

**BLOCKCHAINK2 CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FORM 51-102F1**

**FOR THE NINE MONTHS ENDED JUNE 30, 2024**

**August 29, 2024**

Management's Discussion and Analysis ("MD&A") should be read in conjunction with the interim consolidated financial statements for the nine months ended June 30, 2024 and the audited consolidated financial statements for the year ended September 30, 2023. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

The Corporation is an early stage technology company. The Corporation has limited financial resources, and there is no assurance that additional funding will be available to the Corporation to carry out the completion of all proposed activities. Although the Corporation has not yet obtained financing through the sale of equity securities, there can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

## **DESCRIPTION OF BUSINESS**

The principal business of the Corporation was to explore natural resource properties. In early 2016, the Corporation ceased to operate in the resource sector and on November 23, 2017 it was announced that it is management's intention to complete a "Change of Business" transaction ("COB Transaction") pursuant to the policies of the TSX Venture Exchange, with the result that the Corporation will become a blockchain technology company, listed on the Exchange. On May 28, 2018, the Corporation completed its COB transaction and changed its name to BlockchainK2 Corp. and its stock symbol to BITK.

Following closing of the COB transaction, the Corporation's outstanding subscription receipts issued upon closing of the Corporation's concurrent non-brokered and brokered private placement financings, as described in the Corporation's news releases dated January 19, 2018 and April 4, 2018, automatically converted into an aggregate of 3,335,334 common shares in the capital of the Corporation and 1,667,667 common share purchase warrants. Each warrant entitles the holder to purchase one common share of the Corporation at an exercise price of \$2.00 per common share for 12 months from the date of issuance. Aggregate proceeds of \$4,169,168, which had been held in escrow in accordance with the terms of the subscription receipts, have been released to the Corporation.

The Corporation is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, PEI and Newfoundland and its shares are listed on the TSX Venture Exchange ("TSXV") under the symbol NFK. The Corporation was transferred to the NEX board in July 2015. On May 28, 2018, in connection with the closing of the COB transaction and the Corporation's name change, the Corporation changed its stock symbol to BITK.

The Corporation is currently operating as a holding company investing in blockchain technology solutions for capital markets and other sectors that can be made more efficient through tokenization. To date, the Corporation have had invested in three separate ventures: 1. Amplify Games Inc. ("Amplify"); 2. iRecover Inc. ("iRecover"); and 3. Envexergy Inc. (Envexergy). The Corporation also holds a 51% interest in Sobe Organics Inc. ("Sobe Organics"). 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. Amplify and iRecover were dissolved on February 26, 2024.

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 offers online substance abuse education and support for middle, high school and college students. On February 26, 2024, the Corporation completed the dissolution of iRecover.

On March 1, 2021, the Corporation launched Amplify. Amplify utilizes blockchain technology to create a decentralized distribution network for digital games. On February 26, 2024, the Corporation completed the dissolution of Amplify. (See more details under heading **Amplify 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 date.

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 consideration of US\$225,000. (See more details under heading *Acquisition of Envexergy*)

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

## **RECENT EVENTS AND HIGHLIGHTS**

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 February 14, 2024, the Corporation engaged Aktiencheck.de AG, owned by Stefan Lindam, for 100,000 euros for a European marketing and news dissemination program. The program is expected to use Aktiencheck.de's website and other related websites, as well as Facebook, and will include social media engine and e-mail marketing. The campaign commence in February 2024 for a three-month term. The engagement included no shares or options being issued to Aktiencheck.de or its principal.

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.

On April 9, 2024, the Corporation completed the acquisition of Envexergy Inc., commonly referred to as RealBlocks and its wholly owned subsidiaries, RealBlocks Private Securities Inc. and RealBlocks Investment Advisors, Inc.

On April 19, 2024, the Corporation signed a strategic partnership between RealBlocks and Bosonic Securities LLC. A memorandum of understanding (MOU) between the two companies provides a framework of a binding contract regarding the listing, trading, clearing and settlements of tokenized assets by RealBlocks on Bosonic's alternative trading system (ATS) and utilizing Bosonic's proprietary technology and infrastructure.

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 for \$511,071. The Corporation recorded a gain on debt settlement of \$76,661 in the consolidated statements of loss and comprehensive loss.

## **REFERRAL BUSINESS AGREEMENT WITH STANDARD POWER**

On July 15, 2019, the Corporation entered into a business referral agreement with Standard Power wherein the Corporation, having connection with and to third-party entities in the business of mining bitcoin and other cryptocurrencies ("Referral Businesses"), agrees to refer Referral Businesses to Standard Power.

The Corporation shall be compensated for any qualified referral by the payment to it by Standard Power in an amount equal to 5% of the qualifying net profits generated during the preceding calendar month from any bitcoin or other cryptocurrency miners hosted by Standard Power. As at June 30, 2024, the Corporation made no Referral Businesses to Standard Power yet.

