

MILLENNIUM BLOCKCHAIN, INC.

(formerly THC Therapeutics, Inc.)

FINANCIAL STATEMENTS

JULY 31, 2017

MILLENIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FINANCIAL STATEMENTS

Consolidated Balance Sheets As of July 31, 2017 and 2016 (Audited)	F-2
Consolidated Statement of Operations For the years ended July 31, 2017 and 2016 (Audited)	F-3
Consolidated Statement of Stockholders' Deficit For the years ended July 31, 2017 and 2016 (Audited)	F-43
Consolidated Statement of Cashflows For the years ended July 31, 2017 and 2016 (Audited)	F-5
Notes to the Financial Statements	F-6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors and Stockholders of
Millennium Blockchain, Inc.**

We have audited the accompanying balance sheets of Millennium Blockchain, Inc. as of July 31, 2017 and July 31, 2016 and the related statements of operations, stockholders' (deficit), and cash flows for each of the years in the two-year period ended July 31, 2017 and July 31, 2016. Millennium Blockchain, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Millennium Blockchain, Inc. as of July 31, 2017 and July 31, 2016, and the results of its operations and its cash flows for each of the years in the two-year period ended July 31, 2017 and July 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has no revenues, has negative working capital at July 31, 2017 and July 31, 2016, has incurred recurring losses and recurring negative cash flow from operating activities, and has an accumulated deficit which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ AMC Auditing

AMC Auditing
Las Vegas, Nevada
February 28, 2018

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
CONSOLIDATED BALANCE SHEETS
(AUDITED)

	July 31, 2017	July 31, 2016
ASSETS		
Current assets		
Cash	\$ 187	\$ 245
Prepaid	78,765	-
Total current assets	78,952	245
Deposits	3,208	-
Fixed Assets	78,874	-
Intangible Assets	32,612	-
Total assets	193,646	245
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	\$ 82,140	\$ 128,255
Accrued liabilities due to related parties	1,120	20,841
Advances from related parties	77,287	11,482
Notes payable	60,000	50,000
Convertible Notes payable, net	22,739	99,998
Derivative liability	146,229	67,376
Total current liabilities	389,515	377,952
Total liabilities	389,515	377,952
Stockholders' equity (deficit)		
Common stock; \$0.001 par value; 500,000,000 shares authorized; 118,778,391 and 8,490,391 shares issued and outstanding as of July 31, 2017 and July 31, 2016, respectively	118,778	8,490
Preferred stock; \$0.001 par value; 10,000,000 shares authorized; 2,165,000 and 0 series A and B shares issued and outstanding as of July 31, 2017 and July 31, 2016, respectively		
Preferred A stock; \$0.001 par value; 3,000,000 shares authorized; 2,000,000 and 0 shares issued and outstanding as of July 31, 2017 and July 31, 2016, respectively	2,000	-
Preferred B stock; \$0.001 par value; 165,000 shares authorized; 165,000 and 0 shares issued and outstanding as of July 31, 2017 and July 31, 2016, respectively	165	-
Additional paid-in capital	2,937,860	2,482,767
Accumulated deficit	(3,254,672)	(2,868,964)
Total stockholders' deficit	(195,869)	(377,707)
Total liabilities and stockholders' equity (deficit)	\$ 193,646	\$ 245

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

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
CONSOLIDATED STATEMENT OF OPERATIONS
(AUDITED)

	For the Years Ended	
	July 31, 2017	July 31, 2016
Revenues	\$ -	\$ -
Cost of revenues	-	-
Gross profit	-	-
Operating expenses		
Professional fees	90,168	20,526
Compensation	5,490	-
Consulting fees	39,173	67,925
General and administrative expenses	78,283	15,082
Depreciation and amortization	10,491	-
Total operating expenses	223,605	103,533
Loss from operations	(223,605)	(103,533)
Other income (expense)		
Gain/(loss) on change in derivative liability	(81,145)	2,454
Gain/(loss) on settlement of debts	202,621	(162,235)
Impairment expense	(197,761)	-
Interest Expense	(164,928)	(31,683)
Gain on conveyance of assets and liabilities to a related party	79,110	-
Total other income (expense)	(162,103)	(191,464)
Net income (loss)	\$ (385,708)	\$ (294,997)
Basic income (loss) per common share	\$ (0.01)	\$ (0.05)
Basic weighted average common shares outstanding	65,922,939	5,399,477

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

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIT
(AUDITED)

