BLOCKCHAINK2 CORP.

Interim Consolidated Financial Statements

For the three and six months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

BLOCKCHAINK2 CORP.

May 30, 2024

Management's Report to the Shareholders

Management is responsible for the reliability and integrity of these financial statements. The accompanying interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The interim consolidated financial statements are presented in Canadian Dollars.

The accompanying interim consolidated financial statements have been prepared using policies and procedures established by management and reflect fairly the Corporation's financial position, results of operations and changes in financial position, within reasonable limits of materiality and within the framework of the accounting policies outlined in the notes to the financial statements. Management has established and maintains a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of a majority of non-management directors. The Audit Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged.

The following interim consolidated financial statements are unaudited and have not been reviewed by the Corporation's auditor.

BLOCKCHAINK2 CORP.
Interim Consolidated Statements of Financial Position
As at March 31, 2024 and September 30, 2023
(Expressed in Canadian dollars)

		March 31, 2024		**September 30, 2023**
		(Unaudited)		(Audited)
Assets				
Current assets:				
Cash	$	209,347	$	37,707
Receivables		36,929		2,603
Prepaid expenses (note 5)		9,508		16,853
		255,784		57,163
Non-current assets:				
Investment in Envexergy Inc. (note 6)		304,358		1,104,584
	$	**560,142**	**$**	**1,161,747**
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities:				
Accounts payable and accrued liabilities (note 10)	$	468,731	$	383,743
Loans payable - short term (notes 7 and 10)		417,401		406,200
		886,132		789,943
Non-current liabilities:				
Loans payable (note 7)		78,414		74,026
		964,546		863,969
Shareholders' Equity (Deficiency)				
Share capital (note 8)		48,019,662		47,505,467
Obligation to issue shares (note 8)		166,523		-
Contributed surplus (note 8)		13,073,908		13,073,908
Accumulated foreign currency translation (note 8)		1,446,341		1,446,374
Deficit		(63,065,049)		(61,684,500)
Non-controlling interest (note 12)		(45,789)		(43,471)
		(404,404)		297,778
	$	**560,142**	**$**	**1,161,747**

Going concern (note 2)
Subsequent events (note 17)

See accompanying notes to the interim consolidated financial statements.

Approved for issuance by the Board of Directors on May 30, 2024

Signed *"Steven Sangha"*
Steven Sangha, Director

Signed *"Sergei Stetsenko"*
Sergei Stetsenko, Director

BLOCKCHAINK2 CORP.

Interim Consolidated Statements of Comprehensive Income (Loss)
For the three and six months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Sales	$ -	$ 9,423	$ -	$ 23,535
Cost of sales	-	(4,216)	-	(12,519)
Gross profit	**-**	**5,207**	**-**	**11,016**
Expenses				
Advertising and promotion	147,230	4,479	147,230	10,442
Consulting fees (note 10)	10,686	13,200	23,886	22,200
Directors' fees (recovery) (note 10)	40,517	(63)	81,196	81,270
Filing and listing fees	21,389	9,217	28,087	11,359
Foreign exchange loss (gain)	4,072	(609)	(2,545)	(5,662)
General and administrative	892	3,560	1,101	9,678
Professional fees (note 10)	18,447	14,117	19,383	20,824
Selling expenses	-	2,865	-	5,581
	(243,233)	**(46,766)**	**(298,338)**	**(155,692)**
Other items				
Interest and accretion (note 7)	(7,632)	(19,236)	(15,708)	(38,399)
Write-off of accounts payable	-	244,569	-	244,569
Impairment loss (note 6)	(1,104,584)	-	(1,104,584)	-
	(1,112,216)	225,333	(1,120,292)	206,170
Net income (loss) from continuing operations	**(1,355,449)**	**183,774**	**(1,418,630)**	**61,494**
Net income (loss) from discontinued operation	35,858	(46,566)	35,858	(96,313)
Net income (loss) for the period	**(1,319,591)**	**137,208**	**(1,382,772)**	**(34,819)**
Other comprehensive income (loss)				
Exchange gain on translation	(384)	1,202	(33)	1,301
Comprehensive income (loss) for the period	**$ (1,319,975)**	**$ 138,410**	**$ (1,382,805)**	**$ (33,518)**
Net income (loss) for the period attributable to:				
Common shareholders of the Corporation	$ (1,318,491)	$ 141,349	$ (1,380,549)	$ (24,908)
Non-controlling interest (note 12)	(1,100)	(4,141)	(2,223)	(9,911)
	$ (1,319,591)	**$ 137,208**	**$ (1,382,772)**	**$ (34,819)**
Comprehensive income (loss) for the period attributable to:				
Common shareholders of the Corporation	$ (1,317,802)	$ 142,529	$ (1,380,487)	$ (23,976)
Non-controlling interest (note 12)	(2,173)	(4,119)	(2,318)	(9,542)
	$ (1,319,975)	**$ 138,410**	**$ 1,382,805**	**$ (33,518)**
Earnings (loss) per share from continuing operations - Basic and diluted (note 9)	**$ (0.06)**	**$ 0.01**	**$ (0.06)**	**$ 0.00**
Earnings (loss) per share - Basic and diluted (note 9)	**$ (0.05)**	**$ 0.01**	**$ (0.06)**	**$ (0.00)**