## **SOBE ORGANICS**

Sobe Organics is a private beauty, health and wellness company that sells health and beauty products nationwide in the United States independent stores, including resorts, spas, pharmacies, salons, hotel chains, and department stores.

During the nine months ended June 30, 2024, Sobe Organics contributed a net loss of \$6,813 (2023 - \$29,045) to the Corporation's consolidated results.

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

## **AMPLIFY GAMES**

On March 1, 2021, the Corporation launched Amplify Games Inc. (“Amplify Games”). Amplify Games utilizes blockchain technology to create a decentralized distribution network for digital games.

On March 4, 2021, Amplify Games announced alliance with Se7enSins gaming community which will be part of the first gaming sites to launch on the Amplify storefront. Se7enSins will receive a portion of every sale made on its white-labelled Amplify storefront, greatly increasing their potential revenue from their site.

On March 8, 2021, Amplify Games announced alliance with Leaptrade Marketplace (“Leaptrade”). Leaptrade will bring a robust marketplace to the Amplify network that allows its members to buy and sell everything from retro physical game disc/cartridges to digital game keys and non-fungible tokens (NFTs).

On March 11, 2021, Amplify Games joined the largest association of companies promoting blockchain and non-fungible tokens within the gaming industry; the BGA or Blockchain Game Alliance. Amplify Games' inclusion into the BGA will enable new partnerships with blockchain technologies companies and inclusion of new game titles on the Amplify platform through relationships with game studio members.

On March 15, 2021, Amplify Games joined as a partner in the largest association of game developers in the gaming industry, the International Game Developers Association (IGDA). Amplify Games' inclusion into the IGDA, participating with other IGDA partners and exposure to its 30,000 members will accelerate adoption of the Amplify platform in the indie gaming market, helping game developers reach the next level of success for their games and careers.

On May 17, 2021, Amplify Games announced that Teravision Games joined the Amplify alliance to provide vital developer guidance as Amplify continues to build its coming gaming technology platform.

On June 1, 2021, Amplify Games has officially partnered with The Amplifier Group, a strategic communications consultancy focused exclusively on interactive entertainment.

On June 7, 2021, Amplify Games welcomed Santiago Zapata (aka slashie), a games industry veteran developer and leader for the roguelike community, to its industry alliance.

On July 15, 2021, Amplify Games also welcomed Rupert Ochsner, chief executive officer of Bonus Level Entertainment, to the Amplify alliance.

The fast-growing Amplify alliance is an advisory counsel of worldwide developers with first-hand experience in the games industry. This diverse and talented group will provide invaluable guidance to Amplify Games as it continues to build its gaming technology platform, which will provide much-desired resources to game developers and content creators.

In May 2022, Amplify Games launched the public beta of its new class-leading gaming marketplace, Arkade. The Arkade marketplace will not only be a place where gamers can come to buy and sell their games, but it will be a safe and trusted community where they can engage with the crypto and NFT side of gaming as that space evolves over time and becomes mainstream.

In June 2022, new group of game stores were onboarded to the platform, as well as sale and trading of physical games. The addition of physical game sales further adds to the breadth of offerings available on the Arkade marketplace, bringing in not only millions of gamers that want to buy, sell and trade in their physical games, but also enabling local game stores to better monetize their presence online and increase engagement in their brick-and-mortar stores.

On February 26, 2024, the Corporation completed the dissolution of Amplify. As a result of the loss of control on Amplify, the Corporation derecognized all assets and liabilities at their book values on June 30, 2024 and wrote down all balances receivable from Amplify to \$Nil. During the nine months ended June 30, 2024, the Corporation recorded a gain on dissolution of Amplify of \$36,008 as a discontinued operation and reclassified the operating results of Amplify as a discontinued operation for the nine months ended June 30, 2023.

## ACQUISITION OF ENVEXERGY

On April 9, 2024, pursuant to the Corporation's purchase of 1,001,730,300 common shares of Envexergy at a price of \$0.000224611 per share for a consideration of \$304,358 (US\$225,000), an acquisition equivalent to 99.34% of the equity interest in Envexergy on February 7, 2024, the Corporation received the shares certificate from Envexergy. The Corporation determined that the acquisition was completed on the date the shares certificates was received. As a result, Envexergy and its wholly owned subsidiaries, RealBlocks Private Securities Inc. and RealBlocks Investment Advisors, Inc., became a subsidiary of the Corporation.

Envexergy Inc. (doing business as RealBlocks), founded in 2017 in New York City, built the most advanced alternative investment experience for fund managers and their investors worldwide through its online platform. RealBlocks is a pioneer in using 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.

RealBlocks' Software Infrastructure-As-A-Service Platform is built for global scale and uniquely bundles all front, middle, and back office functionality into one easy-to-use online interface. RealBlocks reduces operational expenses, provides the technology for expanding distribution globally, and delivers a powerful tool for built-in secondary trading. For more information, please visit <http://www.realblocks.com>.