	Preferred A Stock		Preferred B Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, July 31, 2015	-	-	-	-	5,288,376	5,288	2,098,700	(2,573,967)	(469,979)
Shares issued to an officer in settlement of liabilities	-	-	-	-	3,200,569	3,200	384,069	-	387,269
Shares issued for fractional shares on reverse-split	-	-	-	-	1,446	2	(2)	-	-
Net loss	-	-	-	-	-	-	-	(294,997)	(294,997)
Balance, July 31, 2016	-	-	-	-	8,490,391	8,490	2,482,767	(2,868,964)	(377,707)
Settlement of derivative liabilities	-	-	-	-	-	-	62,513	-	62,513
Beneficial conversion feature on convertible debt	-	-	-	-	-	-	134,557	-	134,557
Shares and warrants issued to acquire assets	2,000,000	2,000	120,000	120	100,000,000	100,000	87,556	-	189,676
Warrants issued as financing fee	-	-	-	-	-	-	-	-	-
Shares issued on conversion of debts	-	-	-	-	10,000,000	10,000	-	-	10,000
Preferred shares issued for settlement of debts	-	-	45,000	45	-	-	44,955	-	45,000
Imputed interest	-	-	-	-	-	-	658	-	658
Shares issued for services	-	-	-	-	288,000	288	124,854	-	125,142
Net loss	-	-	-	-	-	-	-	(385,708)	(385,708)
Balance, July 31, 2017	2,000,000	2,000	165,000	165	118,778,391	118,778	2,937,860	(3,254,672)	(195,869)

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

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
CONSOLIDATED STATEMENT OF CASHFLOWS
(AUDITED)

	For the Years Ended	
	July 31, 2017	July 31, 2016
Cash Flows from Operating Activities		
Net loss	\$ (385,708)	\$ (294,997)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Gain on conveyance of assets and liabilities to a related party	(79,110)	-
Loss on impairment of assets	197,761	-
Loss on change in derivative liabilities	81,145	(2,488)
Impairment expense	658	-
Loss on acquisition of assets from a related party	-	-
Amortization of debt discount	155,820	19,221
Stock based compensation	46,377	-
Depreciation and amortization	10,491	-
Loss (gain) on settlement of debts	(197,761)	162,269
Changes in assets and liabilities		
(Increase) decrease in deposits	(3,208)	-
Increase (decrease) in accounts payable	3,032	30,704
Increase (decrease) in accounts payable related party	18,832	67,924
Net cash from operating activities	<u>(151,671)</u>	<u>(17,367)</u>
Cash Flows from investing		
Purchase of intangible assets	(5,062)	-
Purchase of fixed assets	(20,000)	-
Net cash used in investing activities	<u>(25,062)</u>	<u>-</u>
Cash Flows from Financing Activities		
Proceeds from related party debts	134,113	11,144
Payments on related party debts	(49,938)	-
Proceeds from convertible debts	92,500	-
Net cash from financing activities	<u>176,675</u>	<u>11,144</u>
Net increase (decrease) in Cash	<u>(58)</u>	<u>(6,223)</u>
Beginning cash balance	<u>245</u>	<u>6,468</u>
Ending cash balance	<u>\$ 187</u>	<u>\$ 245</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for tax	<u>\$ -</u>	<u>\$ -</u>
Non-Cash investing and financing transactions		
Beneficial conversion feature	<u>\$ 134,557</u>	<u>\$ -</u>
Shares issued to settle debt	<u>\$ 10,000</u>	<u>\$ 387,269</u>

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

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

1. DESCRIPTION OF BUSINESS AND HISTORY

Description of business – Millennium Blockchain, Inc., (referred to as the “Company”) is focused on focused on investing in blockchain technologies and crypto-assets focused on financial markets, healthcare, crypto-mining and high-technology.

The Company is also developing their patent-pending product, the dHydronator®, a sanitizing herb dryer. The main function of the dHydronator is to greatly accelerate the drying time of a herb while sanitizing it. The dHydronator can be used to dry a variety of herbs, and it has been specifically tested for use with cannabis, and it will reduce the drying time for cannabis from 10-14 days to less than 14 hours.

The Company is also focusing some of its operations on participation in testing facilities and developing personal wellness centers, as well as investigating other potentially disruptive technologies.

History – The Company was incorporated in the State of Nevada on May 1, 2007, as Fairytale Ventures, Inc., and later changed its name to Aviation Surveillance Systems, Inc. and Harmonic Energy, Inc. On January 23, 2017, the Company changed its name to THC Therapeutics, Inc.

On May 30, 2017, the Company formed Genesis Float Spa LLC, a wholly-owned subsidiary, to market its float spa assets purchased for wellness centers. The Company’s health spa plans are part of the Company’s strategic focus on revenue generation and creating shareholder value.

On January 17, 2018, the Company changed its name to Millennium Blockchain, Inc.

