

BLOCKCHAINK2 CORP.

Interim Consolidated Financial Statements

For the three months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

BLOCKCHAINK2 CORP.

May 13, 2025

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 December 31, 2024 and September 30, 2024

(Expressed in Canadian dollars)

	December 31, 2024	September 30, 2024
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash	\$ 29,795	\$ 125,865
Trade and other receivables (note 5)	292,022	273,029
Prepaid expenses (note 6)	17,122	30,301
	338,939	429,195
Non-current asset:		
Investments (note 7)	67,119	66,917
	67,119	66,917
	\$ 406,058	\$ 496,112
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 1,214,283	\$ 1,178,703
Loans payable - short term (notes 8 and 11)	30,674	28,776
	1,244,957	1,207,479
Non-current liabilities:		
Loans payable (note 8)	77,560	70,499
	1,322,517	1,277,978
Shareholders' Deficiency		
Share capital (note 9)	49,027,095	49,027,095
Warrants reserve	76,729	76,729
Contributed surplus (note 9)	13,134,572	13,134,572
Accumulated foreign currency translation (note 9)	1,404,458	1,447,281
Deficit	(64,509,217)	(64,419,012)
Non-controlling interest (note 13)	(50,096)	(48,531)
	(916,459)	(781,866)
	\$ 406,058	\$ 496,112

Going concern (note 2)

Subsequent events (note 20)

See accompanying notes to the interim consolidated financial statements.

Approved for issuance by the Board of Directors on May 13, 2025

Signed "Steven Sangha"

Steven Sangha, Director

Signed "Sergei Stetsenko"

Sergei Stetsenko, Director

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Interim Consolidated Statements of Comprehensive Loss

For the three months ended December 31,

(Unaudited - Expressed in Canadian dollars)

	2024		2023	
Sales	\$	142,616	\$	-
Cost of sales		-		-
Gross profit		142,616		-
Expenses				
Advertising and promotion		610		-
Bad debts expense recovery		(8,739)		-
Consulting fees (note 11)		94,788		13,200
Directors' fees (note 11)		42,315		40,679
Filing and listing fees		14,160		6,698
Foreign exchange gain		(3,101)		(6,617)
General and administrative		18,975		209
Professional fees		71,854		936
		(230,862)		(55,105)
Other items				
Interest and accretion (note 8)		(2,345)		(8,076)
Change in fair value of investment (note 7)		(1,488)		-
Dividend income (note 7)		608		-
		(3,225)		(8,076)
Net loss for the period		(91,471)		(63,181)
Other comprehensive loss				
Exchange gain (loss) on translation		(42,823)		351
Comprehensive loss for the period	\$	(134,294)	\$	(62,830)
Net loss for the period attributable to:				
Common shareholders of the Corporation	\$	(90,205)	\$	(62,058)
Non-controlling interest (note 13)		(1,266)		(1,123)
	\$	(91,471)	\$	(63,181)
Comprehensive loss for the period attributable to:				
Common shareholders of the Corporation	\$	(132,729)	\$	(62,685)
Non-controlling interest (note 13)		(1,565)		(145)
	\$	(134,294)	\$	(62,830)
Loss per share for the period:				
Basic and diluted (note 10)	\$	(0.00)	\$	(0.00)

See accompanying notes to the interim consolidated financial statements.

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Interim Consolidated Statements of Shareholders' Equity (Deficiency)

For the three months ended December 31,

(Unaudited - Expressed in Canadian dollars)

	2024	2023
Share capital		
Balance, beginning of period	\$ 49,027,095	\$ 47,505,467
Balance, end of period	49,027,095	47,505,467
Warrants reserve		
Balance, beginning of period	76,729	-
Balance, end of period	76,729	-
Contributed surplus		
Balance, beginning of period	13,134,572	13,073,908
Balance, end of period	13,134,572	13,073,908
Accumulated foreign currency translation		
Balance, beginning of period	1,447,281	1,446,374
Gain (loss) on translation	(42,823)	351
Balance, end of period	1,404,458	1,446,725
Deficit		
Balance, beginning of period	(64,419,012)	(61,684,500)
Net loss for the period	(90,205)	(62,058)
Balance, end of period	(64,509,217)	(61,746,558)
Non-controlling interest		
Balance, beginning of period	(48,531)	(43,471)
Net loss for the period	(1,266)	(1,123)
Gain (loss) on translation	(299)	978
Balance, end of period	(50,096)	(43,616)
Shareholders' equity (deficiency)	\$ (916,459)	\$ 235,926

See accompanying notes to the interim consolidated financial statements.

