

BLACKSTONE VENTURES INC.

Condensed Interim Financial Statements

For the Three and Six Months Ended June 30, 2015 and 2014

Unaudited

(Expressed in Canadian dollars – unless otherwise stated)

NOTICE TO READER:

These condensed interim financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management.

BLACKSTONE VENTURES INC.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	June 30, 2015	December 31 2014
ASSETS		
Current		
Cash	\$ -	\$ 8,041
Accounts receivable	4,442	4,183
Prepaid expenses	-	-
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	\$ 4,442	\$ 12,224
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 110,002	\$ 102,141
Payable to related parties (Note 3)	495,972	463,405
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	605,974	565,546
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	47,986,668	47,986,668
Reserves (Note 5)	7,553,174	7,553,174
Accumulated other comprehensive loss	-	-
Deficit	(56,141,374)	(56,093,164)
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	(601,532)	(553,322)
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	\$ 4,442	\$ 12,224

Nature of operations (Note 1)

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

BLACKSTONE VENTURES INC.**Condensed Interim Statements of Loss and Comprehensive Loss****For the Three and Six Months Ended June 30, 2015 and 2014**

(Unaudited - Expressed in Canadian dollars)

	Three Months Ending		Six Months Ending	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Expenses				
Interest and bank charges	\$ -	\$ 45	\$ -	\$ 81
Investor relations	-	2,619	450	2,619
Office	1,278	117	1,458	4,287
Salaries	22,560	30,000	45,060	65,040
Regulatory fees	5,918	745	13,578	7,491
	29,756	33,526	60,546	79,518
Other (income)/ expense				
Gain on renegotiation of debt	(12,336)	-	(12,336)	(26,012)
Loss on sale of investments	-	-	-	435,606
NET LOSS	17,420	33,526	48,210	489,112
Transfer of unrealized loss on investments to operations	-	-	-	(434,973)
COMPREHENSIVE LOSS	\$ 17,420	\$ 33,526	\$ 48,210	\$ 54,139
BASIC AND DILUTED LOSS PER SHARE	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	121,452,864	121,452,864	121,452,864	121,452,864

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

BLACKSTONE VENTURES INC.**Condensed Interim Statements of Changes in Shareholders' Equity****For the Three and Six Months Ended June 30, 2015 and 2014**

(Unaudited - Expressed in Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
DEFICIT, BEGINNING OF PERIOD	\$ 56,123,954	\$ 55,947,381	\$ 56,093,164	\$ 55,491,795
Net loss	17,420	33,526	48,210	489,112
DEFICIT, END OF PERIOD	\$ 56,141,374	\$ 55,980,907	\$ 56,141,374	\$ 55,980,907
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF PERIOD	\$ -	\$ -	\$ -	\$ (434,973)
Transfer of unrealized loss on investments to operations	-	-	-	434,973
Unrealized loss on investments	-	-	-	-
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF PERIOD	\$ -	\$ -	\$ -	\$ -
RESERVES, BEGINNING OF PERIOD (Note 5)	\$ 7,553,174	\$ 7,553,174	\$ 7,553,174	\$ 7,553,174
Changes during the period	-	-	-	-
RESERVES, END OF PERIOD	\$ 7,553,174	\$ 7,553,174	\$ 7,553,174	\$ 7,553,174
SHARE CAPITAL, BEGINNING OF PERIOD (Note 4)	\$ 47,986,668	\$ 47,986,668	\$ 47,986,668	\$ 47,986,668
Changes during the period	-	-	-	-
SHARE CAPITAL, END OF PERIOD	\$ 47,986,668	\$ 47,986,668	\$ 47,986,668	\$ 47,986,668

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

BLACKSTONE VENTURES INC.**Condensed Interim Statements of Cash Flows****For the Six Months Ended June 30, 2015 and 2014**

(Unaudited - Expressed in Canadian dollars)

	June 30, 2015	June 30, 2014
Cash provided by (used in)		
Operating activities		
Net loss	\$ (48,210)	\$ (489,112)
Items not requiring cash		
Loss on sale of investment	-	435,606
	(48,210)	(53,506)
Changes in non-cash working capital components		
Accounts receivable	(259)	9,385
Accounts payable and accrued liabilities	7,861	(37,635)
Payable to related parties	32,567	52,440
	(8,041)	(29,316)
Investing activities - Proceeds from sale of investments	-	36,584
Financing activities	-	-
(DECREASE) INCREASE IN CASH	(8,041)	7,268
CASH, BEGINNING OF PERIOD	8,041	11,629
CASH, END OF PERIOD	\$ -	\$ 18,897

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

BLACKSTONE VENTURES INC.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Blackstone Ventures Inc. (the “Company”) is an exploration stage company that was incorporated in the Province of British Columbia, Canada. Its principal business activity is the exploration and development of mineral property interests. Its registered office is located at 600 – 888 West Dunsmuir Street, Vancouver, B.C., V6C 3K4, Canada.