Millennium Blockchain, Inc., together with its subsidiaries, shall herein be collectively referred to as the “Company.”

2. BASIS OF PRESENTATION AND GOING CONCERN

Basis of Presentation – The accompanying unaudited financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the period presented have been reflected herein.

Going Concern – The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of \$3,254,672 since its inception and requires capital for its contemplated operational and marketing activities to take place. The Company’s ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company’s ability to continue as a going concern. The consolidated financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

3. SUMMARY OF SIGNIFICANT POLICIES

This summary of significant accounting policies of Millennium Blockchain, Inc. is presented to assist in understanding the Company’s consolidated financial statements. The consolidated financial statements and notes are representations of the Company’s management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation – The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include estimates used to review the Company’s goodwill, impairments and estimations of long-lived assets, revenue recognition on percentage of completion type contracts, allowances for uncollectible accounts, inventory valuation, and the valuations of non-cash capital stock issuances. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid investments and short-term instruments with original maturities of three months or less to be cash equivalents. There are \$187 and \$245 in cash and cash equivalents as of July 31, 2017, and July 31, 2016, respectively.

Concentration Risk – At times throughout the year, the Company may maintain cash balances in certain bank accounts in excess of FDIC limits. As of July 31, 2017, the cash balance in excess of the FDIC limits was \$0. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

Fair Value of Financial Instruments – The carrying amounts reflected in the balance sheets for cash, accounts payable and accrued expenses approximate the respective fair values due to the short maturities of these items.

As required by the Fair Value Measurements and Disclosures Topic of the FASB ASC, fair value is measured based on a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Revenue Recognition:

Product Sales – Revenues from the sale of products are recognized when title to the products are transferred to the customer and only when no further contingencies or material performance obligations are warranted, and thereby have earned the right to receive reasonably assured payments for products sold and delivered.

Costs of Revenue – Costs of revenue includes raw materials, component parts, and shipping supplies. Shipping and handling costs is not a significant portion of the cost of revenue.

Goodwill and Intangible Assets – The Company follows Financial Accounting Standard Board's (FASB) Codification Topic 350-10 ("ASC 350-10"), "*Intangibles – Goodwill and Other.*" According to this statement, goodwill and intangible assets with indefinite lives are no longer subject to amortization, but rather an annual assessment of impairment by applying a fair-value based test. Fair value for goodwill is based on discounted cash flows, market multiples and/or appraised values as appropriate. Under ASC 350-10, the carrying value of assets are calculated at the lowest level for which there are identifiable cash flows.

Long-Lived Assets – In accordance with the Financial Accounting Standards Board ("FASB") Accounts Standard Codification (ASC) ASC 360-10, "Property, Plant and Equipment," the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Segment Reporting – Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding the method to allocate resources and assess performance. The Company currently has one reportable segment for financial reporting purposes, which represents the Company's core business.

Income Taxes – The Company accounts for its income taxes in accordance with FASB Codification Topic ASC 740-10, "*Income Taxes*", which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Stock-Based Compensation – The Company follows the guidelines in FASB Codification Topic ASC 718-10 "*Compensation-Stock*

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

Compensation", which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to an Employee Stock Purchase Plan based on the estimated fair values.

Stock based compensation expense recognized under ASC 718-10 for the years ended July 31, 2017 and 2016, totaled \$46,377 and \$0, respectively.

Earnings (Loss) Per Share – The Company reports earnings (loss) per share in accordance with FASB Codification Topic ASC 260-10 "Earnings Per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed exercise of options and warrants to purchase common shares (common stock equivalents) would have an anti-dilutive effect.

Advertising Costs – The Company's policy regarding advertising is to expense advertising when incurred. The Company incurred advertising expenses of \$13,726 and \$0 as of July 31, 2017 and July 31, 2016, respectively.

Recently Issued Accounting Pronouncements – The Company has evaluated the all recent accounting pronouncements through ASU 2018-01, and believes that none of them will have a material effect on the Company's financial position, results of operations or cash flows.

4. FIXED ASSETS

Fixed assets consist of the following as of July 31, 2017, and July 31, 2016:

	<u>July 31, 2017</u>	<u>July 31, 2016</u>
dHydronator prototype	27,100	
Float Spa and associated equipment	\$ 60,000	\$ -
Less: accumulated depreciation	<u>(8,226)</u>	<u>-</u>
Fixed assets, net	<u>\$ 78,874</u>	<u>\$ -</u>

Depreciation expense for the years ended July 31, 2017, and July 31, 2016, was \$8,226 and \$0, respectively.

