X2 Games Corp by way of a three-cornered amalgamation (note 14).

These condensed interim consolidated statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the period ended October 31, 2018, the Company incurred a net comprehensive loss of \$5,496,675 (2017 - \$8,494,171) and had working capital of \$9,896,985 as at October 31, 2018 (April 30, 2018 – \$9,335,260). The Company will require additional financing or need to liquidate certain of its investments to continue operating. Management is planning to raise additional capital to finance operations and expected growth, and continues to seek high return opportunities through the identification of investment in the securities of other companies, assets or businesses. These consolidated financial statements do not include any adjustments to the recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern. The Company’s ability to continue as a going concern and realize its assets is dependent on its ability to raise capital through public equity financing, or upon the generation of income from the disposition of its investments, the outcome of which cannot be predicted at this time.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended April 30, 2018. These financial statements have been prepared following the same accounting policies as the Company’s audited financial statements for the year ended April 30, 2018.

The Board of Directors approved these condensed interim consolidated financial statements on December 31, 2018.

(a) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

Certain comparative figures have been reclassified to match the current year’s presentation.

2 BASIS OF PREPARATION (CONTINUED)

(b) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Laser Technologies Corp ("Laser") and Blockchain Technologies DMCC ("BTD"). Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparation the condensed interim consolidated financial statements. Laser's jurisdiction of incorporation is the Cayman Islands and principal activity is the development of block chain applications and services. BTD's jurisdiction of incorporation is Dubai. BTD is licensed to develop software, which includes distributed ledger (blockchain) technology services and solutions within Dubai's Free Trade Zone.

3 SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended April 30, 2018.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the six month period ended October 31, 2018:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

IFRS 9 Financial Instruments

A finalized version of IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. This change had no impact on the financial statements.

New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter 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 a low 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 Leases.

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

Global Blockchain Technologies Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the six month period ended October 31, 2018 and 2017
(Expressed in Canadian dollars)

4 PLAN OF ARRANGEMENT

On April 20, 2018, the Company completed the Arrangement with Global Blockchain Mining. The Company transferred all of its interest in its cryptocurrency mining machines, Coinstream, Vaninga and \$500,000 for working capital purposes (the "Mining Assets") to Global Blockchain Mining. As consideration for the Mining Assets, all shareholders' of the Company as of the March 1, 2018 (the "Record Date" for the Arrangement), received 340,570,263 common shares in Global Blockchain Mining on a one-for-one basis.

As the Arrangement occurred between companies under common control the transfer was reflected at carrying values and was recorded as a capital transaction through equity. The carrying values of the net assets and liabilities transferred and acquired pursuant to the Arrangement consisted of the following:

Mining Assets transferred:

Cash	\$	8,012
Prepaid expenses		5,644
Investment in Distributed Consensus Platform		744,046
Equipment deposit		20,145,000
Property		1,437,724
Trade payables		(85,828)
Cash payable to Global Blockchain Mining		500,000
Total	\$	22,754,598

As part of the Arrangement, stock options and warrants outstanding on the Record Date in the Company are exercisable into one common share of Global Blockchain Mining and one common share of the Company. Upon exercise, Global Blockchain Mining must issue common shares to the option holders and the Company must pay 61% of the proceeds from exercise to Global Blockchain Mining. The portion of proceeds payable to Global Blockchain Mining is based on the fair value of assets transferred to Global Blockchain Mining pursuant to the Arrangement relative to the total fair value of all assets of the Company immediately prior to completion of the Arrangement (the "Exchange Factor"). Subsequent to closing of the Arrangement, 2,856,666 warrants were exercised in the Company and \$319,640 is included in the amounts due to Global Blockchain Mining for the proceeds on exercise.