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 identified net assets of Envexergy and recognized goodwill of \$526,006.

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

Cash consideration	\$	304,358
Identified fair value of net assets:		
Cash	\$	35,906
Trade and other receivables		331,727
Prepaid expenses		57,329
Security deposits		2,037
Investment		116,942
Trade and other payables		(669,993)
Due to BlockchainK2		(97,069)
Total net assets		(223,121)
Percentage acquired		99.34%
Net assets acquired		(221,648)
Non-controlling interest		(1,473)
<b>Goodwill</b>	\$	<b>526,006</b>

During the nine months ended June 30, 2024, the acquired business contributed \$142,751 in revenue and a net loss of \$468,078 to the Corporation's consolidated results.

Since 2017, RealBlocks has been using technology to provide its clients with easier access to alternative investment options. The firm positions its platform as "Global Infrastructure as a Service for Investment Capital" to alternative investment funds spanning private equity and credit across: real estate, venture capital, buyout, infrastructure, timber, farmland and hedge funds represent over \$9.5 Trillion in AUM globally. The startup, aimed at institutional investors, family offices, financial intermediaries and alternative investment managers, connects investors with investment strategies that have enhanced liquidity levels and simplified administration, otherwise known as Open Alts. Real Estate and alternative investment fund managers can use the firm's technology and feeder fund solutions to multiply revenue streams and offer their customers more diversified products on a global scale.

RealBlocks www.realblocks.com firm positions its platform as "Global Infrastructure as a Service for Investment Capital" to alternative investment funds spanning private equity and credit across: real estate, venture capital, buyout, infrastructure, timber, farmland and hedge funds, which represents over \$10 trillion in AUM globally. RealBlocks is primarily focused on real estate asset managers given the strong demand for real estate product by institutional and HNW investors globally. The firm is also offering a la carte components including automated on-boarding and secondary trading. RealBlocks is the sole international distribution partner for a large US real estate asset manager. RealBlocks operates on three revenue streams: 1) an upfront one-time set up fee, 2) an Asset under Management (AUM) fee and 3) secondary market listing fees. Differentiating Factors: Key advantages include, but are not limited to: 1) connectivity to a large, global universe of placement agents and third party marketers for capital raising, 2) fully integrated, tech-enabled secondary trading, 3) turnkey technology enhanced feeder funds allowing for rapid implementation to expand managers' global distribution capabilities. RealBlocks provides Lasalle Investment Management Global Institutional Onboarding of entire \$77B business.

## INVESTMENTS

<b>Balance, September 30, 2022</b>	<b>\$</b>	<b>1,284,346</b>
Change in fair value		(179,762)
<b>Balance, September 30, 2023</b>		<b>1,104,584</b>
Impairment		(1,104,584)
Assumed on acquisition		116,942
Redemption of shares		(43,787)
Change in fair value		(1,166)
Foreign exchange adjustment		143
<b>Balance, June 30, 2024</b>	<b>\$</b>	<b>72,132</b>

### Investment in Envenergy inc.

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

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

During the nine months ended June 30, 2024, the Corporation purchased 1,001,730,300 common shares in Envenergy at a price of \$0.000224611 per share for a consideration of \$304,358 (US\$225,000), an acquisition equivalent to 99.34% of the equity interest in Envenergy. The Corporation recorded an impairment of investment of \$1,104,584 during the nine months ended June 30, 2024.

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

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

During the nine months ended June 30, 2024, the Corporation redeemed 1,415 shares of SREIT for cash proceeds of \$43,787 (US\$32,574) and recognized an unrealized loss of \$1,166 in the consolidated statements of loss and comprehensive loss. The Corporation also received dividend income of \$842 from this investment.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Corporation at September 30 for each of the three most recently completed financial years prepared in accordance with IFRS. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Corporation.

	September 30, 2023 (audited)	September 30, 2022 (audited)	September 30, 2021 (audited)
	\$	\$	\$
Revenue	31,902	73,183	114,846
Net loss attributable to owners of the parent	(316,136)	(1,081,363)	(2,205,594)
Net loss attributable to owners of the parent - per share, basic and fully diluted	(0.02)	(0.06)	(0.13)
Total assets	1,161,747	1,353,634	1,871,301
Total non-current liabilities	74,026	80,320	65,802
Working capital (deficit)	(732,780)	(819,238)	310,456

## RESULTS OF OPERATIONS

### Year ended September 30, 2023

#### Net loss

The net loss for the year ended September 30, 2023 of \$331,897 (\$0.02 per share) compares to \$1,154,161 (\$0.07 per share) for the year ended September 30, 2022, representing a decrease in net loss of \$822,264. The decrease in net loss was mainly attributable to the decrease in expenses and in other income during the current year.