5. INTANGIBLE ASSETS

Intangible assets consist of the following as of July 31, 2017, and July 31, 2016:

	<u>July 31, 2017</u>	<u>July 31, 2016</u>
Patents and patents pending	18,505	
Trademarks	1,275	
Website and domain names	15,098	
Less: accumulated depreciation	<u>(2,265)</u>	<u>-</u>
Intangible assets, net	<u>\$ 32,612</u>	<u>\$ -</u>

Amortization expense for the years ended July 31, 2017, and July 31, 2016, was \$2,265 and \$0, respectively.

7. ADVANCES FROM RELATED PARTIES

Our Chief Executive Officer and a shareholder, a relative of our Chief Executive Officer, have agreed to advance funds to the Company from time to time to support the ongoing operations of the Company. The advances are due within ten (10) days of demand and bear interest at 5% annually.

Advances from related parties consist of the following as of July 31, 2017:

	Year ending July 31, 2017		Principal as of	Accrued interest balance
	Funds advanced	Funds repaid	July 31, 2017	As of July 31, 2017
B. Romanek, President and CEO	\$121,200	\$49,938	\$71,262	\$1,040
Shareholder Relative of our President and CEO	6,025	-	6,025	79
TOTAL	<u>\$127,225</u>	<u>\$49,938</u>	<u>\$77,287</u>	<u>\$1,120</u>

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

The former sole officer and director of the Company advanced the Company \$6,888 and \$11,144 during the years ending July 31, 2017 and 2016, respectively.

On January 4, 2017, the former sole officer and director forgave all advances in relation to his acquisition of the assets under the Kouei International license agreement and related business. (See Note 4 for additional details.)

8. NOTES PAYABLE

Notes Payable at consists of the following:

On January 9, 2013, the Company signed an unsecured promissory note for \$50,000. The loan was originally due on January 9, 2014, and carried an interest at 8%. On January 9, 2014, the promissory note was acquired by a non-related lender, and the maturity date was extended to January 9, 2015. All other loan terms remained the same.

On January 13, 2017, the note was purchased by an investor in exchange for a convertible promissory note, and the original lender released all future claims related to the debt.

On May 12, 2017, the Company issued a \$60,000 promissory note; the note carries no interest rate and is payable in monthly installments of \$5,000. As of July 31, 2017, no principal installments had been paid.

Total

	July 31, 2017	July 31, 2016
	\$ -	\$ 50,000
	60,000	-
	60,000	50,000

9. CONVERTIBLE NOTES PAYABLE

Convertible Notes Payable at consists of the following:

On May 22, 2013, we entered into a convertible promissory note pursuant to which we borrowed \$62,440. Interest under the convertible promissory note is 7% per annum, and the principal and all accrued but unpaid interest is due on May 22, 2014. The note is convertible at any time following the issuance date at the noteholder's option into shares of our common stock at a variable conversion price of 90% of the market price of our common stock at the date of notice of conversion. The Company recorded a debt discount in the amount of \$50,041 in connection with the initial valuation of the derivative liability of the Note to be amortized utilizing the effective interest method of accretion over the term of the Note. Further, the Company recognized a derivative liability of \$50,041 and an initial loss of \$0 based on the Black-Scholes pricing model.

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$0 and \$0 during the years ended July 31, 2017 and 2016, respectively.

On January 13, 2017, the note was purchased by an investor and the original lender released all future claims related to the convertible debts.

Unamortized debt discount

Total, net of unamortized discount

	July 31, 2017	July 31, 2016
	\$ -	\$ 62,440
	-	-
	-	62,440

On June 26, 2014, we entered into a convertible promissory note pursuant to which we borrowed \$35,000. Interest under the convertible promissory note is 7% per annum, and the principal and all accrued but unpaid interest is due on June 26, 2017. The note is convertible at any time following the issuance date at the noteholder's option into shares of our common stock at a variable conversion price of 90% of the market price of our common stock at the date

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

of notice of conversion. The Company recorded a debt discount in the amount of \$35,000 in connection with the initial valuation of the derivative liability of the Note to be amortized utilizing the effective interest method of accretion over the term of the Note. Further, the Company recognized a derivative liability of \$36,464 and an initial loss of \$1,454 based on the Black-Scholes pricing model.

	-	35,000
--	---	--------

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$11,699 and \$9,461 during the years ended July 31, 2017 and 2016, respectively.

On December 16, 2016, the lender released all claims related to the convertible debts.