5 AMOUNTS RECEIVABLE

	October 31, 2018	April 30, 2018
GST/HST receivable	\$ 173,287	\$ 126,820
Interest receivable	-	19,233
	\$ 173,287	\$ 146,053

6 PREPAIDS AND DEPOSITS

	October 31, 2018	April 30, 2018
Consulting and corporate development	\$ 33,750	\$ 229,783
Other	38,088	64,167
Tapout LLC	1,971,300	3,138,000
	\$ 2,043,138	\$ 3,431,950

During the year ended April 30, 2018, the Company provided a deposit of \$3,138,000 (USD \$2,500,000) to Authentic Brands Group, LLC ("ABG") with respect to a letter of intent between ABG, Tapout LLC ("Tapout") and Finsbury Capital Inc. dated the 17th day of April, 2018 (the "LOI"). To date, the parties are still finalizing the terms of the agreement. \$1,302,000 (USD \$1,000,000) was paid back to the Company.

7 INVESTMENTS

On January 23, 2018, the Company purchased 1,000,000 common shares of Breaking Data Corp., a company listed on the TSX Venture Exchange ("TSXV"), at \$3.00 per common share for \$3,000,000, which represents approximately a 3% ownership interest. At October 31, 2018, the fair value of the shares was \$396,000 (April 30, 2018 - \$1,210,000). During the period ended October 31, 2018, the Company sold 100,000 shares for gross proceeds of \$80,714 and recognized a loss on sale of investment of \$40,286.

On January 10, 2018, the Company subscribed to 8,000,000 Kodak Coins, an Initial Coin Offering ("ICO") by the Eastman Kodak Company, for \$2,509,000 (USD \$2,000,000) at the pre-ICO stage. At October 31, 2018, the fair value of the Kodak Coins was \$2,509,000 (April 30, 2018 - \$2,509,000).

On January 11, 2018, the Company invested \$2,000,000 in Spectra7 Microsystems Inc. ("Spectra7"), a company listed on the TSXV. The Company received 2,000 senior unsecured convertible debentures of Spectra7 with a principal amount of \$1,000 each, bearing interest at 7% per annum (the "Convertible Debenture"), and 2,850,000 share purchase warrants. Each share purchase warrant entitles the Company to acquire one common share in the capital of Spectra7 at a price of \$0.50 per common share until January 9, 2021. At April 30, 2018, the fair value of warrants was \$59,070. The warrants were valued using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.14; exercise price - \$0.50; expected life - 2.70 years; volatility - 71%; dividend yield - 0%; and risk-free rate - 1.84%. On February 8, 2018, the Convertible Debenture was fully converted into 5,714,285 common shares of Spectra7, which represents approximately 4% ownership interest. At October 31, 2018, the fair value of the shares was \$666,668 (April 30, 2018 - \$761,360) and the fair value of the warrants was \$59,070 (April 30, 2018 - \$59,070). During the period ended October 31, 2018, the Company sold 500,000 shares for gross proceeds of \$75,735 and recognized a gain on sale of investment of \$5,735.

On January 15, 2018, the Company invested \$2,000,000 in Millennial Esports Corp. ("Millennial"), a company listed on the TSXV. The Company acquired 2,857,143 units of Millennial at a price of \$0.70 per unit, which represents approximately 2% ownership interest. Each unit consists of one common share and one half of a share purchase warrant. Each share purchase warrant entitles its holder to purchase one common share of Millennial at a price of \$1.20 per share for a period of 24 months. At October 31, 2018, the fair value of shares was \$400,000 (April 30, 2018 - \$1,285,714). The fair value of the warrants as at October 31, 2018 and April 30, 2018 was \$323,850. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.45; exercise price - \$1.20; expected life - 1.70 years; volatility - 150%; dividend yield - 0%; and risk-free rate - 1.84%. During the period ended October 31, 2018, the Company sold 500,000 shares for gross proceeds of \$76,913 and recognized a loss on sale of investment of \$148,087.

On March 23, 2018, the Company completed an investment of \$1,000,300 in Fusion Agiletech Partners Inc. ("Fusion") through a private placement. The Company received 2,858,000 units comprising of one common share and one-half of one Series 2018-I share purchase warrant. Each share purchase warrant entitles its holder to purchase one common share of Fusion at a price of \$0.50 per share for a period of 24 months. The warrants were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.35; exercise price - \$0.50; expected life - 2 years; volatility - 150%; dividend yield - 0%; and risk-free rate - 1.84%. During the period ended October 31, 2018, Fusion completed a reverse take-over of Quisitive Technology Solutions Inc. (formerly Nebo Capital Corp.) ("Quisitive") by the shareholders of Fusion. The common shares of Quisitive are trading on the TSX Venture Exchange under the symbol "QUIS." At October 31, 2018, the fair value of the shares was \$666,360 and the fair value of the warrants was \$331,661. During the period ended October 31, 2018, the Company sold 81,500 shares for gross proceeds of \$20,238 and recognized a loss on sale of investment of \$8,288.