During the year ended September 30, 2023, the Corporation recorded interest and accretion of \$57,106 (2022 - \$42,662), gain from write-off of accounts payable of \$244,569 (2022 - \$66,915), gain from change in fair value of note receivable of \$Nil (2022 - \$12,468), gain from change in fair value of loans payable of \$Nil (2022 - \$12,639), loss from change in fair value of investment in Envexergy of \$179,762 (2022 - gain of \$61,210), and loss on write-off of inventory of \$7,432 (2022 - \$Nil).

During the year ended September 30, 2023, Sobe Organics contributed net loss of \$32,166 (2022 - \$164,235) to the Corporation's consolidated results. The decrease in net loss was mainly attributable to the decrease in expenses during the current year.

#### Expenses

The expenses for the year ended September 30, 2023 of \$351,405 compares to \$1,298,240 for the year ended September 30, 2022, representing a decrease in expenses of \$946,835. The decrease in expenses was mainly attributable to the decrease in advertising and promotion to \$12,046 from \$76,668 in 2022 due to decreased promotional activities for the Corporation's products, decrease in consulting fees to \$40,200 from \$339,803 in 2022 due to lower fees paid or accrued to consultants in the current year, decrease in directors' fees to \$161,919 from \$308,651 in 2022 due to lower fees paid or accrued to directors of the Corporation in the current year, decrease in filing and listing fees to \$31,087 from \$53,659 in 2022 due to decreased acquisitions and business expansion activities, decrease in general and administrative expenses to \$25,096 from \$71,865 in 2022 due to lower corporate activities in the current year, decrease in professional fees to \$71,125 from \$193,332 in 2022 due to decreased legal and professional fees incurred, decrease in salaries to \$57 from \$225,495 in 2022 mainly attributable to no fees were paid or accrued to officers in the current year and decrease in travel fees to \$Nil from \$9,330 in 2022. The decrease in expenses was mainly due to lower corporate expenses in the current year in comparison to the costs incurred in the previous fiscal year in relation to its business acquisitions and expansion activities.

During the year ended September 30, 2023, Sobe Organics contributed expenses of \$31,930 (2022 - \$184,467) to the Corporation's consolidated results. The decrease in expenses was mainly attributable to the decrease in advertising and promotion expenses, salaries and general and administrative expenses during the current year.

### 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 nine months ended June 30, 2024 and 2023 as follows:

	Investment platform and advisory services		Health and beauty products		Total
<b>For the nine months ended June 30, 2024</b>					
Sales	\$	142,751	\$	-	\$ 142,751
Cost of sales		(1,192)		-	(1,192)
Gross profit	\$	141,559	\$	-	\$ 141,559
<b>For the nine months ended June 30, 2023</b>					
Sales	\$	-	\$	31,142	\$ 31,142
Cost of sales		-		(12,686)	(12,686)
Gross profit	\$	-	\$	18,456	\$ 18,456

All revenue during the nine months ended June 30, 2024 and 2023 were derived from customers in United States.

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

### SELECTED QUARTERLY INFORMATION

Quarter ended	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023
	\$	\$	\$	\$
Revenue	142,751	-	-	760
Net loss	(625,827)	(1,319,591)	(63,181)	(218,272)
Net loss per share	(0.03)	(0.05)	(0.00)	(0.01)
Net loss attributable to owners of the parent	(621,623)	(1,318,491)	(62,058)	(216,743)
Net loss attributable to owners of the parent - per share, basic and fully diluted	(0.03)	(0.05)	(0.00)	(0.01)
Working capital deficit	(706,741)	(630,348)	(797,188)	(732,780)

Quarter ended	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022
	\$	\$	\$	\$
Revenue	7,607	9,423	14,112	14,004
Net income (loss)	(78,806)	137,208	(172,027)	(154,561)
Net income (loss) per share	(0.00)	0.01	(0.01)	(0.01)
Net income (loss) attributable to owners of the parent	(74,485)	141,349	(166,257)	(141,098)
Net income (loss) attributable to owners of the parent - per share, basic and fully diluted	(0.00)	0.01	(0.01)	(0.01)
Working capital deficit	(686,137)	(849,588)	(987,204)	(819,238)

The above noted financial data should be read in conjunction with the interim consolidated financial statements for the nine months ended June 30, 2024.

#### **Fiscal 2024**

During the third quarter of fiscal 2024, the Corporation recorded a loss of \$625,827 compared to a loss of \$1,319,591 in the second quarter of fiscal 2024. The change is mainly due to no impairment loss recognized during the third quarter.

During the second quarter of fiscal 2024, the Corporation recorded a loss of \$1,319,591 compared to a loss of \$63,181 in the first quarter of fiscal 2024. The change is mainly due to impairment loss recognized during the second quarter.

During the first quarter of fiscal 2024, the Corporation recorded a loss of \$63,181 compared to a loss of \$218,272 in the fourth quarter of fiscal 2023. The change is mainly due to lower corporate expenses and no revenue during the first quarter.