Unamortized debt discount	-	(9,461)
Total, net of unamortized discount	-	1,111,110

On July 31, 2014, we entered into a convertible promissory note pursuant to which we borrowed \$10,000. Interest under the convertible promissory note is 7% per annum, and the principal and all accrued but unpaid interest is due on July 31, 2017. The note is convertible at any time following the issuance date at the noteholder's option into shares of our common stock at a variable conversion price of 90% of the market price of our common stock at the date of notice of conversion. The Company recorded a debt discount in the amount of \$10,000 in connection with the initial valuation of the derivative liability of the Note to be amortized utilizing the effective interest method of accretion over the term of the Note. Further, the Company recognized a derivative liability of \$10,804 and an initial loss of \$804 based on the Black-Scholes pricing model.

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$3,342 and \$3,333 during the years ended July 31, 2017 and 2016, respectively.

On December 16, 2016, the lender released all claims related to the convertible debts.

Unamortized debt discount	-	10,000
Total, net of unamortized discount	-	(3,333)

On February 2, 2015, we entered into a convertible promissory note pursuant to which we borrowed \$2,500. Interest under the convertible promissory note is 7% per annum, and the principal and all accrued but unpaid interest is due on May 2, 2018. The note is convertible at any time following the issuance date at the noteholder's option into shares of our common stock at a variable conversion price of 90% of the market price of our common stock at the date of notice of conversion. The Company recorded a debt discount in the amount of \$2,500 in connection with the initial valuation of the derivative liability of the Note to be amortized utilizing the effective interest method of accretion over the term of the Note. Further, the Company recognized a derivative liability of \$2,714 and an initial loss of \$214 based on the Black-Scholes pricing model.

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$836 and \$1,258 during the years ended July 31, 2017 and 2016, respectively.

On December 16, 2016, the lender released all claims related to the convertible debts.

Unamortized debt discount	-	2,500
Total, net of unamortized discount	-	(1,258)

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

On May 7, 2015, we entered into a convertible promissory note pursuant to which we borrowed \$10,000. Interest under the convertible promissory note is 7% per annum, and the principal and all accrued but unpaid interest is due on May 7, 2018. The note is convertible at any time following the issuance date at the noteholder's option into shares of our common stock at a variable conversion price of 90% of the market price of our common stock at the date of notice of conversion. The Company recorded a debt discount in the amount of \$10,000 in connection with the initial valuation of the derivative liability of the Note to be amortized utilizing the effective interest method of accretion over the term of the Note. Further, the Company recognized a derivative liability of \$10,880 and an initial loss of \$880 based on the Black-Scholes pricing model.

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$3,342 and \$5,890 during the years ended July 31, 2017 and 2016, respectively.

On December 16, 2016, the lender released all claims related to the convertible debts.

Unamortized debt discount

Total, net of unamortized discount

	-	10,000
	-	(5,890)
	-	4,110

On January 13, 2017, we entered into a convertible promissory note with a note holder who assumed two outstanding notes totaling \$112,400. Interest under the convertible promissory note is 5% per annum, and the principal and all accrued but unpaid interest is due on January 13, 2018. The note is convertible at any time following the issuance date at the noteholder's option into shares of our common stock at a fixed conversion price of \$0.001. The Company has determined the value associated with the beneficial conversion feature in connection with the notes and interest to be \$112,400.

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$112,400 and \$0 during the years ended July 31, 2017 and 2016, respectively.

On February 6, 2017, the holder of the note converted \$10,000 of the principal of the note into 10,000,000 common shares of the Company at a conversion price of \$.001.

On April 28, 2017, the note holder forgave the remaining balance principal of \$102,400 and accrued interest of 1,507. A gain on settlement of debt of \$103,947 was recorded on the settlement of the note payable.

Unamortized debt discount

Total, net of unamortized discount

	-	-
	-	-
	-	-

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

On May 9, 2017, we entered into a convertible promissory note pursuant to which we borrowed \$92,500. The note carries an original issue discount of 7.5% (\$7,500). Interest under the convertible promissory note is 6% per annum, and the principal and all accrued but unpaid interest is due on May 9, 2018. The note is convertible at any date after the issuance date at the noteholder's option into shares of our common stock at a variable conversion price of 65% of the lowest closing market price of our common stock during the previous 20 days to the date of the notice of conversion. The Company recorded a debt discount in the amount of \$92,500 in connection with the initial valuation of the derivative liability of the Note to be amortized utilizing the effective interest method of accretion over the term of the Note. Further, the Company recognized a derivative liability of \$150,122 and an initial loss of \$89,739 based on the Black-Scholes pricing model.

The aggregate issue discount feature has been accreted and charged to interest expenses as a financing expense in the amount of \$21,034 and \$0 during the years ended July 31, 2017 and 2016, respectively.