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Interim Consolidated Statements of Cash Flows
For the three months ended December 31,
(Unaudited - Expressed in Canadian dollars)

	2024	2023
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (91,471)	\$ (63,181)
Items not affecting cash:		
Interest and accretion	2,345	8,076
Change in fair value of investment	1,488	-
Recovery on bad debts expenses	(8,739)	-
Cash flows before non-cash operating working capital	(96,377)	(55,105)
Change in non-cash operating working capital:		
Increase in receivables	(10,254)	(890)
Decrease in prepaids	13,179	5,056
Increase in trade payables	35,580	33,337
Cash flows from non-cash operating working capital	38,505	37,503
Cash flows used in operating activities	(57,872)	(17,602)
Investing activities:		
Dividends received from SREIT investment	608	-
Cash from redemption of SREIT shares	2,515	-
Cash flows provided by investing activities	3,123	-
Effect of foreign exchange on cash	(41,321)	(931)
Net change in cash	(96,070)	(18,533)
Cash, beginning of period	125,865	37,707
Cash, end of period	\$ 29,795	\$ 19,174

See accompanying notes to the interim consolidated financial statements.

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Notes to the Interim Consolidated Financial Statements
For the three months ended December 31, 2024 and 2023
(Unaudited - 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 December 31, 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 interim consolidated financial statements are prepared in accordance with IFRS® Accounting Standards 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 may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in note 4.

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Notes to the Interim Consolidated Financial Statements
For the three months ended December 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

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 three months ended December 31, 2024, the Corporation reported a net loss of \$91,471 (2023 - \$63,181), negative operating cash flows of \$57,872 (2023 - \$17,602), and a deficit of \$64,509,217 (September 30, 2024 - \$64,419,012). 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 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, 2024.

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.

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Notes to the Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

3. Material accounting policies (continued):

a.) Basis of consolidation (continued)

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

	Country of incorporation	Principal activity	Percentage owned	
			December 31, 2024	September 30, 2024
Sobe Organics	US	Health and beauty products	51%	51%
Amplify*	US	Digital game distribution	-	-
iRecover*	US	Addiction recovery platform	-	-
Envexergy (dba. RealBlocks)	US	Investment platform	99%	99%
RealBlocks Private Securities, Inc	US	Investment platform	99%	99%
RealBlocks Investment Advisors, Inc.	US	Investment advisory	99%	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.

c.) Foreign currency translations

The functional currency of the Corporation is Canadian dollars and the functional currency of Sobe Organics, Envexergy, 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

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Notes to the Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

3. Material accounting policies (continued):

c.) Foreign currency translations (continued)

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.

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

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3. Material accounting policies (continued):

e.) Income taxes (continued)

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.

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.

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Notes to the Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

3. Material accounting policies (continued):

i.) Warrants classified as equity (continued)

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 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.

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, Envenergy. Previous revenues were from sales of health and beauty products from 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 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.

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(Unaudited - Expressed in Canadian dollars)

3. Material accounting policies (continued):

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

Classification

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

Financial assets/liabilities	IFRS 9 Classification
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 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 recognizes 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.

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3. Material accounting policies (continued):

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

Derecognition (continued)

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.

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.

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(Unaudited - Expressed in Canadian dollars)

4. Critical accounting estimates and judgments (continued):

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.

5. Trade and other receivables:

The Corporation had the following trade and other receivables as at December 31, 2024 and September 30, 2024:

	December 31, 2024	September 30, 2024
Trade receivables, net of allowance for doubtful accounts	\$ 154,994	\$ 269,707
Accrued revenue	134,766	552
Taxes receivable	2,262	2,770
	\$ 292,022	\$ 273,029

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5. Trade and other receivables (continued):

As at December 31, 2024, one (September 30, 2024 - one) customer with an amount greater than 10% of the Corporation's trade accounts receivable represented 98% 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.

