

BLOCKCHAINK2 CORP.
Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of BlockchainK2 Corp.

Opinion

We have audited the consolidated financial statements of BlockchainK2 Corp. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2024 and 2023, and the consolidated statements of comprehensive loss, shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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Victoria

320 - 730 View St.
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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 9, 2025

BLOCKCHAINK2 CORP.

Consolidated Statements of Financial Position

As at September 30,

(Expressed in Canadian dollars)

	2024	2023
Assets		
Current assets:		
Cash	\$ 125,865	\$ 37,707
Trade and other receivables (note 5)	273,029	2,603
Prepaid expenses and deposits (note 6)	30,301	16,853
	429,195	57,163
Non-current assets:		
Investments (note 7)	66,917	1,104,584
	66,917	1,104,584
	\$ 496,112	\$ 1,161,747
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 1,178,703	\$ 383,743
Loans payable - short term (notes 8 and 11)	28,776	406,200
	1,207,479	789,943
Non-current liabilities:		
Loans payable (note 8 and 11)	70,499	74,026
	1,277,978	863,969
Shareholders' Equity (Deficiency)		
Share capital (note 9)	49,027,095	47,505,467
Warrants reserve (note 9)	76,729	-
Contributed surplus (note 9)	13,134,572	13,073,908
Accumulated foreign currency translation (note 9)	1,447,281	1,446,374
Deficit	(64,419,012)	(61,684,500)
Non-controlling interest (note 14)	(48,531)	(43,471)
	(781,866)	297,778
	\$ 496,112	\$ 1,161,747

Going concern (note 2)

Subsequent events (note 20)

Approved for issuance by the Board of Directors on May 9, 2025

Signed "Steven Sangha"

Steven Sangha, Director

Signed "Sergei Stetsenko"

Sergei Stetsenko, Director

See accompanying notes to the consolidated financial statements.

BLOCKCHAINK2 CORP.

Consolidated Statements of Comprehensive Loss

For the years ended September 30,

(Expressed in Canadian dollars)

	2024	2023
Sales	\$ 284,614	\$ 31,902
Cost of sales	(33,961)	(12,663)
Gross profit	250,653	19,239
Expenses		
Advertising and promotion	209,203	12,046
Bad debts expense	1,108	-
Business development	2,515	-
Consulting fees (note 11)	191,183	40,200
Directors' fees (note 11)	163,065	161,919
Filing and listing fees	62,910	31,087
Foreign exchange gain	(2,647)	(3,852)
General and administrative	144,738	25,096
Investor relations	38,749	8,172
Professional fees (note 11)	350,848	71,125
Salaries (note 11)	329,013	57
Selling expenses	-	5,555
	(1,490,685)	(351,405)
Other items		
Change in fair value of investment (note 7)	(2,881)	(179,762)
Dividend income (note 7)	1,786	-
Gain on debt settlement (note 9 and 11)	15,997	-
Gain on dissolution of subsidiary	30,074	-
Impairment loss (note 7 and 12)	(1,587,102)	-
Interest and accretion (note 8)	(24,024)	(57,106)
Write-off of accounts payable	61,472	244,569
Write-off of inventory	-	(7,432)
	(1,504,678)	269
Net loss for the year	\$ (2,744,710)	\$ (331,897)
Other comprehensive loss		
Items that may be recycled to profit or loss		
Exchange gain on translation	907	83
Comprehensive loss for the year	\$ (2,743,803)	\$ (331,814)
Net loss for the year attributable to:		
Common shareholders of the Corporation	\$ (2,734,512)	\$ (316,136)
Non-controlling interest (note 14)	(10,198)	(15,761)
	\$ (2,744,710)	\$ (331,897)
Comprehensive loss for the year attributable to:		
Common shareholders of the Corporation	\$ (2,738,743)	\$ (316,394)
Non-controlling interest (note 14)	(5,060)	(15,420)
	\$ (2,743,803)	\$ (331,814)
Loss per share - Basic and diluted (note 9)	\$ (0.11)	\$ (0.02)

See accompanying notes to the consolidated financial statements.

BLOCKCHAINK2 CORP.

Consolidated Statements of Shareholders' Equity (Deficiency)

For the years ended September 30,

(Expressed in Canadian dollars)

	2024	2023
Share capital		
Balance, beginning of year	\$ 47,505,467	\$ 47,263,590
Issued pursuant to private placements	1,024,376	250,000
Issued pursuant to a debt settlement	434,411	-
Issued pursuant to warrants exercised	163,663	-
Fair value of issued warrants pursuant to a private placement	(135,623)	-
Fair value of exercised warrants transferred from contributed surplus	58,894	-
Share issue costs	(24,093)	(8,123)
Balance, end of year	49,027,095	47,505,467
Warrants reserve		
Balance, beginning of year	-	-
Fair value of issued warrants pursuant to a private placement	135,623	-
Fair value of exercised warrants transferred from contributed surplus	(58,894)	-
Balance, end of year	76,729	-
Contributed surplus		
Balance, beginning of year	13,073,908	13,071,322
Gain on debt settlement with directors	60,664	-
Fair value adjustment to loans payable	-	2,586
Balance, end of year	13,134,572	13,073,908
Accumulated foreign currency translation		
Balance, beginning of year	1,446,374	1,446,291
Gain on translation	907	83
Balance, end of year	1,447,281	1,446,374
Deficit		
Balance, beginning of year	(61,684,500)	(61,368,364)
Net loss for the year	(2,734,512)	(316,136)
Balance, end of year	(64,419,012)	(61,684,500)
Non-controlling interest		
Balance, beginning of year	(43,471)	(28,051)
NCI recognized upon acquisition of Envexergy, Inc.	1,176	-
Net loss for the year	(10,198)	(15,761)
Gain on translation	3,962	341
Balance, end of year	(48,531)	(43,471)
Shareholders' equity (deficiency)	\$ (781,866)	\$ 297,778

See accompanying notes to the consolidated financial statements.

BLOCKCHAINK2 CORP.

Consolidated Statements of Cash Flows

For the years ended September 30,

(Expressed in Canadian dollars)

	2024	2023
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ (2,744,710)	\$ (331,897)
Items not affecting cash:		
Bad debts expense	1,108	-
Change in fair value of investment	2,881	179,762
Gain on debt settlement	(15,997)	-
Gain on dissolution of subsidiary	(30,074)	-
Impairment loss	1,587,102	-
Interest and accretion	24,024	57,106
Write-off of accounts payable	(61,472)	(244,569)
Write-off of inventory	-	7,432
Cash flows before non-cash operating working capital	(1,237,138)	(332,166)
Change in non-cash operating working capital:		
Increase in receivables	(22,571)	(654)
(Increase) decrease in prepaid expenses	39,612	(8,032)
Decrease in inventory	-	6,429
Increase in trade payables	361,902	163,536
Cash flows from non-cash operating working capital	378,943	161,279
Cash flows used in operating activities	(858,195)	(170,887)
Investing activities:		
Dividends received from SREIT investment	1,786	-
Cash from redemption of SREIT shares	46,499	-
Net cash paid on acquisition of Envenergy	(271,722)	-
Cash used in investing activities	(223,437)	-
Financing activities:		
Repayment of loans	-	(77,239)
Proceeds from issuance of shares for cash	1,024,376	250,000
Proceeds from exercise of warrants	163,663	-
Share issuance costs	(24,093)	(8,123)
Cash flows provided by financing activities	1,163,946	164,638
Effect of foreign exchange on cash	5,844	(701)
Net change in cash	88,158	(6,950)
Cash, beginning of year	37,707	44,657
Cash, end of year	\$ 125,865	\$ 37,707

See accompanying notes to consolidated financial statements.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

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 has invested in three separate ventures: 1. Amplify Games Inc. (“Amplify”); 2. iRecover Inc. (“iRecover”); and 3. Envexergy Inc. (Envexergy) (note 12). The Corporation also holds a 51% interest in Sobe Organics Inc. (“Sobe Organics”) (note 13). 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.

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 September 30, 2024.

On February 26, 2024, the Corporation completed the dissolution of its wholly owned subsidiaries, Amplify and iRecover. As a result of dissolution, the Corporation derecognized all assets and liabilities at their book values and wrote down all balances receivable from Amplify to \$Nil. During the year ended September 30, 2024, the Corporation recorded a gain of \$30,074 as a result of the dissolution of Amplify.

On April 9, 2024, the Corporation acquired approximately 99.3% of the issued and outstanding shares of Envexergy Inc., commonly referred to as RealBlocks and its wholly owned subsidiaries, RealBlocks Private Securities Inc. and RealBlocks Investment Advisors, Inc., in exchange for a cash consideration of US\$225,000 (\$305,505) (notes 7 and 12).

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

Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

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

Statement of compliance (continued)

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 consolidated financial statements are disclosed in note 4.

Basis of measurement

The 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 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 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 year ended September 30, 2024, the Corporation reported a net loss of \$2,744,710 (2023 - \$331,897), negative operating cash flows of \$858,195 (2023 - \$170,887), and a deficit of \$64,419,012 (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. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Corporation to continue as a going concern. Having been prepared, giving effect to the going concern assumption, these 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 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 (m).

a.) Basis of consolidation

The 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.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Material accounting policies (continued):

a.) Basis of consolidation (continued)

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.

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

	Country of incorporation	Functional Currency	Principal activity	Percentage owned	
				September 30, 2024	September 30, 2023
Sobe Organics	US	US\$	Health and beauty products	51%	51%
Amplify*	US	US\$	Digital game distribution	-	100%
iRecover*	US	US\$	Addiction recovery platform	-	100%
Envexergy (dba. RealBlocks Private Securities, Inc. RealBlocks Investment Advisors, Inc.)	US	US\$	Investment platform	99%	-
RealBlocks Private Securities, Inc. RealBlocks Investment Advisors, Inc.	US	US\$	Investment platform	99%	-
RealBlocks Investment Advisors, Inc.	US	US\$	Investment advisory	99%	-

*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.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Material accounting policies (continued):

c.) Foreign currency translations

The functional currency of the Corporation is Canadian dollars and the functional currency of Sobe Organics, Envenergy, RealBlocks Private Securities and RealBlocks Investment Advisors 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 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, goodwill 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.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Material accounting policies (continued):

e.) Income taxes (continued)

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.

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.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Material accounting policies (continued):

i.) Warrants classified as equity

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common 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 reserves. 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.

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 year. 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.

The Corporation currently generates revenue by providing products and services related to its online investment platform to fund managers and investors, including but not limited to digital online boarding, virtual data room, funds integrations and set up, secondary trading and subscription fees for its software-infrastructure-as-a-service (“SaaS”) platform related to other investment activities of the Corporation’s subsidiary, Envexergy. Previous revenues were from sales of health and beauty products from the Corporation’s subsidiary, Sobe Organics.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Material accounting policies (continued):

1.) 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 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:

<u>Financial assets/liabilities</u>	<u>IFRS 9 Classification</u>
Cash	FVTPL
Trade and other receivables	Amortized cost
Investments	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.

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 recognizes 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 recognizes in the consolidated statements of

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Material accounting policies (continued):

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

Impairment of financial assets at amortized cost (continued)

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 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.

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 consolidated financial statements.

A number of new or amended accounting standards are scheduled for mandatory adoption on or after October 1, 2024. The Corporation has not adopted these new standards early in preparing these consolidated financial statements. These new standards are either not applicable or are not expected to have a significant impact on the Corporation's 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.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

4. Critical accounting estimates and judgments (continued):

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. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation's future operating results or on other components of shareholders' equity.

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 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.

c.) Business combinations

Judgement is required to determine if the Corporation's acquisitions represent a business combination or an asset acquisition. For acquisitions accounted as business combination, goodwill was recognized on the transactions and acquisition costs were expensed. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired and liabilities incurred or assumed.

During the year ended September 30, 2024, management concluded that the acquisition of Envexergy Inc. represented a business combination. An allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their fair values at the date of purchase is required with any residual being allocated to goodwill. The fair values of the net assets acquired is calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

5. Trade and other receivables:

The Corporation had the following trade and other receivables as at September 30, 2024 and 2023:

	September 30, 2024	September 30, 2023
Trade receivables, net of allowance for doubtful accounts	\$ 269,707	\$ 1,101
Accrued revenue	552	-
Taxes receivable	2,770	1,502
	\$ 273,029	\$ 2,603

As at September 30, 2024, one customer with an amount greater than 10% of the Corporation's trade accounts receivable represented 99% of the balance of the total trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan or failure to make contractual payments for a period of greater than 180 days past due. As of September 30, 2024, the allowance for doubtful accounts was \$168,418 (2023 - \$Nil).

6. Prepaid expenses and deposits:

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

	September 30, 2024	September 30, 2023
Filing and listing fees	\$ 26,053	\$ 16,853
Legal fees	2,767	-
General & admin fees	1,481	-
	\$ 30,301	\$ 16,853

7. Investments:

Balance, September 30, 2022	\$ 1,284,346
Change in fair value	(179,762)
Balance, September 30, 2023	1,104,584
Impairment	(1,104,584)
Assumed on acquisition (note 12)	116,942
Redemption of shares for cash	(46,499)
Change in fair value	(2,881)
Foreign exchange adjustment	(645)
Balance, September 30, 2024	\$ 66,917

A. Investment in Envexergy

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 2, 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), applying the market approach of valuation. The Corporation estimated

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

7. Investments (continued):

A. Investment in Envexergy (continued):

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.

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

During the year ended September 30, 2024, the Corporation purchased 1,001,730,300 common shares in Envexergy for a consideration of \$305,505 (US\$225,000), an acquisition resulting in the Corporation having an equivalent to 99.34% of the equity interest in Envexergy (note 12). Prior to the acquisition, the Corporation had an investment in Envexergy with a value of \$1,104,584, which was written down to fair value of \$Nil at the date of acquisition.

B. Investment in Starwood Real Estate Income Trust, Inc. ("SREIT")

In September 2022, Envexergy purchased 3,643 shares of SREIT for \$131,792 (US\$100,100). In connection with the acquisition of Envexergy (note 12), the Corporation acquired this investment to SREIT with a market value of \$116,942 (US\$86,126).

During the year ended September 30, 2024, the Corporation redeemed 1,499 shares of SREIT for cash proceeds of \$46,499 (US\$34,446) and recognized an unrealized loss of \$2,881 in the consolidated statements of loss and comprehensive loss. The Corporation also received dividend income of \$1,786 from this investment.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

8. Loans payable:

In March 2020, the Corporation acquired 51% of all the issued and outstanding shares of Sobe Organics (note 13). 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	12,852	11,172	24,024
Cash repayment	(312)	-	(312)
Settlement in shares (notes 9 and 11)	-	(404,427)	(404,427)
Foreign exchange adjustment	(236)	-	(236)
Balance, September 30, 2024	\$ 99,275	\$ -	\$ 99,275
Short-term	\$ 28,776	\$ -	\$ 28,776
Long-term	70,499	-	70,499
Balance, September 30, 2024	\$ 99,275	\$ -	\$ 99,275

- 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, 2024, the Corporation accrued interest of \$2,902 (US\$2,133) (2023 - \$2,876 (US\$2,133)). As at September 30, 2024, the carrying value of the loan was \$26,987 (US\$19,992) (2023 - \$24,146 (US\$17,859)).

- 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.

During the year ended September 30, 2024, the Corporation accrued interest of \$9,950 (US\$7,311) (2023 - \$9,167 (US\$6,797)). The Corporation made total repayments of \$312 (USD \$229) (2023 - \$7,239 (US\$5,368)) during the year ended September 30, 2024. As at September 30, 2024, the carrying value of the loan was \$72,288 (US\$53,551) (2023 - \$62,825 (US\$46,469)).

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

8. Loans payable (continued):

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 11). 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. 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, 2024, the Corporation recorded interest and accretion expense of \$11,172 (2023 - \$45,063). The Corporation repaid \$100,000 during the year ended September 30, 2023. On June 7, 2024, the Corporation issued 1,348,089 common shares with a fair value of \$343,763 in full settlement of the loan of \$404,427 (note 9) and recorded a gain on debt settlement of \$60,664 in contributed surplus.

9. 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	6,884,437	1,024,376
Issued pursuant to settlement of debt	1,703,571	434,411
Issued pursuant to warrants exercised	409,156	163,663
Fair value of issued warrants	-	(135,623)
Fair value of exercised warrants transferred from contributed surplus	-	58,894
Share issue costs	-	(24,093)
Balance, September 30, 2024	30,323,578	\$ 49,027,095

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.

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.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

9. Share capital (continued):

b.) Issued (continued):

On April 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. The Corporation recorded the estimated fair value of warrants of \$135,623 to warrants reserve in the consolidated statements of financial position.

On June 7, 2024, the Corporation issued 1,703,571 common shares with a fair value of \$434,411 to directors of the Corporation to settle outstanding debt of \$404,427 to loans payable (note 8) and \$106,643 to accounts payable for a total of \$511,070. The Corporation recorded the gain on settlement of loan of \$60,664 in contributed surplus (note 11) and the gain on settlement of accounts payable of \$15,997 in the statement of comprehensive loss.

On July 19, 2024, the Corporation issued 359,156 common shares for gross proceeds of \$143,663 at \$0.40 per share and \$51,697 were transferred from contributed surplus to share capital.

On September 5, 2024, the Corporation issued 50,000 common shares for gross proceeds of \$20,000 at \$0.40 per share and \$7,197 were transferred from contributed surplus to share capital.

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 year then ended is as follows.

	September 30, 2024		September 30, 2023	
	Number of	Weighted	Number of	Weighted
	Options	Average	Options	Average
		Exercise Price		Exercise Price
Options outstanding, beginning of year	2,744,968	\$ 0.44	2,744,968	\$ 0.44
Expired	(1,660,162)	0.30	-	-
Options outstanding, end of year	1,084,806	\$ 0.64	2,744,968	\$ 0.44

There were no stock options granted during the year ended September 30, 2024.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

9. Share capital (continued):**c.) Stock options (continued):**

The following table summarizes information about stock options outstanding and exercisable at September 30, 2024:

Exercise Price	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.52	217,040	3.10	\$0.52
\$0.25	167,766	3.70	\$0.25
\$0.77	700,000	6.26	\$0.77
	1,084,806	5.23	\$0.64

A summary of Envexergy's stock options, and the changes during the year then ended is as follows.

	September 30, 2024		September 30, 2023	
	Number of Options	Weighted Average Exercise Price (USD)	Number of Options	Weighted Average Exercise Price
Options outstanding at April 9, 2024	654,390	\$ 1.23	-	\$ -
Forfeited	(480,951)	1.25	-	-
Options outstanding, end of year	173,439	\$ 1.20	-	\$ -

The following table summarizes information about Envexergy's stock options outstanding and exercisable at September 30, 2024:

Exercise Price (USD)	Number	Weighted Average Remaining Life	Weighted Average Exercise Price (USD)
\$0.68	23,058	1.59	\$0.68
\$0.81	49,517	2.90	\$0.81
\$1.43	17,713	4.12	\$1.43
\$1.52	30,005	5.03	\$1.52
\$1.52	3,448	5.43	\$1.52
\$1.52	21,587	5.43	\$1.52
\$1.52	25,044	5.43	\$1.52
\$1.52	1,206	5.43	\$1.52
\$1.52	1,861	5.43	\$1.52
	173,439	3.21	\$1.20

d.) Warrants:

In connection with the share issuance on April 18, 2024, the Corporation issued 942,218 share purchase warrants with a fair value of \$135,623 using the Black-Scholes Option Pricing Model with the following assumptions: expected life – 2 years; annualized volatility – 155.78%; risk-free interest rate – 4.35% per annum; dividend rate – 0%. Each warrant entitles the holder thereof to purchase one additional common share of the Corporation for a period of two years at an exercise price of \$0.40 per common share.

A summary of the Corporation's warrants, and the changes during the year then ended is as follows:

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

9. Share capital (continued):**d.) Warrants (continued):**

	September 30, 2024		September 30, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of year	-	\$ -	-	\$ -
Issued	942,218	0.40	-	-
Exercised	(409,156)	0.40	-	-
Warrants outstanding, end of year	533,062	\$ 0.40	-	\$ -

There are no warrants issued and outstanding as at September 30, 2023.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2024:

Exercise Price	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.40	533,062	1.54	\$0.40

e.) Contributed surplus and warrants reserve:

Contributed surplus includes share-based payment reserves which records the fair value of stock options while warrants reserves records the fair value of 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.

10. Loss per share:

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

Years ended September 30,	2024	2023
Weighted average shares outstanding, basic and diluted	26,023,985	17,802,132

In calculating diluted loss per common share for the years ended September 30, 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 year.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

11. Key management compensation and related party transactions:

Key management consists of directors and officers.

The following is a summary of the related party transactions that occurred throughout the years ended September 30, 2024 and 2023:

- a.) During the year ended September 30, 2024, the Corporation incurred directors' fees of \$163,065 (2023 - \$161,919) to a current director of the Corporation.
- b.) During the year ended September 30, 2024, the Corporation incurred consulting fees of \$36,000 and professional fees of \$Nil (2023 - \$36,000 and \$12,000, respectively) to a company controlled by the CFO of the Corporation.
- c.) During the year ended September 30, 2024, the Corporation incurred salaries of \$156,612 (2023 - \$Nil) to a former director of the Corporation.
- d.) As at September 30, 2024, included in the accounts payable and accrued liabilities, the Corporation has \$425,042 (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.) On June 7, 2024, the Corporation issued 355,482 common shares to settle \$106,645 owing to a director and officer of the Corporation and recorded the gain on debt settlement of \$15,997 in the statement of comprehensive loss (note 9).
- f.) The CEO of the corporation subscribed for 1,333,333 common shares and a director of the Corporation subscribed for 476,190 common shares in the private placements closed on February 6, 2024 for a total fair value of \$190,000 (note 9b).
- g.) The CEO of the Corporation subscribed for 553,388 common shares in the private placements closed on April 18, 2024 for a fair value of \$146,648 (note 9b).
- h.) During the year ended September 30, 2024, the Corporation issued 1,348,089 common shares in full settlement of the outstanding loan of \$404,427 owing to a director of the Corporation and recorded the gain on debt settlement of \$60,664 in contributed surplus (note 8). As at September 30, 2024, loans payable includes \$Nil (2023 - \$393,255) owing to a director.

Compensation of key management personnel

Year ended September 30,	2024	2023
Directors', accounting and consulting fees, and salaries	\$ 355,677	\$ 209,919

12. Acquisition of Envexergy Inc.:

On April 9, 2024, pursuant to the Corporation's purchase of 1,001,730,300 common shares of Envexergy for a cash consideration of \$305,505 (US\$225,000), an acquisition resulting in the Corporation owning an equivalent to 99.34% of the equity interest in Envexergy. The Corporation determined that the acquisition was completed on the

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

12. Acquisition of Envexergy Inc. (continued):

date the shares certificates were received, being April 9, 2024. As a result, Envexergy became a subsidiary of the Corporation together with its wholly owned subsidiaries, RealBlocks Private Securities Inc. and RealBlocks Investment Advisors, Inc.

Envexergy Inc. (doing business as RealBlocks), founded in 2017 in New York City, built an alternative investment experience for fund managers and their investors worldwide through its online platform. RealBlocks used advanced technology to offer a fully digital, white-label solution for today's fund managers wishing to expand their firm's investor base by allowing them to offer more funds in more locations with lower investor minimums.

The transaction was accounted for as a business combination under IFRS 3, *Business Combinations*. At the date of acquisition, the Corporation determined the fair value of the net identifiable net liabilities of Envexergy and recognized an intangible asset of \$nil and goodwill of \$482,518.

The fair value of the total consideration has been allocated as below:

Cash consideration	\$	305,505
Fair value of assets and liabilities acquired:		
Cash	\$	33,783
Trade and other receivables		248,963
Prepaid expenses		53,060
Investment		116,942
Trade and other payables		(533,868)
Due to BlockchainK2		(97,069)
Total net liabilities		(178,189)
Percentage acquired		99.34%
Net liabilities acquired		(177,013)
Non-controlling interest (note 14)		(1,176)
Goodwill	\$	482,518

At the date of acquisition Envexergy had 654,390 options outstanding. The Corporation used the Black Scholes Option Pricing Model to determine the fair value of \$Nil using the following assumptions: Estimated risk-free rate – 4.47%, Expected volatility – 50%, Estimated annual dividend yield – 0.00%, Expected life of options – 2 to 6 years, Stock price at issue date - US\$0.00022, Forfeiture rate – 0.00%.

During the year ended September 30, 2024, the acquired business contributed \$284,614 in revenue and a net loss of \$508,900 to the Corporation's consolidated results.

Subsequent to the year ended September 30, 2024, the contract with Envexergy's main customer from which it derived its revenue was terminated and there is no assurance that it will continue to generate revenue in the near future. Therefore, the Corporation determined that goodwill was impaired as of September 30, 2024 and recorded an impairment loss of \$482,518 in the statement of comprehensive loss related to the carrying value of goodwill.

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

13. Sobe Organics:

During the year ended September 30, 2024, Sobe Organics contributed a net loss of \$13,960 (2023 - \$32,166) 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 September 30, 2024.

14. Non-controlling interest

As at September 30, 2024, the carrying value of non-controlling interest ("NCI") was determined as follows:

	Sobe Organics	Envexergy	Total
Balance, September 30, 2022	\$ (28,051)	\$ -	\$ (28,051)
Loss allocated to NCI	(15,761)	-	(15,761)
Gain on translation allocated to NCI	341	-	341
Balance, September 30, 2023	(43,471)	-	(43,471)
NCI recognized upon acquisition (note 12)	-	1,176	1,176
Loss allocated to NCI	(6,840)	(3,358)	(10,198)
Gain on translation allocated to NCI	3,914	48	3,962
Balance, September 30, 2024	\$ (46,397)	\$ (2,134)	\$ (48,531)

15. Income tax:

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The difference between the "expected" income tax expense and the actual income tax provision are summarized as follows:

	September 30, 2024	September 30, 2023
Loss from continuing operations	\$ (2,744,710)	\$ (331,897)
	27%	27%
Expected income tax recovery at 27.0% (2023 – 27.0%)	(741,072)	(89,613)
Non-deductible items	429,800	63,955
Difference between local and foreign rates	1,822,248	(2,438)
Loss acquired from acquisition	(8,232,723)	-
True up	(44,551)	44,689
Deferred tax assets not recognized	6,766,298	(16,593)
Total income recovery	\$ -	\$ -

Deferred tax assets have not been recognized in respect of the following items:

	September 30, 2024	September 30, 2023
Non capital losses	\$ 46,061,407	\$ 14,364,739
Capital losses	2,225,872	2,225,872
Share issuance	19,464	11,342
Capital asset	104,640	-
Mineral properties	22,349,436	22,349,436
Investment tax credits	786,204	786,204
Total	\$ 71,547,023	\$ 39,737,593

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

15. Income tax (continued):

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Corporation can utilize the benefits thereon.

The Corporation has \$14,746,165 of non-capital losses in Canada, which expire between 2026 and 2043. The Corporation has \$31,315,242 in US losses which can be carried forward indefinitely.

The Corporation has capital loss carryforwards of \$2,225,872 which have no expiry date.

16. 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;
- Addiction recovery platform services – operated by iRecover; and
- Investment platform and advisory services – operated by Envexergy

Revenues for the years ended September 30, 2024 and 2023 are as follows:

	Investment platform and advisory services	Health and beauty products	Total
For the year ended September 30, 2024			
Sales	\$ 284,614	\$ -	\$ 284,614
Cost of sales	(33,961)	-	(33,961)
Gross profit	\$ 250,653	\$ -	\$ 250,653
For the year ended September 30, 2023			
Sales	\$ -	\$ 31,902	\$ 31,902
Cost of sales	-	(12,663)	(12,663)
Gross profit	\$ -	\$ 19,239	\$ 19,239

All revenue during the years ended September 30, 2024 and 2023 were derived from customers in the United States.

100% of the revenue during the year ended September 30, 2024 is derived from Envexergy's platform sales, while the revenue during the year ended September 30, 2023 is derived from Sobe Organics' website sales.

17. 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

BLOCKCHAINK2 CORP.

Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

17. Financial instruments and risk management (continued):

- 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 SREIT was calculated on the latest transaction price adjusted for market conditions and constitutes a Level 3 fair value measurement. 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 amounts between 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 trade receivables, accrued income and GST recoverable.

At September 30, 2024, the Company was subject to a concentration of credit risk related to its accounts receivable as 99% of the balance of amounts owing is from one customer. The Company recorded bad debt expense of \$1,108 during the year ended September 30, 2024. As at September 30, 2024, the expected lifetime credit losses for accounts receivable aged as current were nominal amounts. The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 September 30, 2024:

Financial Liabilities	< One Year	> One Year
Accounts payable and accrued liabilities	\$ 1,178,703	\$ -
Loans payable	28,776	70,499
Total	\$ 1,207,479	\$ 70,499

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

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Notes to the Consolidated Financial Statements
For the years ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

17. Financial instruments and risk management (continued):

Financial risk factors (continued)

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 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.

18. Revenue and geographic information:

Revenues consist of revenues from Sobe Organics and Envenergy, the Corporation's subsidiaries. During the year ended September 30, 2024 and 2023, 100% of revenues were earned from United States.

As Sobe Organics ceased its operation as of the year ended September 30, 2023, it no longer generated revenues.

19. 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 there were no changes in its approach to capital management.

20. Subsequent events:

On January 16, 2025, the Corporation received a loan of \$100,000 from a third party bearing interest of 1% monthly and payable within three months. As of May 9, 2025, the loan remains outstanding.