On July 5, 2018, the Company completed an investment of \$5,000,000 in Hyperion Crypto Exchange Inc. ("Hyperion"). The Company paid \$2,500,000 in cash and issued 8,333,333 common shares of the Company with a fair value of \$2,500,000. At October 31, 2018, the fair value of the shares was \$5,000,000. The Company acquired 5,000,000 common shares of Hyperion, which represents approximately 12.82% ownership interest.

On August 9, 2018, the Company completed an investment of \$250,000 for 2,500,000 common shares of X2 Blockchain Games Corp ("X2").

Global Blockchain Technologies Corp.
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For the six month period ended October 31, 2018 and 2017
(Expressed in Canadian dollars)

7 INVESTMENTS (CONTINUED)

The following tables summarize the investments in blockchain technology made by the Company during the period ended October 31, 2018:

	X2 \$	Hyperion \$	Breaking Data \$	Kodak Coin \$	Spectra7 \$	Millennial \$	Fusion \$	Total \$
Balance, April 30, 2018	-	-	1,210,000	2,509,000	820,430	1,609,564	1,331,961	7,480,955
Purchase of investment	250,000	5,000,000	-	-	-	-	-	5,250,000
Sale of investment	-	-	(121,000)	-	(70,000)	(225,000)	(28,525)	(444,525)
Unrealized gain (loss) from change in fair value	-	-	(693,000)	-	(24,691)	(825,000)	(305,415)	(1,848,106)
Balance, October 31, 2018	250,000	5,000,000	396,000	2,509,000	725,739	559,564	998,021	10,438,324

As at October 31, 2018						
	Number of Shares	Number of Warrants	Cost	Fair value of shares	Fair value of warrants	Total fair value
Hyperion	5,000,000	-	2,500,000	5,000,000	-	5,000,000
Breaking Data	900,000	-	2,700,000	396,000	-	396,000
Kodak Coin	8,000,000	-	2,509,000	2,509,000	-	2,509,000
Spectra7	4,938,285	2,850,000	1,728,400	666,668	59,070	725,738
Millennial	2,357,143	1,428,571	1,650,000	235,715	323,850	559,565
X2	2,500,000	-	250,000	250,000	-	250,000
Quisitive	2,776,500	1,429,000	971,775	666,360	331,661	998,021
Balance, October 31, 2018			12,309,175	9,723,743	714,581	10,438,324

8 TRADE AND OTHER PAYABLES

	October 31, 2018	April 30, 2018
Trade payables	\$ 5,497,994	\$ 5,261,962
Accrued liabilities	10,000	30,000
Due to related parties (Note 11)	10,471	56,115
	\$ 5,518,465	\$ 5,348,077

9 SHARE CAPITAL

(a) Authorized

There are an unlimited number of common shares without par value authorized for issue.

(b) Issued

During the period ended October 31, 2018, the Company received \$66,667 from the exercise of 666,666 share purchase warrants with an exercise prices of \$0.10 per share, and \$1,379,333 from the exercise of 6,896,666 share purchase warrants with an exercise price of \$0.20 for total proceeds of \$1,446,000. These warrants were included in the spin-out and as such, \$867,600 is payable to Global Blockchain Mining after applying the Exchange Factor. \$578,400 was recorded to share capital.

On July 24, 2018, the Company closed a private placement for 8,333,333 common shares at a subscription price of \$0.30 per share for gross proceeds of \$2,500,000.

On July 24, 2018, the Company closed a Share Purchase Agreement in Hyperion Crypto Exchange Inc., consisting of \$2,500,000 in cash and 8,333,333 common shares with a fair value of \$2,500,000 (Note 7).