The Company currently has a working capital deficiency of \$601,532 and will therefore need funding to continue its operations through equity or debt financing or a combination thereof. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern will be in significant doubt.

These financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company was unable to continue its operations in the normal course of business.

2. BASIS OF PREPARATION

Summary of Significant Accounting Policies

The Company prepares its interim financial statements in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board, including International Accounting Standard 34 – Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2014.

The accounting policies applied in these condensed interim financial statements are based on IFRS effective for the year ending December 31, 2015, as issued and outstanding on August 26, 2015, the date the Board of Directors approved these financial statements.

Accounting Estimates and Judgements

The preparation of these financial statements required management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the recoverability of accounts receivable and deferred tax assets and the valuation of investments.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Preparation of these financial statements did not require critical accounting judgments.

BLACKSTONE VENTURES INC.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

3. RELATED PARTY TRANSACTIONS

Remuneration for directors and key management personnel for the six months ended June 30, 2015 and 2014 were:

	2015	2014
Salaries	\$ 30,000	\$ 60,000

At June 30, 2014, the following amounts were payable to officers of the Company:

	June 30, 2015	December 31, 2014
Salaries and management fees	\$ 428,042	\$ 398,042
Advances payable	67,930	65,363
	\$ 495,972	\$ 463,405

These transactions were all measured at the exchange amounts agreed to by the parties. Amounts due are non-interest bearing with no specific terms of repayment.

Some of the Company's administrative operations were performed by a company in which a current director has a 25% ownership interest. During the six months ended June 30, 2015 this related company charged administrative expenditures of \$15,120 (2014 - \$10,080) to the Company. At June 30, 2015, the Company owed \$59,066 (December 31, 2014 - \$43,946) to this company.

4. SHARE CAPITAL

Authorized - unlimited number of common shares without par value	Number of Shares	Amount
Balance, December 31, 2014 and June 30, 2015	121,452,864	\$ 47,986,668

Share Purchase Options

The Company grants share purchase options to directors, officers, and employees of the Company and persons who provide ongoing services to the Company under an incentive share purchase option plan. The maximum number of options which may be granted under the Plan is 10% of the number of shares of the Company outstanding at the time the options are granted. Options generally vest at the rate of 25% on the date of grant, and another 25% for every six months thereafter.

There were no share purchase options outstanding at June 30, 2015.

Warrants

There were no warrants outstanding at June 30, 2015.

5. RESERVES

	Share Option Reserves	Share Warrant Reserves	Total
Balance, December 31, 2014 and June 30, 2015	\$ 3,582,943	\$ 3,970,231	\$ 7,553,174

BLACKSTONE VENTURES INC.

Notes to the Condensed Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

6. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Fair Value Change on Available- for-Sale Investments
Balance, December 31, 2013	\$ (434,973)
Unrealized loss on investments transferred to operations	434,973
Balance, December 31, 2014 and June 30, 2015	\$ -

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company considers its capital for this purpose to be shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

8. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain risks, including currency risk, credit risk, interest rate risk, liquidity risk and other market risk.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company's receivables consist mostly of Goods and Services Tax due from the federal government of Canada. As such, the Company considers this risk to be minimal.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk when holding fixed rate short term deposits of varying maturities. As at June 30, 2015 the Company was not exposed to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 7. Accounts payable and accrued liabilities and the amounts payable to related parties are due within the current operating period.

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For the three and six months ended June 30, 2015 and 2014

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9. LOSS PER SHARE

The Company's equity instruments which could potentially dilute loss per share consist of share purchase options. The Company's share purchase options are antidilutive for the three months ended June 30, 2015 and 2014 and consequently the Company's diluted loss per share is equal to its basic loss per share. The outstanding share purchase options could potentially dilute loss per share in future periods.

10. SUBSEQUENT EVENT – BUSINESS ACQUISITION

On August 6, 2015 the Company announced that it had entered into a letter of intent to acquire, subject to the receipt of all applicable regulatory and shareholder approvals, all of the issued and outstanding securities of Lattice Biologics Inc. ("**Lattice**"), a private, arm's-length Delaware corporation operating in the field of cellular therapies and tissue engineering. This transaction will be accounted for as a reverse takeover as control of the Company will shift from the current management and shareholders of Blackstone to the current management and shareholders of Lattice. Additional information regarding the transaction can be found in the Company's Management Discussion and Analysis dated August 26, 2015 which is available on SEDAR.