See accompanying notes to the interim consolidated financial statements.

BLOCKCHAINK2 CORP.
Interim Consolidated Statements of Shareholders' Equity (Deficiency)
For the six months ended March 31,
(Unaudited - Expressed in Canadian dollars)

		2024		2023
Share capital				
Balance, beginning of period	$	47,505,467	$	47,263,590
Issued pursuant to a private placement		525,000		-
Share issue costs		(10,805)		-
Balance, end of period		48,019,662		47,263,590
Obligation to issue shares				
Balance, beginning of period		-		-
Share subscriptions received in advance pursuant to a private placement		166,523		-
Balance, end of period		166,523		-
Contributed surplus				
Balance, beginning of period		13,073,908		13,071,322
Fair value adjustment to loans payable		-		2,586
Balance, end of period		13,073,908		13,073,908
Accumulated foreign currency translation				
Balance, beginning of period		1,446,374		1,446,291
Gain (loss) on translation		(33)		1,301
Balance, end of period		1,446,341		1,447,592
Deficit				
Balance, beginning of period		(61,684,500)		(61,368,364)
Net loss for the period		(1,380,549)		(24,908)
Balance, end of period		(63,065,049)		(61,393,272)
Non-controlling interest				
Balance, beginning of period		(43,471)		(28,051)
Net loss for the period		(2,223)		(9,911)
Gain (loss) on translation		(95)		369
Balance, end of period		(45,789)		(37,593)
Shareholders' equity (deficiency)	**$**	**(404,404)**	**$**	**354,225**

See accompanying notes to the interim consolidated financial statements.

BLOCKCHAINK2 CORP.

Interim Consolidated Statements of Cash Flows
For the three and six months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Cash provided by (used in):				
Operating activities:				
Income (loss) from continuing operations	$ (1,355,449)	$ 183,774	$ (1,418,630)	$ 61,494
Income (loss) from discontinued operation	35,858	(46,566)	35,858	(96,313)
Net income (loss) for the period	(1,319,591)	137,208	(1,382,772)	(34,819)
Items not affecting cash:				
Interest and accretion	7,632	19,236	15,708	38,399
Write-off of accounts payable	-	(244,569)	-	(244,569)
Impairment loss	1,104,584	-	1,104,584	-
Cash flows before non-cash operating working capital	**(207,375)**	**(88,125)**	**(262,480)**	**(240,989)**
Change in non-cash operating working capital:				
Increase in receivables	(33,436)	(2,961)	(34,326)	(1,900)
Decrease in prepaids	2,289	-	7,345	-
Decrease in inventory	-	2,519	-	6,403
Increase in trade payables	51,651	74,535	84,988	182,625
Cash flows from non-cash operating working capital	20,504	74,093	58,007	187,128
Cash flows used in operating activities	**(186,871)**	**(14,032)**	**(204,473)**	**(53,861)**
Investing activity:				
Investment in Envexergy	(304,358)	-	(304,358)	-
Cash flows used in investing activity	**(304,358)**	-	**(304,358)**	-
Financing activities:				
Proceeds from loans, net	-	851	-	25,172
Proceeds from issuance of shares	525,000	-	525,000	-
Share issuance costs	(10,805)	-	(10,805)	-
Obligation to issue shares	166,523	-	166,523	-
Cash flows provided by financing activities	**680,718**	**851**	**680,718**	**25,172**
Effect of foreign exchange on cash	684	1,162	(247)	610
Net change in cash	190,173	(12,019)	171,640	(28,079)
Cash, beginning of period	19,174	28,597	37,707	44,657
Cash, end of period	**$ 209,347**	**$ 16,578**	**$ 209,347**	**$ 16,578**

See accompanying notes to the interim consolidated financial statements.