#### **Fiscal 2023**

During the fourth quarter of fiscal 2023, the Corporation recorded a loss of \$218,272 compared to a loss of \$78,806 in the third quarter of fiscal 2023. The change is mainly due to higher corporate expenses incurred during the fourth quarter.

During the third quarter of fiscal 2023, the Corporation recorded a loss of \$78,806 compared to an income of \$137,208 in the second quarter of fiscal 2023. The change is mainly due to no gain or other income recognized during the third quarter.

During the second quarter of fiscal 2023, the Corporation recorded an income of \$137,208 compared to a loss of \$172,027 in the first quarter of fiscal 2023. The change is mainly due to gain from write-off of accounts payable recognized during the second quarter.

During the first quarter of fiscal 2023, the Corporation recorded a loss of \$172,027 compared to a loss of \$154,561 in the fourth quarter of fiscal 2022. The change is mainly due to gain from changes in fair value of assets and liabilities during the fourth quarter.

#### **Fiscal 2022**

During the fourth quarter of fiscal 2022, the Corporation recorded a loss of \$154,561 compared to a loss of \$265,326 in the third quarter of fiscal 2022. The change is mainly due to lower corporate expenses and gain from changes in fair value of assets and liabilities during the fourth quarter.

## **RESULTS OF OPERATIONS**

### **Three months ended June 30, 2024**

#### **Net loss**

The net loss for the three months ended June 30, 2024 of \$625,827 (\$0.03 per share) compares to net loss of \$78,806 (\$0.00 per share) for the three months ended June 30, 2023, representing an increase in net loss of \$547,021. The increase in net loss was mainly attributable to the increase in operating expenses during the current period.

During the three months ended June 30, 2024, the Corporation recorded loss from write-off of inventory of \$Nil (2023 - \$7,445), loss from change in fair value of investment of \$1,166 (2023 - \$Nil), gain on debt settlement of \$76,661 (2023 - \$Nil) and dividend income of \$842 (2023 - \$Nil).

During the three months ended June 30, 2024, Sobe Organics contributed net loss of \$2,277 (2023 - \$8,820) to the Corporation's consolidated results.

During the three months ended June 30, 2024, Envexergy contributed net loss of \$468,078 (2023 - \$Nil) to the Corporation's consolidated results.

#### **Expenses**

The expenses for the three months ended June 30, 2024 of \$841,596 compares to \$64,221 for the three months ended June 30, 2023, representing an increase in expenses of \$777,375. The increase in expenses was mainly attributable to the increase in advertising and promotion to \$53,935 from \$1,335 in 2023 due to increased promotional activities paid for the Corporation's products, increase in business development fees to \$66,431 from \$Nil in 2023 due to higher fees incurred during the current period, increase in consulting fees to \$119,400 from \$9,000 in 2023 due to higher fees paid or accrued to consultants during the current period, increase in directors' fees to \$41,070 from \$40,421 in 2023 due to higher fees incurred to directors, increase in filing and listing fees to \$20,784 from \$6,792 in 2023 due to higher regulatory and listing fees incurred during the current period, increase in general and administrative expenses to \$64,652 from \$4,788 in 2023 due to higher corporate activities in the current period, increase in investor relations to \$8,728 from \$Nil in 2023 due to higher fees incurred during the current period, increase in professional fees to \$66,888 from \$3,860 in 2023 due to higher services required by the Corporation, increase in salaries to \$305,775 from \$Nil in 2023 mainly attributable to higher payroll fees paid or accrued during the current period, decrease in selling expenses to \$Nil from a recovery of \$16 in 2023 and increase in share-based compensation to \$90,010 from \$Nil in 2023 mainly attributable to vested stock options incurred during the current period. The increase in expenses was mainly due to higher corporate expenses as well as the additional costs incurred by the Corporation from the newly acquired subsidiaries in the current period.

During the three months ended June 30, 2024, Sobe Organics contributed expenses of \$Nil (2023 - \$5,840) to the Corporation's consolidated results.

During the three months ended June 30, 2024, Envexergy contributed expenses of \$609,313 (2023 - \$Nil) to the Corporation's consolidated results.

### **Nine months ended June 30, 2024**

#### **Net loss**

The net loss for the nine months ended June 30, 2024 of \$2,008,599 (\$0.09 per share) compares to net loss of \$113,625 (\$0.01 per share) for the nine months ended June 30, 2023, representing an increase in net loss of \$1,894,974. The increase in net loss was mainly attributable to the impairment loss and increase in operating expenses during the current period.

During the nine months ended June 30, 2024, the Corporation recorded loss from change in fair value of investment of \$1,166 (2023 - \$Nil), gain from write-off of accounts payable of \$Nil (2023 - \$244,569), loss from write-off of

inventory of \$Nil (2023 - \$7,445), gain on debt settlement of \$76,661 (2023 - \$Nil), impairment loss of \$1,104,584 (2023 - \$Nil) and dividend income of \$842 (2023 - \$Nil).