On September 24, 2018, the Company issued 3,000,000 common shares at a deemed fair value of \$0.20 per share to settle \$600,000 of debt. The Company recorded \$120,000 as a gain on settlement of debt.

9 SHARE CAPITAL (CONTINUED)

(b) Stock Options

The Company's rolling stock option plan was approved by the shareholders on April 10, 2018, pursuant to which 10% of the issued and outstanding shares as of that date are available for purchase upon the exercise of options awarded by the Company. The plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. Pursuant to the plan all options expire on a date not later than ten years after the date of grant of an option.

On March 30, 2017, the Company granted 3,090,000 stock options at an exercise price of \$0.19 per option with a term of five years expiring March 30, 2022. The grant date fair value of the options was measured at \$726,107, with \$608,360 recognized during the year ended April 30, 2017 and the remainder \$117,747 recognized during the year ended April 30, 2018 when the options became exercisable. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.25; exercise price - \$0.19; expected life - 5 years; volatility - 161%; dividend yield - \$0; and risk-free rate - 1.10%.

On August 28, 2017, the Company granted 4,858,090 stock options at an exercise price of \$0.20 per option with a term of five years. The options vested upon grant. The grant date fair value of the options was measured at \$928,892. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.20; exercise price - \$0.20; expected life - 5 years; volatility - 179%; dividend yield - \$0; and risk-free rate - 1.52%.

On September 26, 2017, the Company granted 5,700,000 stock options at an exercise price of \$0.50 per option with a term of five years. The options vested upon grant. The grant date fair value of the options was measured at \$3,012,193. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.55; exercise price - \$0.50; expected life - 5 years; volatility - 181%; dividend yield - \$0; and risk-free rate - 1.51%.

On December 27, 2017, the Company granted 2,000,000 stock options at an exercise price of \$1.185 per option with a term of five years. The options vested upon grant. The grant date fair value of these options was measured at \$2,012,830. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$1.05; exercise price - \$1.185; expected life - 5 years; volatility - 183%; dividend yield - \$0; and risk-free rate - 1.64%.

On January 31, 2018, the Company granted 22,000,000 stock options at an exercise price of \$0.59 per option with a term of five years. The options vested upon grant. The grant date fair value of these options was measured at \$12,474,330. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.65; exercise price - \$0.59; expected life - 5 years; volatility - 185%; dividend yield - \$0; and risk-free rate - 1.64%.

On March 26, 2018, the Company granted 8,992,500 stock options to various consultants of the Company with an exercise price of \$0.40 with a term of five years. The options vested upon grant. The grant date fair value of these options was measured at \$3,299,438. The stock options vest immediately and have an expiry date of March 25, 2023. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.40; exercise price - \$0.40; expected life - 5 years; volatility - 153%; dividend yield - \$0; and risk-free rate - 2.09%.

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9 SHARE CAPITAL (CONTINUED)

(c) Stock Options (continued)

A continuity schedule of the Company's stock options is as follows:

	Number of options	Weighted average exercise price
Outstanding, April 30, 2017	3,090,000	\$ 0.19
Granted	43,550,590	0.52
Exercised	(11,148,090)	0.30
Outstanding, April 30, 2018 and October 31, 2018	35,492,500	\$ 0.55

As of October 31, 2018, the Company had options outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise price	Number of options outstanding	Number of options exercisable	average remaining contractual life (in years)
March 30, 2022	\$ 0.19	500,000	500,000	3.41
September 26, 2022	0.50	2,000,000	2,000,000	3.91
December 27, 2022	1.175	2,000,000	2,000,000	4.16
January 30, 2023	0.59	22,000,000	22,000,000	4.25
March 25, 2023	0.40	8,992,500	8,992,500	4.40
Total		35,492,500	35,492,500	4.23
Weighted average	\$ 0.56	-	-	-

All exercise prices for options granted prior to the Record Date are reported on a gross basis and have not been factored by the exchange amount of 61% owned to Global Blockchain Mining.