1. Nature of operations and basis of presentation:

BlockchainK2 Corp. (the "Corporation") is a public company incorporated under the Company Act, Alberta, Canada and its shares are listed on the NEX Board on the TSX Venture Exchange ("Exchange"). In 2016, the Corporation ceased to operate in the resource sector. Management completed a "Change of Business" transaction ("COB Transaction") pursuant to the policies of the Exchange and became a blockchain technology company, listed on the Exchange, on May 28, 2018. The Corporation changed its name to BlockchainK2 Corp. and its stock symbol to BITK.

The Corporation is currently operating as a holding company investing in blockchain technology solutions for capital markets and other sectors that can be made more efficient through tokenization. To date, the Corporation have had invested in three separate ventures: 1. Amplify Games Inc. ("Amplify"); 2. iRecover Inc. ("iRecover"); and 3. Envexergy Inc. (Envexergy) (note 6). The Corporation also holds a 51% interest in Sobe Organics Inc. ("Sobe Organics") (note 11). Sobe Organics is an omni-channel platform that distributes a broad line of CBD infused products. It owns the CBD indie beauty brand, Lux Beauty Club, which sells online to subscription box retailers, distributors, specialty chains, and private label businesses.

Effective August 3, 2018, the Corporation began trading on the U.S. OTC Market under the symbol BIDCF. Effective February 19, 2021, the Corporation began trading on the Frankfurt Stock Exchange under the symbol KRL2.

On February 23, 2021, the Corporation incorporated a wholly owned subsidiary, iRecover, a company that is planning on offering online substance abuse education and support for middle, high school and college students.

On March 1, 2021, the Corporation launched Amplify. Amplify utilizes blockchain technology to create a decentralized distribution network for digital games.

On February 26, 2024, the Corporation completed the dissolution of its wholly owned subsidiaries, Amplify and iRecover. As a result of the loss of control on Amplify, the Corporation derecognized all assets and liabilities at their book values on March 31, 2024 and wrote down all balances receivable from Amplify to $Nil. During the six months ended March 31, 2024, the Corporation recorded a gain on dissolution of Amplify of $35,858 as a discontinued operation and reclassified the operating results of Amplify as a discontinued operation for the six months ended March 31, 2023.

As of the year ended September 30, 2023, Sobe Organics ceased operations and has the intention to proceed with dissolution. However, the dissolution process has not been completed as of date.

The address of the Corporation's main office is 400 - 837 West Hastings Street, Vancouver, BC V6C3N6.

Statement of compliance

These interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), in particular IAS 34, interim reporting, and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The preparation of interim consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in note 4.

1. Nature of operations and basis of presentation (continued):

Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis, except for the valuation of certain financial assets and financial liabilities at fair value.

Items included in the interim consolidated financial statements of the Corporation and its subsidiaries are measured using the currency of the primary economic environment in which the Corporation operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2. Going concern:

The interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Corporation manages its activity levels, expenditures and commitments based on its current cash position. For the six months ended March 31, 2024, the Corporation reported a net loss of $1,382,772 (2023 - $34,819), negative operating cash flows of $204,473 (2023 - $53,861), and a deficit of $63,065,049 (September 30, 2023 - $61,684,500). The ability of the Corporation to continue as a going concern is dependent on generating profitable operations and raising additional financing in the form of debt and/or equity in order to meet its planned objectives. Having been prepared, giving effect to the going concern assumption, these interim consolidated financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities reported that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

3. Material accounting policies:

The accounting policies followed in these interim consolidated financial statements are the same as those applied in the Corporation's most recent audited consolidated annual financial statements for the year ended September 30, 2023, except for the adoption of *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) mentioned below. Therefore, it is recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Corporation for the years ended September 30, 2023 and 2022. Material accounting policies and judgments were adopted by the Corporation.

a.) Basis of consolidation

The interim consolidated financial statements include the accounts of the Corporation and its subsidiaries.

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with the subsidiaries are eliminated on consolidation. The financial statements of the subsidiaries are prepared using consistent accounting policies with that of the Corporation.

(Unaudited - Expressed in Canadian dollars)

3. Material accounting policies (continued):

a.) Basis of consolidation (continued)

At March 31, 2024 and September 30, 2023, the Corporation's active subsidiaries are as follows:

			Percentage owned	
	Country of incorporation	Principal activity	March 31, 2024	September 30, 2023
Sobe Organics	US	Health and beauty products	51%	51%
Amplify*	US	Digital game distribution	0%	100%
iRecover*	US	Addiction recovery platform	0%	100%

*Amplify and iRecover were dissolved on February 26, 2024.

Non-controlling interests

Non-controlling interests in the Corporation's less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Corporation.

Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Adjustments to recognize the noncontrolling interests' share of changes to the subsidiary's equity are made even if this results in the noncontrolling interests having a deficit balance.

Changes in the Corporation's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interests and the Corporation's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to the shareholders of the Corporation.

b.) Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and cash held in trust accounts with maturities of three months or less.

c.) Foreign currency translations

The functional currency of the Corporation is Canadian dollars and the functional currency of Sobe Organics is the US dollar.

Transactions in foreign currencies are translated into the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items are measured in terms of historical cost in a foreign currency and are translated using the exchange rate at the date of the transaction. The foreign currency gains or losses resulting from such transactions are recognized in the consolidated statement of comprehensive loss.

The assets and liabilities of the Corporation's subsidiaries which have functional currencies different from the presentation currency of the Corporation are translated to the presentation currency at the rate of exchange in effect at the financial period end; revenue and expenses are translated at average exchange rates. All

3. Material accounting policies (continued):

c.) Foreign currency translations (continued)

resulting exchange gains or losses are recognized as a foreign currency translation adjustment and included as a separate component of equity.

d.) Impairment of non-financial assets

The Corporation reviews the carrying amounts of its non-financial assets, including equipment and intangible assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. Fair value less costs of disposal is estimated using recent market prices for similar items that would be received in an orderly transaction between market participants at the measurement date. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in the consolidated statement of comprehensive loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

e.) Income taxes

Income tax expense is comprised of current and deferred tax components.

The Corporation follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit. Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date. Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

3. Material accounting policies (continued):

f.) Share capital

Financial instruments issued by the Corporation are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

g.) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to profit or loss.

h.) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

i.) Warrants classified as equity

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of commons shares and a certain number of share purchase warrants.

The Corporation has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the components. The fair value of the common share is based on the closing price on the closing date of the transaction and the fair value of the warrant is determined using the Black-Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

3. Material accounting policies (continued):

j.) Loss per share amounts

Basic loss per share is calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year. Under this method, the basic and diluted loss per share is the same, as the effect of common shares issuable upon the exercise of options and warrants is anti-dilutive.

k.) Revenue

IFRS 15 Revenue from Contracts with Customers, utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Corporation recognizes revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset.

Revenue is from sales of health and beauty products of the Corporation’s subsidiary, Sobe Organics.

l.) IFRS 9, *Financial Instruments*

Classification

The Corporation classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Corporation determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Corporation’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Corporation has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	IFRS 9 Classification
Cash	FVTPL
Receivables	Amortized cost
Investment in Envexergy	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

3. Material accounting policies (continued):

l.) IFRS 9, *Financial Instruments* (continued)

Measurement (continued)

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Corporation recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Corporation measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Corporation measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Corporation recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities
The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss. The Corporation also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3. Material accounting policies (continued):

m.) Adoption of new and revised accounting standards and interpretations

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, *Making Materiality Judgements* to disclose material accounting policy information rather than significant accounting policies. Further amendments explain how an entity can identify a material accounting policy and clarify that information may be material because of its nature, even if the related amounts are immaterial. The amendments are effective January 1, 2023, and have not had a material effect on the Corporation's interim consolidated financial statements.

A number of new or amended accounting standards are scheduled for mandatory adoption on or after October 1, 2023. The Corporation has not adopted these new standards early in preparing these interim consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Corporation's interim consolidated financial statements.

4. Critical accounting estimates and judgments:

The Corporation has made estimates and assumptions regarding certain assets, liabilities, and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting estimates

a.) Share-based payments

The Corporation has made various assumptions in estimating the fair values of stock options and warrants granted including expected volatility, expected exercise behavior and future forfeiture rates.