	92,500	-
Original issue discount	7,500	-
Unamortized debt discount	(77,261)	-
Total, net of unamortized discount	22,739	-
 Total	\$ 22,739	\$ 99,998

Derivative liability

The Company accounts for the fair value of the conversion features of its convertible debt in accordance with ASC Topic No. 815-15 "Derivatives and Hedging; Embedded Derivatives" ("Topic No. 815-15"). Topic No. 815-15 requires the Company to bifurcate and separately account for the conversion features as an embedded derivative contained in the Company's convertible debt. The Company is required to carry the embedded derivative on its balance sheet at fair value and account for any unrealized change in fair value as a component of results of operations. The Company values the embedded derivatives using the Black-Scholes pricing model.

The following table presents a summary of the Company's derivative liabilities associated with its convertible notes as of July 31, 2017, and July 31, 2016:

	Amount
Balance July 31, 2015	\$ 69,864
Debt discount originated from derivative liabilities	-
Initial loss recorded	-
Adjustment to derivative liability due to debt conversion	-
Change in fair market value of derivative liabilities	(2,488)
Balance July 31, 2016	\$ 67,376
Debt discount originated from derivative liabilities	50,383
Initial loss recorded	89,739
Adjustment to derivative liability due to debt settlement	(62,513)
Change in fair market value of derivative liabilities	1,244
Balance July 31, 2017	\$ 146,229

The Black-Scholes model utilized the following inputs to value the derivative liabilities at the date of issuance of the convertible note and at July 31, 2017:

Fair value assumptions – derivative notes:	July 31, 2017
Risk free interest rate	0.11-1.23 %
Expected term (years)	0.01-3
Expected volatility	210-378 %
Expected dividends	0 %

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

10. STOCK WARRANTS

The following is a summary of warrant activity during years ended July 31, 2017 and 2016:

	Number of Shares	Weighted Average Exercise Price
Balance, July 31, 2015	47,619	\$ 0.05
Warrants granted and assumed	-	-
Warrants expired	47,619	\$ 0.05
Warrants canceled	-	-
Warrants exercised	-	-
Balance, July 31, 2016	-	\$ -
Warrants granted and assumed	125,000	\$ 1.00
Warrants expired	-	-
Warrants canceled	-	-
Warrants exercised	-	-
Balance, July 31, 2017	125,000	\$ 1.00

None of the warrants outstanding as of July 31, 2017 were exercisable.

On May 9, 2017, the Company issued stock warrants to purchase 100,000 shares of its common stock to a lender as part of a financing agreement with Bellridge Capital. The warrants have a strike price of \$0.75. The stock warrants were exercisable six-months from grant and have a life of 3 years.

On May 12, 2017, the Company issued stock warrants to purchase 25,000 shares of its common stock as part of an asset purchase agreement. The warrants have a strike price of \$2.00. The stock warrants were exercisable six-months from grant and have a life of 3 years. The stock warrants were valued at \$12,761 using the Black-Scholes option pricing model. The valuation was made using the following assumptions: stock price at grant: \$0.51; exercise price: \$2.00; term: 3 years; risk-free interest rate: 1.49%; volatility: 434%.

11. SHAREHOLDERS' DEFICIT

Overview

The Company's authorized capital stock consists of 500,000,000 shares of \$0.001 par value common stock and 10,000,000 shares of \$0.001 par value preferred stock.

As of July 31, 2017, and July 31, 2016, the Company had 118,778,391 and 8,490,391 shares of common stock issued and outstanding, respectively.

As of July 31, 2017, and July 31, 2016, the Company had 2,000,000 and 0 shares of Series A Preferred Stock issued and outstanding, respectively.

As of July 31, 2017, and July 31, 2016, the Company had 165,000 and 0 shares of Series B Preferred Stock issued and outstanding, respectively.

On June 10, 2016, the Company effected a 14:1 reverse stock split. All share and per share data in the accompanying financial statements and footnotes has been adjusted retrospectively for the effects of the stock split.

On January 23, 2017, the Company increased its number of authorized shares of common stock from 100,000,000 to 500,000,000, and authorized 10,000,000 shares of preferred stock, with the Company's board of directors having authority to designate the rights and preferences of each series of preferred stock.

Description of Common Stock

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

Our common stock is entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Except as otherwise required by law or provided in any resolution adopted by our board of directors with respect to any series of preferred stock, the holders of our common stock will possess all voting power. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all shares of our common stock that are present in person or represented by proxy, subject to any voting rights granted to holders of any preferred stock. Holders of our capital stock representing fifty percent (50%) of the votes associated with our capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of our stockholders. A vote by the holders of a majority of our outstanding shares is required to effectuate certain fundamental corporate changes such as a liquidation, merger or an amendment to our articles of incorporation.

Subject to any preferential rights of any outstanding series of preferred stock created by our board of directors from time to time, the holders of shares of our common stock will be entitled to such cash dividends as may be declared from time to time by our board of directors from funds available therefor.