During the nine months ended June 30, 2024, Sobe Organics contributed net loss of \$6,813 (2023 - \$29,045) to the Corporation's consolidated results.

During the nine months ended June 30, 2024, Envexergy contributed net loss of \$468,078 (2023 - \$Nil) to the Corporation's consolidated results.

## Expenses

The expenses for the nine months ended June 30, 2024 of \$1,139,934 compares to \$219,913 for the nine months ended June 30, 2023, representing an increase in expenses of \$920,021. The increase in expenses was mainly attributable to the increase in advertising and promotion to \$201,165 from \$11,777 in 2023 due to increased promotional activities paid for the Corporation's products, increase in business development fees to \$66,431 from \$Nil in 2023 due to higher fees incurred during the current period, increase in consulting fees to \$143,286 from \$31,200 in 2023 due to higher fees paid or accrued to consultants during the current period, increase in directors' fees to \$122,266 from \$121,691 in 2023 due to higher fees incurred to directors, increase in filing and listing fees to \$48,871 from \$18,151 in 2023 due to higher regulatory and listing fees paid and incurred, increase in general and administrative expenses to \$65,753 from \$14,466 in 2023 due to higher corporate activities in the current period, increase in investor relations to \$8,728 from \$Nil in 2023 due to higher fees incurred during the current period, increase in professional fees to \$86,271 from \$24,684 in 2023 due to higher services required by the Corporation, increase in salaries to \$305,775 from \$Nil in 2023 mainly attributable to higher payroll fees paid or accrued during the current period, decrease in selling expenses to \$Nil from \$5,565 in 2023 and increase in share-based compensation to \$90,010 from \$Nil in 2023 mainly attributable to vested stock options incurred during the current period. The increase in expenses was mainly due to higher corporate expenses as well as the additional costs incurred by the Corporation from the newly acquired subsidiaries in the current period.

During the nine months ended June 30, 2024, Sobe Organics contributed expenses of \$Nil (2023 - \$31,018) to the Corporation's consolidated results.

During the nine months ended June 30, 2024, Envexergy contributed expenses of \$609,313 (2023 - \$Nil) to the Corporation's consolidated results.

## NON-CONTROLLING INTEREST

As at June 30, 2024, the carrying value of non-controlling interest ("NCI") was (\$51,939) (September 30, 2023 - (\$43,471)) which was determined as follows:

	Sobe Organics	Envexergy	Total
<b>Balance, September 30, 2022</b>	<b>\$ (28,051)</b>	<b>\$ -</b>	<b>\$ (28,051)</b>
Loss allocated to NCI	(15,761)	-	(15,761)
Gain on translation allocated to NCI	341	-	341
<b>Balance, September 30, 2023</b>	<b>(43,471)</b>	<b>-</b>	<b>(43,471)</b>
NCI recognized upon acquisition	-	(1,473)	(1,473)
Loss allocated to NCI	(3,338)	(3,089)	(6,427)
Loss on translation allocated to NCI	(558)	(10)	(568)
<b>Balance, June 30, 2024</b>	<b>\$ (47,367)</b>	<b>\$ (4,572)</b>	<b>\$ (51,939)</b>

## REVENUE AND GEOGRAPHIC INFORMATION

Revenues consist mainly of revenues from Sobe Organics and Envexergy, the Corporation's subsidiaries. During the three and nine months ended June 30, 2023, 100% of revenues were earned from United States.

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

## **LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2024, the Corporation had a working capital deficit of \$706,741 which compares to a working capital deficit of \$732,780 as at September 30, 2023.

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 18, 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.

## **TRANSACTIONS WITH RELATED PARTIES**

The following is a summary of the related party transactions that occurred throughout the three and nine months ended June 30, 2024 and 2023:

- a) During the three months ended June 30, 2024, the Corporation incurred directors' fees of \$41,070 (2023 - \$40,421) to a current director of the Corporation.

During the nine months ended June 30, 2024, the Corporation incurred directors' fees of \$122,266 (2023 - \$121,691) to a current director of the Corporation.

- b) During the three months ended June 30, 2024, the Corporation incurred consulting fees of \$9,000 and professional fees of \$Nil (2023 - \$9,000 and \$3,000, respectively) to Canmore Financial Services Inc., a company controlled by the CFO of the Corporation.

During the nine months ended June 30, 2024, the Corporation incurred consulting fees of \$27,000 and professional fees of \$Nil (2023 - \$27,000 and \$9,000, respectively) to Canmore Financial Services Inc., a company controlled by the CFO of the Corporation.

- c) During the three months ended June 30, 2024, the Corporation incurred salaries of \$39,952 (2023 - \$Nil) to a current director of the Corporation.