Accounting judgments

a.) Deferred taxes

Tax interpretations, regulations and legislation are subject to change and as such income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Actual results may differ from these estimates due to, among other factors, future changes in business environment, currently unknown changes in income tax legislation, or results from the final review of tax returns by tax authorities.

b.) Going concern assessment

The interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Corporation's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the consolidated statement of financial position would be necessary, and such adjustments could be material.

(Unaudited - Expressed in Canadian dollars)

5. Prepaid expenses:

The Corporation had the following prepaid expenses as at March 31, 2024 and September 30, 2023:

		March 31, 2024		**September 30, 2023**
Filing and listing fees	$	6,741	$	16,853
Legal fees		2,767		-
	$	**9,508**	**$**	**16,853**

6. Investment in Envexergy:

Balance, September 30, 2022	**$**	**1,284,346**
Change in fair value		(179,762)
Balance, September 30, 2023		**1,104,584**
Addition		304,358
Impairment		(1,104,584)
Balance, March 31, 2024	**$**	**304,358**

In October 2020, the Corporation invested $265,840 (US$200,000) in Envexergy as part of Envexergy's US$7 million Series A round of financing. The Corporation's investment allows it to maintain its pro rata share of Envexergy and adds to its previous $654,350 (US$500,000) investment in Envexergy, which was completed in July of 2019 as part of a US$3.1-million seed round of financing by Envexergy.

As at September 30, 2023, the fair value of the investment (223,580 shares of Envexergy) was calculated to be $1,104,584 (US$817,000) (2022 - $1,284,346 (US$937,000)), applying the market approach of valuation. The Corporation estimated the fair value of Envexergy, as a going concern, mainly on the basis of observable arm's length transactions in Envexergy's shares between its shareholders.

On February 7, 2024, the Corporation purchased 1,001,730,300 common shares in Envexergy at a price of $0.000224611 per share for a consideration of $304,358 (US$225,000), an acquisition equivalent to 99.34% of the equity interest in Envexergy. The Corporation recorded an impairment of investment of $1,104,584 during the six months ended March 31, 2024. The Corporation determined that the acquisition was not completed during the six months ended March 31, 2024. As such, the purchase of common shares was accounted as an investment as of March 31, 2024.

Valuation Techniques

The valuation model is based on weighting of the three methods of the market approach: a) 90% weighting on prior transactions adjusted for market change of 5.5% increase; b) 5% weighting on comparable public companies; and c) 5% weighting on transaction in comparable companies.

Quantitative impact/Sensitivity

The higher of market change assumption, the higher of the fair value in investment. A 1% change in market change assumption will result in a change of $8,000 for the investment.

(Unaudited - Expressed in Canadian dollars)

7. Loans payable:

In March 2020, the Corporation acquired 51% of all the issued and outstanding shares of Sobe Organics (note 11). Pursuant to the business combination, the Corporation assumed the outstanding loans payable of Sobe Organics.

		Government loans (a,b)		Director's loan (c)		Total
Balance, September 30, 2022	**$**	**83,292**	**$**	**420,778**	**$**	**504,070**
Addition		-		30,000		30,000
Discount		-		(2,586)		(2,586)
Interest		12,043		45,063		57,106
Repayment		(7,239)		(100,000)		(107,239)
Foreign exchange adjustment		(1,125)		-		(1,125)
Balance, September 30, 2023		**86,971**		**393,255**		**480,226**
Interest		4,536		11,172		15,708
Repayment		(310)		-		(310)
Foreign exchange adjustment		191		-		191
Balance, March 31, 2024	**$**	**91,388**	**$**	**404,427**	**$**	**495,815**

Short-term	$	12,974	$	404,427	$	417,401
Long-term		78,414		-		78,414
Balance, March 31, 2024	**$**	**91,388**	**$**	**404,427**	**$**	**495,815**

a.) On May 23, 2020, the Corporation obtained a government loan of $48,445 (US$36,000). As at September 30, 2021, the carrying value of the loan was $21,231. This value was based upon an undiscounted future cash flows of $85,264 (US$63,360), annual interest rate of 3.75% and risk adjusted discount rate of 15%. The government loan has an annual interest rate of 3.75% and payable in 360 monthly payments of principal and interest beginning 12 months from the promissory note date. The government loan is expected to be fully repaid in 2050. The Corporation's inventory is held as collateral under the loan agreement.

During the year ended September 30, 2023, the Corporation accrued interest of $2,876 (US$2,133) (2022 - $2,697 (US$2,111)), and recorded gain of $Nil (2022 - $3,894 (US$3,049)) from deferment of payment for 30 months from the original note date. As at September 30, 2023, the carrying value of the loan was $24,146 (US$17,859) (2022 - $21,556 (US$15,726)).

During the six months ended March 31, 2024, the Corporation accrued interest of $1,192 (US$879) (2023 - $1,470 (US$1,085)). As at March 31, 2024, the carrying value of the loan was $25,391 (US$18,739).

b.) On July 19, 2021, the Corporation obtained another government loan of $145,751 (US$116,000). As at September 30, 2021, the carrying value of the loan was $58,928. This value was based upon an undiscounted future cash flows of $262,438 (US$211,320), annual interest rate of 3.75% and risk adjusted discount rate of 15%. The government loan has an annual interest rate of 3.75% and payable in 360 monthly payments of principal and interest beginning 12 months from the promissory note date. The government loan is expected to be fully repaid in 2051. The Corporation's inventory is held as collateral under the loan agreement.

(Unaudited - Expressed in Canadian dollars)

7. Loans payable (continued):

During the year ended September 30, 2023, the Corporation accrued interest of $9,167 (US$6,797) (2022 - $7,549 (US$5,910)), and recorded gain of $Nil (2022 - $8,745 (US$6,847)) from deferment of payment for 30 months from the original note date. The Corporation made total repayments of $7,239 (US$5,368) during the year. As at September 30, 2023, the carrying value of the loan was $62,825 (US$46,469) (2022 - $61,736 (US$45,039)).

During the six months ended March 31, 2024, the Corporation accrued interest of $3,344 (US$2,467) (2023 - $4,593 (US$3,389)). As at March 31, 2024, the carrying value of the loan was $65,997 (US$48,706).

c.) During the year ended September 30, 2022, the Corporation received loans of $425,000 from a director of the Corporation. The loans are due in 12 months, bears a 6% interest per annum, and is not collateralized (note 10). The Corporation has calculated the aggregate initial fair value of the loans as $388,362, using a discount rate of 16%. The difference between the fair value and the carrying value was recorded as a discount of $36,638 on the consolidated statements of shareholders' equity as contributed surplus.

During the year ended September 30, 2023, the Corporation received additional loans of $30,000 from the same director of the Corporation (note 10). The loans are due in 12 months, bears a 6% interest per annum, and are not collateralized. The Corporation has calculated the aggregate initial fair value of the loans as $27,414, using a discount rate of 16%. The difference between the fair value and the carrying value was recorded as a discount of $2,586 on the consolidated statements of shareholders' equity (deficiency) as contributed surplus.

During the year ended September 30, 2023, the Corporation accrued interest of $25,445 (2022 - $13,303) and recorded accretion expense of $19,618 (2022 - $19,113). The Corporation repaid $100,000 during the year ended September 30, 2023. As at September 30, 2023, the aggregate carrying value of the loans were $393,255 (2022 - $420,778).

During the six months ended March 31, 2024, the Corporation accrued interest of $10,679 (2023 - $13,270) and recorded accretion expense of $493 (2023 - $19,066). As at March 31, 2024, the aggregate carrying value of the loans was $404,427.

8. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares.

b.) Issued:

	Number of Shares		Amount
Balance, September 30, 2022	**16,780,962**	**$**	**47,263,590**
Issued pursuant to private placement	4,545,452		250,000
Share issue costs	-		(8,123)
Balance, September 30, 2023	**21,326,414**		**47,505,467**
Issued pursuant to private placement	5,000,000		525,000
Share issue costs	-		(10,805)
Balance, March 31, 2024	**26,326,414**	**$**	**48,019,662**

(Unaudited - Expressed in Canadian dollars)

8. Share capital (continued):

b.) Issued (continued):

On February 6, 2024, the Corporation closed its non-brokered private placement offering of 5,000,000 common shares at a price of $0.105 per common share for aggregate gross proceeds of $525,000.

On July 10, 2023, the Corporation closed its non-brokered private placement offering of 4,545,452 common shares at a price of $0.055 per common share for aggregate gross proceeds of $250,000.

During the six months ended March 31, 2024, the Corporation received $166,523 in advance for common shares issued subsequent to March 31, 2024 pursuant to the closing of private placement (Note 17).

c.) Stock options:

The Corporation has an Option Plan whereby a maximum of 20% of the issued and outstanding common shares of the Corporation may be reserved for issuance pursuant to the exercise of stock options. The stock options vest immediately on the date of grant unless otherwise required by the Exchange or imposed by the Corporation.

A summary of the Corporation's stock options, and the changes during the period then ended is as follows:

	March 31, 2024		**September 30, 2023**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding and exercisable, beginning and end of period	**2,744,968**	**$ 0.44**	**2,744,968**	**$ 0.44**

There were no stock options granted during the six months ended March 31, 2024.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2024:

Exercise Price	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.16	410,274	3.26	$0.16
$0.52	434,080	3.60	$0.52
$0.25	1,130,614	4.20	$0.25
$0.77	700,000	6.76	$0.77
$1.21	70,000	6.91	$1.21
	2,744,968	**4.68**	**$0.44**

d.) Warrants:

There are no warrants outstanding as at September 30, 2023 and March 31, 2024.

(Unaudited - Expressed in Canadian dollars)

8. Share capital (continued):

e.) Contributed surplus:

Contributed surplus includes share-based payment reserves which records the fair value of stock options and warrants granted until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital. Contributed surplus also includes discount on loans payable.

f.) Accumulated foreign currency translation reserve:

Exchange gains and losses arising from translation of foreign currency denominated transactions are included in accumulated foreign currency translation.

9. Loss per share:

The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

Three months ended March 31,	**2024**	**2023**
Weighted average shares outstanding, basic and diluted	24,293,447	16,780,962

Six months ended March 31,	**2024**	**2023**
Weighted average shares outstanding, basic and diluted	22,801,824	16,780,962

In calculating diluted loss per common share for the three and six months ended March 31, 2024 and 2023, the Corporation excluded all options and warrants as it is currently in a loss position and would result in a diluted loss for the period.

10. Key management compensation and related party transactions:

The following is a summary of the related party transactions that occurred throughout the three and six months ended March 31, 2024 and 2023:

a.) During the three months ended March 31, 2024, the Corporation incurred directors' fees of $40,517 (2023 - $40,569) to a current director of the Corporation.

During the six months ended March 31, 2024, the Corporation incurred directors' fees of $81,196 (2023 - $81,270) to a current director of the Corporation.

b.) During the three months ended March 31, 2024, the Corporation incurred consulting fees of $9,000 and professional fees of $Nil (2023 - $9,000 and $3,000, respectively) to Canmore Financial Services Inc., a company controlled by the CFO of the Corporation.

During the six months ended March 31, 2024, the Corporation incurred consulting fees of $18,000 and professional fees of $Nil (2023 - $18,000 and $9,000, respectively) to Canmore Financial Services Inc., a company controlled by the CFO of the Corporation.

c.) During the three months ended March 31, 2024, the Corporation incurred salaries of $Nil (2023 - $40,653) to officers and directors of the Corporation.

(Unaudited - Expressed in Canadian dollars)

10. Key management compensation and related party transactions (continued):

During the six months ended March 31, 2024, the Corporation incurred salaries of $Nil (2023 - $81,306) to officers and directors of the Corporation.

d.) As at March 31, 2024, included in the accounts payable and accrued liabilities, the Corporation has $321,095 (September 30, 2023 - $286,815) due to related parties as a result of related party transactions incurred throughout the period. These amounts are due on demand, unsecured and non-interest bearing.

e.) As at March 31, 2024, loans payable includes $404,427 (September 30, 2023 - $393,255) owing to a director. The loan is due in twelve months and are not collateralized (note 7).

Compensation of key management personnel

Three months ended March 31,		**2024**		**2023**
Directors', accounting and consulting fees, and salaries	$	**49,517**	$	**93,222**

Six months ended March 31,		**2024**		**2023**
Directors', accounting and consulting fees, and salaries	$	**99,196**	$	**189,576**

11. Sobe Organics:

During the six months ended March 31, 2024, Sobe Organics contributed a net loss of $4,536 (2023 - $20,225) to the Corporation's consolidated results.

As of the year ended September 30, 2023, Sobe Organics ceased operations and has the intention to proceed with dissolution. However, the dissolution process has not been completed as of date.

12. Non-controlling interest

As at March 31, 2024, the carrying value of non-controlling interest ("NCI") was determined as follows:

		Sobe Organics
Balance, September 30, 2022	$	**(28,051)**
Loss allocated to NCI		(15,761)
Gain on translation allocated to NCI		341
Balance, September 30, 2023		**(43,471)**
Loss allocated to NCI		(2,223)
Loss on translation allocated to NCI		(95)
Balance, March 31, 2024	$	**(45,789)**

13. Segmented disclosure:

The Corporation operates their business in the following segments:

- Investing in blockchain technology solutions for capital markets and other sectors;
- Sale of health and beauty products – operated by Sobe Organics;
- Digital game distribution – operated by Amplify; and
- Addiction recovery platform services – operated by iRecover.

(Unaudited - Expressed in Canadian dollars)

13. Segmented disclosure (continued):

Revenues for the six months ended March 31, 2024 and 2023 are as follows:

	Health and beauty products		Total	
For the six months ended March 31, 2024				
Sales	$	-	$	-
Cost of sales		-		-
Gross profit	$	-	$	-
For the six months ended March 31, 2023				
Sales	$	23,535	$	23,535
Cost of sales		(12,519)		(12,519)
Gross profit	$	11,016	$	11,016

All revenue during the six months ended March 31, 2023 were derived from customers in United States.

100% of the revenue during the six months ended March 31, 2023 is derived from Sobe Organics' website sales.

14. Financial instruments and risk management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices 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 or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Corporation's cash constitutes a Level 1 fair value measurements. The fair value of investment in Envexergy was calculated on the latest transaction price adjusted for market conditions and constitutes a Level 3 fair value measurements. The fair value of the Corporation's receivables, accounts payable, and loans payable approximate the carrying value due to their short-term nature. There was no transfer of classification among the levels of fair value hierarchy.

Financial risk factors

a.) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and receivables are exposed to credit risk. The credit risk on cash is not considered significant because the counterparties are highly-rated financial institutions. The receivables mainly comprise of GST recoverable.

(Unaudited - Expressed in Canadian dollars)

14. Financial instruments and risk management (continued):

Financial risk factors (continued)

b.) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at March 31, 2024:

Financial Liabilities		< One Year		> One Year
Accounts payable and accrued liabilities	$	468,731	$	-
Loans payable		417,401		78,414
Total	**$**	**886,132**	**$**	**78,414**

The following are the contractual maturities of financial liabilities as at September 30, 2023:

Financial Liabilities		< One Year		> One Year
Accounts payable and accrued liabilities	$	383,743	$	-
Loans payable		406,200		74,026
Total	**$**	**789,943**	**$**	**74,026**

c.) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rates and foreign exchange rates that will affect the Corporation's comprehensive loss or the value of financial instruments. The objective of market risk management is to control market risk exposures within acceptable limits, while maximizing returns.

- Interest rate risk is the risk that future cash flows will fluctuate as a result in changes in market interest rates. The Corporation has not entered into any interest rate swaps or financial contracts to date. With regards to interest rate risk, a change of 1% in the effective interest rate would have a minimal impact on the consolidated statement of loss and comprehensive loss.

- Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange risks. The effect of a 1% change in the exchange rate would have a minimal impact on the consolidated statement of other comprehensive loss.

15. Revenue and geographic information:

Revenues consist of revenues from Sobe Organics. During the three and six months ended March 31, 2023, 100% of revenues were earned from United States.

As Sobe Organics ceased its operation during the year ended September 30, 2023, this in turn resulted for the Corporation to no longer earn revenues since the first quarter of 2024.

16. Capital disclosures:

In the definition of capital, the Corporation includes shareholders' equity. The Corporation`s objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing.

The Corporation is not exposed to external capital requirements and no changes in approaches.

17. Subsequent events:

On April 9, 2024, the Corporation received the shares certificate from Envexergy pursuant to its acquisition of 99.34% outstanding shares of Envexergy in February 2024. As a result, Envexergy became a subsidiary of the Corporation.

On February 18, 2024, the Corporation closed its non-brokered private placement of 1,884,437 units at a price of $0.265 per unit for aggregate gross proceeds of $499,376. Each unit comprises one common share in the capital of the Corporation and one-half of one share purchase warrant. Each unit warrant is exercisable to acquire one additional share at an exercise price of $0.40 per unit warrant share until April 18, 2026, subject to the Corporation's right to accelerate the expiry date if, at any time, the average closing price of the shares on the principal exchange or market on which the shares trade is equal to or greater than $1.25 for 20 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Corporation issues the acceleration notice through a news release, provided that the acceleration notice is issued within 10 business days after the end of the particular 20-day period. The net proceeds of the offering will be used for general working capital purposes.