During the three months ended December 31, 2024, the Corporation recovered \$8,739 of bad debt expenses. As of December 31, 2024, the allowance for doubtful accounts was \$170,529 (September 30, 2024 - \$168,418).

6. Prepaid expenses:

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

	December 31, 2024	September 30, 2024
Filing and listing fees	\$ 13,895	\$ 26,053
Legal fees	2,767	2,767
General & admin fees	460	1,481
	\$ 17,122	\$ 30,301

7. Investments:

Balance, September 30, 2023	\$ 1,104,584
Impairment	(1,104,584)
Assumed on acquisition (note 12)	116,942
Redemption of shares	(46,499)
Change in fair value	(2,881)
Foreign exchange adjustment	(645)
Balance, September 30, 2024	66,917
Redemption of shares	(2,515)
Change in fair value	(1,488)
Foreign exchange adjustment	4,205
Balance, December 31, 2024	\$ 67,119

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 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.

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7. Investments (continued):

A. Investment in Envexergy (continued)

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 three months ended December 31, 2024, the Corporation redeemed 84 shares of SREIT for cash proceeds of \$2,515 (US\$1,862) and recognized an unrealized loss of \$1,488 in the consolidated statements of comprehensive loss. The Corporation also received dividend income of \$608 from this investment.

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	Director's	
	(a,b)	loan (c)	Total
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
Interest	2,345	-	2,345
Foreign exchange adjustment	6,614	-	6,614
Balance, December 31, 2024	\$ 108,234	\$ -	\$ 108,234
Short-term	\$ 30,674	\$ -	\$ 30,674
Long-term	77,560	-	77,560
Balance, December 31, 2024	\$ 108,234	\$ -	\$ 108,234

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8. Loans payable (continued):

- 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 three months ended December 31, 2024, the Corporation accrued interest of \$617 (US\$441) (2023 - \$602 (US\$442)). As at December 31, 2024, the carrying value of the loan was \$29,401 (US\$20,433) (September 30, 2024 - \$26,987 (US\$19,992)).

- 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 three months ended December 31, 2024, the Corporation accrued interest of \$1,728 (US\$1,236) (2023 - \$1,690 (US\$1,240)). As at December 31, 2024, the carrying value of the loan was \$78,833 (US\$54,787) (September 30, 2024 - \$72,288 (US\$53,551)).

- 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.

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9. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares.

b.) Issued:

	Number of Shares	Amount
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 and December 31, 2024	30,323,578	\$ 49,027,095

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 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 \$143,662 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.

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

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

	December 31, 2024		September 30, 2024	
	Number of	Weighted	Number of	Weighted
	Options	Average	Options	Average
		Exercise		Exercise
		Price		Price
Options outstanding, beginning of period	1,084,806	\$ 0.64	2,744,968	\$ 0.44
Expired	-	-	(1,660,162)	0.30
Options outstanding, end of period	1,084,806	\$ 0.64	1,084,806	\$ 0.64

There were no stock options granted during the three months ended December 31, 2024.

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

Exercise Price	Number	Weighted Average	Weighted Average
		Remaining Life	Exercise Price
\$0.52	217,040	2.85	\$0.52
\$0.25	167,766	3.46	\$0.25
\$0.77	700,000	6.02	\$0.77
	1,084,806	4.99	\$0.64

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

	December 31, 2024		September 30, 2024	
	Number of	Weighted	Number of	Weighted
	Options	Average	Options	Average
		Exercise		Exercise
		Price		Price
		(USD)		(USD)
Options outstanding, beginning of period	173,439	\$ 1.20	654,390	\$ 1.23
Forfeited	-	-	(480,951)	1.25
Options outstanding, end of period	173,439	\$ 1.20	173,439	\$ 1.20

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9. Share capital (continued):

c.) Stock options (continued):

The following table summarizes information about Envexergy's stock options outstanding and exercisable at December 31, 2024:

Exercise Price (USD)	Number	Weighted Average Remaining Life	Weighted Average Exercise Price (USD)
\$0.68	23,058	1.34	\$0.68
\$0.81	49,517	2.65	\$0.81
\$1.43	17,713	3.87	\$1.43
\$1.52	30,005	4.78	\$1.52
\$1.52	3,448	5.18	\$1.52
\$1.52	21,587	5.18	\$1.52
\$1.52	25,044	5.18	\$1.52
\$1.52	1,206	5.18	\$1.52
\$1.52	1,861	5.18	\$1.52
	173,439	3.75	\$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 period then ended is as follows:

	December 31, 2024		September 30, 2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of period	533,062	\$ 0.40	-	\$ -
Issued	-	-	942,218	0.40
Exercised	-	-	(409,156)	0.40
Warrants outstanding, end of period	533,062	\$ 0.40	533,062	\$ 0.40

There are no warrants issued during the three months ended December 31, 2024.

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

Exercise Price	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
\$0.40	533,062	1.28	\$0.40

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9. Share capital (continued):

e.) Contributed surplus:

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:

Three months ended December 31,	2024	2023
Weighted average shares outstanding, basic and diluted	30,323,578	21,326,414

In calculating diluted loss per common share for the three months ended December 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.

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 three months ended December 31, 2024 and 2023:

- a.) During the three months ended December 31, 2024, the Corporation incurred directors' fees of \$42,315 (2023 - \$40,679) to a current director of the Corporation.
- b.) During the three months ended December 31, 2024, the Corporation incurred consulting fees \$9,000 (2023 - \$9,000) to a company controlled by the CFO of the Corporation.
- c.) As at December 31, 2024, included in the accounts payable and accrued liabilities, the Corporation has \$495,658 (September 30, 2024 - \$425,042) 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.
- d.) 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 9b).
- e.) 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).

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

- f.) 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).
- g.) 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

Three months ended December 31,	2024	2023
Directors', accounting and consulting fees, and salaries	\$ 51,315	\$ 49,679

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 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

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12. Acquisition of Envexergy Inc. (continued):

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 three months ended December 31, 2024, the acquired business contributed \$142,616 (2023 - \$Nil) in revenue and a net loss of \$17,816 (2023 - \$Nil) to the Corporation's consolidated results.

During the three months ended December 31, 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.

13. Sobe Organics:

During the three months ended December 31, 2024, Sobe Organics contributed a net loss of \$2,345 (2023 - \$2,292) 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 December 31, 2024.

14. Non-controlling interest

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

	Sobe Organics	Envexergy	Total
Balance, September 30, 2023	\$ (43,471)	\$ -	\$ (43,071)
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)
Loss allocated to NCI	(1,149)	(117)	(1,266)
Gain (loss) on translation allocated to NCI	2,352	(2,651)	(299)
Balance, December 31, 2024	\$ (45,194)	\$ (4,902)	\$ (50,096)

15. 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

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15. Segmented disclosure (continued):

Revenues for the three months ended December 31, 2024 and 2023 are as follows:

	Investment platform and advisory services
For the three months ended December 31, 2024	
Sales	\$ 142,616
Cost of sales	-
Gross profit	\$ 142,616
For the three months ended December 31, 2023	
Sales	\$ -
Cost of sales	-
Gross profit	\$ -

All revenue during the three months ended December 31, 2024 are derived from customers in United States.

100% of the revenue during the three months ended December 31, 2024 is derived from Envexergy's platform sales. No revenue were earned during the three months ended December 31, 2023.

16. 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 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.

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16. Financial instruments and risk management (continued):

Financial risk factors (continued)

At December 31, 2024, the Company was subject to a concentration of credit risk related to its accounts receivable as 98% of the balance of amounts owing is from one customer. The Company recorded a recovery on bad debt expense of \$8,739 during the three months ended December 31, 2024. As at December 31, 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 December 31, 2024:

Financial Liabilities	< One Year	> One Year
Accounts payable and accrued liabilities	\$ 1,214,283	\$ -
Loans payable	30,674	77,560
Total	\$ 1,244,957	\$ 77,560

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

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.

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17. Revenue and geographic information:

Revenues consist of revenues from Envexergy, the Corporation's subsidiary. During the three months ended December 31, 2024, 100% of revenues were earned from United States.

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

18. 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.

19. Subsequent event:

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 13, 2025, the loan remains outstanding.