During the nine months ended June 30, 2024, the Corporation incurred salaries of \$39,952 (2023 - \$81,060) to a current director of the Corporation.

- d) As at June 30, 2024, included in the accounts payable and accrued liabilities, the Corporation has \$266,639 (September 30, 2023 - \$286,815) due to related parties as 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 the director and officer of the Corporation and recorded a gain on debt settlement of \$15,997 in the consolidated statements of loss and comprehensive loss.

- f) During the nine months ended June 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 a gain on debt settlement of \$60,664 in the consolidated statements of loss and comprehensive loss. As at June 30, 2024, loans payable includes \$Nil (September 30, 2023 - \$393,255) owing to a director.

### Compensation of key management personnel

<b>Three months ended June 30,</b>		<b>2024</b>		<b>2023</b>
Directors', accounting and consulting fees, and salaries	\$	<b>90,022</b>	\$	<b>52,421</b>

  

<b>Nine months ended June 30,</b>		<b>2024</b>		<b>2023</b>
Directors', accounting and consulting fees, and salaries	\$	<b>189,218</b>	\$	<b>241,751</b>

### MANAGEMENT CHANGES

On December 15, 2022, John Lema has resigned from the board of directors.

On May 25, 2023, the Corporation appointed Robert Jarva to the board of directors.

On July 17, 2023, the Corporation appointed Balazs Veszpremi to the board of directors.

On May 2, 2024, the Corporation appointed Scott Brooks III as Chief Executive Officer of RealBlocks and as a director of the Corporation. Mr. Brooks replaces Balazs Veszpremi who resigned as a director for the Corporation.

Subsequent to the nine months ended June 30, 2024, Scott Brooks III resigned as Chief Executive Officer of RealBlocks and as a director of the Corporation.

As the date of this MD&A, the Corporation's management now consists of Sergei Stetsenko as Chief Executive Officer and director, Yuying Liang as Chief Financial Officer and corporate secretary, Steven Sangha and Robert Jarva as directors.

### SUBSEQUENT EVENTS

On July 17, 2024, the Corporation entered into a new partnership with SoHo Advisors Pte. Ltd. to help provide institutional distribution capabilities to climate funds worldwide. The partnership would provide investors access to the world's leading climate funds, climate research and education capabilities for portfolio construction.

The Corporation have already begun integration with their clients in the United States, the United Kingdom, and Singapore.

On July 19, 2024, the Corporation issued 359,156 common shares at \$0.40 per share pursuant to the exercise of 359,156 warrants.

On August 23, 2024, Scott Brooks III resigned as Chief Executive Officer of RealBlocks and as a director of the Corporation. Mr. Brooks's resignation was not related to any disagreements with the company, its shareholders or its management. The company thanks Mr. Brooks for his contributions and wishes him the best of luck in his future endeavors.

### ACCOUNTING POLICIES

The consolidated financial statements and related MD&A have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets recorded on the date of transition. The consolidated financial statements have been prepared on a going concern basis.

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 consolidated 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). A summary of the Corporations material accounting policies under IFRS is presented in Note

3 – “Material accounting policies” in the Corporation’s consolidated financial statements for the nine months ended June 30, 2024.

Items included in the 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 and presentation currency.

## **CRITICAL ACCOUNTING ESTIMATES**

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 the common 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 Company’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 interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Corporation’s ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the 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 nine months ended June 30, 2024, management concluded that the acquisition of Envexergy Inc. represent a business combination. For acquisitions representing asset acquisition, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased. 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 was required. The fair values of the net assets acquired was 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.

## FINANCIAL INSTRUMENTS

As at June 30, 2024, the Corporation's financial instruments are cash, receivables, accounts payables and loans payable. The amounts reflected in the balance sheet for these financial instruments approximate their fair values due to the short-term nature and negligible credit losses.

The Corporation does not use derivative instruments or hedges to manage risks because the Corporation's exposure to credit risk, interest rate risk and currency risk is not considered significant.

## OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has not engaged in any off-balance sheet arrangements.

## DISCLOSURE OF OUTSTANDING SHARE DATA

### Authorized and Issued Share Capital

The following is outstanding as of August 29, 2024:

Class	Par Value	Authorized	Issued
Common	Nil	Unlimited	30,273,578
Preferred	Nil	Unlimited	Nil

### Description of Options and Warrants Outstanding

The following is outstanding as of August 29, 2024:

Security Type	Number	Exercise Price	Expiry Date
Options	217,040	\$0.52	November 8, 2027
Options	167,766	\$0.25	June 15, 2028
Options	700,000	\$0.77	January 7, 2031
Warrants	583,062	\$0.40	April 18, 2026

## FORWARD-LOOKING STATEMENTS

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Corporation. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar and U.S. dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States or other countries in which the Corporation carries or may carry on business in the future. Many of these uncertainties and contingencies can affect the Corporation's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Corporation. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the "Risk and Uncertainties" section of these MD&A for a discussion of some of the factors underlying forward-looking statements. The

Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

## **RISK FACTORS**

In the normal course of business, the Corporation is exposed to various business risks and uncertainties that can have an effect on the Corporation's results of operations, financial position, or liquidity. While some exposures may be reduced by the Corporation's risk management strategies, many risks are driven by external factors beyond the Corporation's control or are of a nature which cannot be eliminated. The following is a discussion of key areas of business risks and uncertainties.