Subject to any preferential rights of any outstanding series of preferred stock created from time to time by our board of directors, upon liquidation, dissolution or winding up, the holders of shares of our common stock will be entitled to receive pro rata all assets available for distribution to such holders.

In the event of any merger or consolidation of our company with or into another company in connection with which shares of our common stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of our common stock will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash). Holders of our common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to our common stock.

Description of Preferred Stock

Our board of directors is authorized to divide the authorized shares of our preferred stock into one or more series, each of which must be so designated as to distinguish the shares of each series of preferred stock from the shares of all other series and classes. Our board of directors is authorized, within any limitations prescribed by law and our articles of incorporation, to fix and determine the designations, rights, qualifications, preferences, limitations and terms of the shares of any series of preferred stock, including, but not limited to, the following:

- the rate of dividend, the time of payment of dividends, whether dividends are cumulative, and the date from which any dividends accrue;
- whether shares may be redeemed, and, if so, the redemption price and the terms and conditions of redemption;
- the amount payable upon shares in the event of voluntary or involuntary liquidation;
- sinking fund or other provisions, if any, for the redemption or purchase of shares;
- the terms and conditions on which shares may be converted, if the shares of any series are issued with the privilege of conversion;
- voting powers, if any, provided that if any of the preferred stock or series thereof have voting rights, such preferred stock or series shall vote only on a share for share basis with the common stock on any matter, including, but not limited to, the election of directors, for which such preferred stock or series has such rights; and,
- subject to the foregoing, such other terms, qualifications, privileges, limitations, options, restrictions, and special or relative rights and preferences, if any, of shares or such series as the board of directors may, at the time so acting, lawfully fix and determine under the laws of the State of Nevada.

Series A Preferred Stock

On January 24, 2017, pursuant to Article III of our Articles of Incorporation, the Company designated a class of preferred stock, the “Series A Preferred Stock,” consisting of three million (3,000,000) shares, par value \$0.001.

Under the Certificate of Designation, holders of the Series A Preferred Stock are entitled at their option to convert their preferred shares into common stock at a conversion rate of one hundred (100) shares of common stock for every one (1) share of Series A Preferred Stock. The holders are further entitled to vote together with the holders of the Company’s common stock on all matters submitted to shareholders at a rate of one hundred (100) votes for each share held. The holders are entitled to equal rights with our common stockholders as it relates to liquidation preference.

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

Series B Preferred Stock

On May 12, 2017, pursuant to Article III of our Articles of Incorporation, the Company designated a class of preferred stock, the “Series B Preferred Stock,” consisting of up to one hundred twenty thousand (120,000) shares, par value \$0.001.

On June 5, 2017, the Company amended the designation to increase the number of shares of Series B Preferred Stock to one hundred sixty-five thousand (165,000) shares, par value \$0.001.

Under the Certificate of Designation, as amended, holders of Series B Preferred Stock are entitled to a liquidation preference on the stated value of \$1.00 per share. The shares carry a mandatory conversion provision, and all shares of Series B Preferred Stock will be redeemed by the Company one year from issuance, at a variable conversion rate equal to the stated price of \$1.00 divided by the prior day’s closing price as quoted on OTC Markets. Holders of Series B Preferred Stock are not entitled to any voting or dividend rights.

Issuances of Common and Preferred Stock for the year ended July 31, 2016

On July 20, 2016, the Company issued 3,200,569 shares of common stock of the Company to a former officer of the Company in exchange for \$225,000 of accrued consulting fees due to our sole officer and director. The shares were fair valued at \$384,067, and a loss on settlement of debt of \$162,269 was recorded as a result of the transaction.

Issuances of Common and Preferred Stock for the year ended July 31, 2017

On January 23, 2017, the Company issued 100,000,000 shares of common stock and 2,000,000 shares of Series A Preferred Stock to our current officer and director, Brandon Romanek, as consideration under an asset purchase agreement with him. (See Note 12 for additional details.)

On February 6, 2017, the Company issued 10,000,000 shares of common stock in settlement of \$10,000 of debt. (See Note 9 for additional details.)

On May 12, 2017, the Company issued 120,000 shares of Series B Preferred Stock as consideration under the asset purchase agreement described in Note 13. (See Note 13 for additional details.)

On June 6, 2017, the Company issued 45,000 shares of Series B Preferred Stock as consideration under the asset purchase agreement described in Note 13. (See Note 13 for additional details.)

On June 26, 2017, the Company issued 88,000 shares of common stock to a consultant for services to be rendered between July 1, 2017, and June 30, 2018. The shares were fair valued at \$38,782 at the date of grant. \$3,196 was reported as stock compensation, and \$35,586 was capitalized as prepaid expense as of July 31, 2017.

On June 12, 2017, the Company issued 200,000 shares of common stock to a consultant for services to be rendered between June 15, 2017 and September 15, 2017. The shares were fair valued at \$86,360 at the date of grant. \$43,181 was reported as stock compensation, and \$43,179 was capitalized as prepaid expense as of July 31, 2017.

12. ASSET PURCHASE AGREEMENT

On January 20, 2017, the Company entered into an asset purchase agreement with its current officer and director, Brandon Romanek, under which it acquired certain patent and trademark applications and other intellectual property in exchange for 100,000,000 shares of common stock and 2,000,000 shares of Series A Preferred Stock.

Due to the common control nature of the transaction the Company recorded the assets at their historical carrying amounts in accordance with ASC 805-50-30. The shares issued as consideration were fair valued at \$20,100,000, as a result the difference between the value of the proceeds transferred and the carrying amounts of the net assets received was recognized in additional paid-in capital.

The purchase price was allocated as follows:	Amount
Patents and patents pending	\$ 13,717
Trademarks	1,000
Website and domain names	15,098
dHydronator Prototype	27,100
Total historical costs of assets acquired	<u>\$ 56,915</u>

MILLENNIUM BLOCKCHAIN, INC.
(formerly THC Therapeutics, Inc.)
NOTES TO FINANCIAL STATEMENTS
(AUDITED)

13. ASSET PURCHASE AGREEMENT - HEALTH SPA

On May 12, 2017, the Company entered into an asset purchase agreement with a third party under which it acquired four (4) float spa units and the associated equipment, subject to an existing lien, along with a client list, in exchange for an initial payment of \$20,000 cash, 120,000 shares of Series B Preferred Stock valued at \$120,000, a \$60,000 promissory note and warrants to purchase 25,000 shares of common stock. The Company also agreed to settle a lien on certain assets acquired through the issuance of 45,000 shares of Series B Preferred Stock.

The warrants have a strike price of \$2.00. The stock warrants were exercisable six-months from grant and have a life of 3 years. The stock warrants were valued at \$12,761 using the Black-Scholes option pricing model. The valuation was made using the following assumptions: stock price at grant: \$0.51; exercise price: \$2.00; term: 3 years; risk-free interest rate: 1.49%; volatility: 434%.

The total consideration for the transaction carried a fair value of \$257,761, and the fair value of the assets was deemed by the Company to be \$60,000. An initial impairment loss of \$197,761 was reported as a result of the transaction.

The purchase price was allocated as follows:	Amount
Float Spa units and related equipment	\$ 60,000
Client lists	-
Balance July 31, 2017	<u>\$ 60,000</u>

14. COMMITMENTS AND CONTINGENCIES

The Company does not own any real property. It does own personal property, and it leases office space on a month-to-month basis. There is no obligation for this arrangement to continue.

15. SUBSEQUENT EVENTS

In accordance with ASC Topic 855-10, the Company has analyzed its operations subsequent to July 31, 2017 to the date these financial statements were available to be issued, and has determined that it does not have any material subsequent events to disclose in these financial statements other than the events described below.

On August 10, 2017, the Company issued 5,000 shares of common stock to a consultant for services rendered. The shares were fair valued at \$1,740 at the date of grant.

On August 28, 2017, the Company issued 2,500 shares of common stock to a consultant for services rendered. The shares were fair valued at \$778 at the date of grant.

On October 13, 2017, we entered into a promissory note pursuant to which we borrowed \$30,000. Interest under the convertible promissory note is 25% per annum, and the principal and all accrued but unpaid interest is due in four equal quarterly payments of \$9,375.

On October 13, 2017, the Company issued stock warrants to purchase 30,000 shares of its common stock to a lender as part of a financing agreement. The warrants have a strike price of \$2.00. The stock warrants were exercisable immediately upon grant and have a life of 3 years. The stock warrants were valued at \$8,497 using the Black-Scholes option pricing model. The valuation was made using the following assumptions: stock price at grant: \$0.34; exercise price: \$2.00; term: 3 years; risk-free interest rate: 1.64%; volatility: 434%.

Effective November 20, 2017, the Company entered into a Joint Venture Agreement with ADVFN plc of the United Kingdom ("ADVFN") to create a joint venture entity, MJAC InvestorsHub International Conferences Limited, to be owned 50/50 by the Company and ADVFN. A copy of the agreement can be viewed on the Company's website at <http://thctherapeutics.com/wp-content/uploads/2017/03/MJAC%20JV%20agreement%2020-11-17%20opt2.pdf>.