(d) Common Share Purchase Warrants

A continuity schedule of the Company's share purchase warrants is as follows:

	Number of share purchase warrants	Weighted average exercise price
Outstanding, April 30, 2017	3,266,996	\$ 0.10
Granted	163,522,561	0.50
Exercised	(78,850,283)	0.11
Outstanding, April 30, 2018	87,939,274	\$ 0.83
Exercised	(7,563,332)	0.19
Outstanding, October 31, 2018	80,375,942	\$ 0.89

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9 SHARE CAPITAL (CONTINUED)

(d) Common Share Purchase Warrants (continued)

As of October 31, 2018, the Company had share purchase warrants outstanding and exercisable to acquire common shares of the Company as follows:

Expiry Date	Exercise Price	Number of Warrants
August 16, 2019	\$ 0.10	15,588,017
September 25, 2019	0.20	21,998,676
December 17, 2019	1.75	33,698,340
February 28, 2020	0.75	9,090,909
Total warrants outstanding		80,375,942
Weighted Average	\$ 0.89	

All exercise prices for warrants granted prior to the Record Date are reported on a gross basis and have not been factored by the exchange amount of 61% owned to Global Blockchain Mining.

(e) Finders' warrants

A continuity schedule of the Company's outstanding finders' warrants is as follows:

	Number of share purchase warrants	Weighted average exercise price
Outstanding, April 30, 2017	326,026	\$ 0.10
Granted	13,821,284	0.41
Exercised	(4,051,752)	0.07
Outstanding, April 30, 2018 and October 31, 2018	10,095,558	\$ 0.54

At October 31, 2018, the following finders' warrants are outstanding:

Expiry Date	Exercise Price	Number of Warrants
March 14, 2019	\$ 0.10	70,006
August 16, 2019	0.10	2,333,334
September 25, 2019	0.20	5,333,332
December 21, 2018	1.75	2,358,886
Total warrants outstanding		10,095,558
Weighted Average	\$ 0.54	

All exercise prices for warrants granted prior to the Record Date are reported on a gross basis and have not been factored by the exchange amount of 61% owned to Global Blockchain Mining.

(f) Reserves

Share-based payment reserve - The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve - The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Other reserves - The other reserve records the fair value of capital contributed from shareholders.

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10 FINANCIAL INSTRUMENTS

The fair value of the Company's cash and cash equivalents, amounts receivable, loan receivable, trade and other payables, and amounts due to Global Blockchain Mining Corp. approximate the carrying amount due to the short-term nature of the instruments. The Company's investments and marketable securities are measured at fair value.

The Company's financial assets and liabilities are classified as follows:

	October 31, 2018	April 30, 2018
	\$	\$
Financial Assets		
<i>Loans and receivables:</i>		
Cash and cash equivalents	539,808	4,444,019
Due from Global Blockchain Mining	2,220,893	-
<i>Fair value through profit and loss:</i>		
Investments	10,438,324	7,480,955
Financial Liabilities		
<i>Other financial liabilities:</i>		
Trade payables	5,497,994	5,261,962
Amounts due to related parties	10,471	56,115
Due to Global Blockchain Mining	-	819,640

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum credit risk is limited by its liquidity.

The Company deposits the majority of its cash with high credit quality financial institutions in Canada. Therefore, management considers its exposure to credit risk arising from its cash to be minimal. Credit risk with respect to receivables has been assessed as low by management as the majority of receivables are government input tax credits refundable. All transactions executed by the Company in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase only once the broker has received the securities. The trade will fail if either party fails to meet its obligation.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Board of Directors approves the Company's annual operating budget as well as any material transactions outside the ordinary course of business. The Company is exposed to liquidity risk.

10 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Market risk

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

Currency risk

Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has not entered into any foreign currency contracts to mitigate this risk, but manages the risk by minimizing the value of financial instruments denominated in foreign currency. The Company has the following financial assets and liabilities denominated in US dollars.

	October 31, 2018	April 30, 2018
Cash	\$ 21,000	\$ 16,005
Investments	2,509,000	2,509,000
Trade and other payables	(5,134,400)	(5,174,945)
	\$ (2,604,400)	\$ (2,649,940)

At October 31, 2018, a 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by \$260,000.

Interest rate risk

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to any significant interest rate risk.

Other price risk

The Company is exposed to other price risk on its marketable securities due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At October 31, 2018, the Company held publicly listed investments with a fair value of \$1,964,743 (April 30, 2018 - \$3,639,994). These investments are subject to market price fluctuations.

The Company has an investment policy governing the purchase of marketable securities, pursuant to which the Company monitors these investments on a regular basis. The investment policy contains objectives for the purchase of investments including preservation of capital, liquidity and return, as well as specifying minimum credit ratings for investments, types of permitted investments and diversification requirements. The Company's investment policy is periodically reviewed by the Company's audit committee.

(d) Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

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10 FINANCIAL INSTRUMENTS (CONTINUED)

The Company's financial instruments are classified in the fair value hierarchy as follows:

	October 31, 2018			
	Level 1	Level 2	Level 3	Total
Cash	\$ 539,808	\$ -	\$ -	\$ 539,808
Amounts receivable	173,287	-	-	173,287
Investments	1,964,743	714,581	7,759,000	10,438,324
	\$ 2,677,838	\$ 714,581	\$ 7,759,000	\$ 11,151,419

	April 30, 2018			
	Level 1	Level 2	Level 3	Total
Cash	\$ 4,444,019	\$ -	\$ -	\$ 4,444,019
Amounts receivable	146,053	-	-	146,053
Investment	3,257,074	382,920	3,840,961	7,480,955
	\$ 7,847,146	\$ 382,920	\$ 3,840,961	\$ 12,071,027

The Company holds investments in KodakCoin, Hyperion and X2 Blockchain Games Corp. that are not publically traded and are considered level 3. The fair value in Level 3 is determined by referring to the historical value of shares and cash paid in consideration less impairment.

11 RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation for the period ended October 31, 2018 and 2017 are comprised of the following.

During the period ended October 31, 2018, the Company paid \$105,000 (October 31, 2017 - \$93,101) in consulting fees.

As at October 31, 2018, amounts due to related parties of \$10,471 (April 30, 2018 - \$56,115) are included in trade payables and accrued liabilities (Note 8).

As at October 31, 2018, the Company recorded a receivable of \$2,220,893 (April 30, 2018 – due to \$819,640) due from Global Blockchain Mining. Amounts due from Global Blockchain Mining are non-interest bearing, due on demand and are unsecured.

12 SEGMENTED INFORMATION

The Company operates primarily in one business segment as a technology company and all of the Company's non-current assets are located in a single geographic segment in Canada.

13 MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. In managing its liquidity, the Company aims to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of financial information. The Company considers shareholders' equity as its capital.

The Company is not subject to any externally imposed capital requirements. Other than the steps taken by the Company to conserve capital as described above, there have been no changes to the Company's objectives and what it manages as capital for the year ended April 30, 2018 and period ended October 31, 2018.

14 SUBSEQUENT EVENTS

On December 17, 2018, the Company completed an Acquisition Agreement (the “Transaction”) with X2, whereby the Company will acquire all of the issued and outstanding common shares of X2 by way of a three-cornered amalgamation. Pursuant to the Transaction, the Company issued 330,519,541 common shares of the Company for a deemed purchase price of \$49,577,931.15. As consideration, the Company will acquire all issued and outstanding common shares and all intellectual property rights to X2 owns.

As a result of the acquisition by BLOC of X2 Games, a spinout entity will hold BLOC’s exchange and enterprise-related interests (the “Interests”).

Only BLOC’s shareholders as of the record date of December 4, 2018, will be entitled to consideration as a result of the Spinout. These Interests are as follows:

1. All rights, work product, and assets related to the development of the Laser blockchain.
2. All holdings of Laser Technologies Corp., Cayman Islands subsidiary of BLOC.
3. All rights, work product, and assets related to the development of the Singularity digital asset and forex exchange.
4. All rights and work product relating to the business and technology development of Stratus.
5. All rights and work product relating to the development of Middle Eastern Cryptocurrency Spot Exchange.
6. Blockchain Technologies DMCC, the Dubai subsidiary of BLOC.
7. All rights and interests relating to the investment in Hyperion Crypto Exchange Inc.
8. BLOC’s investment in Quisitive Technology Solutions Inc.
9. All rights in and to agreements between BLOC and Hewlett Packard Enterprise or its affiliates.