### **The Corporation**

The Corporation is in the early stage of development and must be considered a start-up. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Corporation has no intention of paying any dividends in the near future.

The Corporation will have limited financial resources and there is no assurance that additional funding will be available to it for further development of its business or to fulfil its obligations under any applicable agreements.

As certain of the officers and directors of the Corporation are directors, officers or shareholders of other companies, there are potential conflicts of interest to which the officers and directors of the Corporation may be subject to from time to time, in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the Business Corporation Act (Alberta).

The Corporation may need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Corporation may change and investors may suffer additional dilution. To the extent financing is not available, business opportunities and potential acquisitions could be lost for the Corporation.

### **Liquidity**

Disruptions in the financial markets or deterioration of the Corporation's credit ratings could hinder the Corporation's access to external sources of funding to meet its liquidity needs. There can be no assurance that changes in the financial markets will not have a negative effect on the Corporation's liquidity and its access to capital at acceptable rates.

### **Risks from Acquisitions, Strategic Alliances and Joint Ventures**

The Corporation may pursue acquisitions, strategic alliances and joint ventures. The ability of the Corporation to complete acquisitions, strategic alliances and joint ventures is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions, strategic alliances and joint ventures involve risks that could adversely affect the Corporation's results of operations, including the management time that may be diverted from operations in order to pursue and complete such transactions and, difficulties in the case of acquisitions, integrating and managing the additional operations and personnel of acquired businesses. There can be no assurance that the Corporation will be able to obtain the capital necessary to consummate acquisitions, strategic alliances or joint ventures on satisfactory terms, if at all. Future acquisitions, strategic alliances or joint ventures could result in the incurrence of additional debt, costs and contingent liabilities, all of which could materially adversely affect the Corporation.

The Corporation is planning to change its business to digital currency mining and block chain software businesses. There is no assurance that the Corporation will receive requisite regulatory, exchange and shareholder approvals. In the event that the Corporation is able to change its business to technology and block chain businesses, such businesses are inherently early stage, unproven, volatile and subject to risks including regulatory, technological and financing.

### **Dependence on Key Personnel**

The success of the Corporation will depend, to a significant extent, upon the efforts and abilities of its senior management team. The loss of any management, or the inability to attract and retain additional skilled management, could have a material adverse effect on the business, operating results and financial condition of the Corporation.

### **Global Financial Conditions**

Global financial conditions may be subject to high volatility which could result, as they have in the past, in numerous commercial and financial enterprises either going into bankruptcy or creditor protection or having had to be rescued by governmental authorities. In recent years, access to public financing has been negatively impacted by sub-prime mortgage defaults in the United States, the liquidity crisis affecting the asset-backed commercial paper and collateralized debt obligation markets, massive investment losses by banks with resultant recapitalization efforts and a deterioration in the global economy. More recently, the European debt crisis has affected equity investor sentiment and, if it worsens, could also affect worldwide credit markets, which might impact the Corporation.

Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions can cause the broader credit markets to further deteriorate and stock markets to decline substantially. Banks have been adversely affected by the worldwide economic crisis and have somewhat curtailed existing liquidity lines, increased pricing and introduced new and tighter borrowing restrictions to corporate borrowers, with limited access to new facilities or for new borrowers. These factors, if they were to reoccur, could negatively impact the Corporation's ability to access liquidity needed for the Corporation's business in the longer term. These factors may impact the Corporation's future ability to obtain equity, debt or bank financing on terms favourable to the Corporation, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

### **Potential Volatility of Share Price**

The market price of the common shares of the Corporation may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the Corporation's results of operations; changes in estimates of the Corporation's future results of operations by management or securities analysts; introduction of new products or services by the Corporation or its competitors; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many venture issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the shares.

### **Tax Considerations**

The return on an investment in common shares of the Corporation will be subject to changes in federal and provincial tax laws. There can be no assurance that the income tax legislation in Canada will not be amended so as to fundamentally alter the tax consequences of holding or disposing of the common shares.

### **Legal or Regulatory Proceedings**

Although the Corporation is not currently a party to any material legal or regulatory proceedings, legal or regulatory proceedings could be filed against the Corporation in the future. No assurance can be given as to the final outcome of any legal or regulatory proceedings or that the ultimate resolution of any legal or regulatory proceedings will not have a material adverse effect on the Corporation.

### **Additional Information**

Additional information is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca)