

BLOCKMATE VENTURES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

FOR THREE MONTHS ENDED SEPTEMBER 30, 2023

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)**

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|---|---------------------|
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | PAGE 1 |
| CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS | PAGE 2 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | PAGE 3 |
| CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY | PAGE 4 |
| NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS | PAGES 5 - 17 |

BLOCKMATE VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023 AND JUNE 30, 2023
(Expressed in Canadian dollars)
(Unaudited)

| | Notes | September 30, 2023 (Unaudited) | June 30, 2023 (Audited) |
|---|-------|--------------------------------------|-------------------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash | 3 | 137,916 | 499,852 |
| Prepaid expenses | | 69,221 | 52,020 |
| Assets of the disposal group held for sale | 5 | 295,254 | 409,318 |
| TOTAL ASSETS | | 502,391 | 961,190 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | 607,272 | 707,670 |
| Due to directors | 11 | - | 13,330 |
| SAFE Notes | 8 | 97,617 | 97,617 |
| Liabilities of the disposal group held for sale | 5 | 465,315 | 462,735 |
| | | 1,170,204 | 1,281,352 |
| Shareholders' (Deficit) equity | | | |
| Share capital | 9 | 19,479,684 | 19,352,300 |
| Contributed surplus | 10 | 2,669,673 | 2,669,673 |
| Warrants and options reserve | 10 | 943,758 | 943,758 |
| Subscription Receivable | | - | (25,000) |
| Accumulated deficit | | (23,091,002) | (22,576,973) |
| Accumulated other comprehensive loss for the year | | (669,926) | (683,920) |
| Total shareholders' (deficit) equity | | (667,813) | (320,162) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 502,391 | 961,190 |

Nature of operations and Going concern (Note 1)
Subsequent Events (Note 14)

Approved on behalf of the Board on November 29, 2023:

Signed: "Justin Rosenberg"
Director

Signed: "Domenic Carosa"
Director

The accompanying notes are an integral part of the consolidated interim financial statements.

BLOCKMATE VENTURES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

| | Notes | 2023 | 2022 |
|--|-------|--------------------|------------------|
| | | \$ | \$ |
| REVENUE | | - | - |
| COST OF SALES | | - | - |
| GROSS MARGIN FROM CONTINUING OPERATIONS | | - | - |
| GROSS MARGIN FROM DISCONTINUED OPERATIONS | 5 | 9,419 | 28,846 |
| EXPENSES | | | |
| Filing fees and transfer fees | | (13,667) | (30,952) |
| General and administrative | | (11,745) | (50,065) |
| Marketing | | (38,085) | (13,157) |
| Professional and consulting fees | 11 | (180,463) | (69,010) |
| Rent | | (2,116) | (6,816) |
| Software development and website | | (10,063) | (18,180) |
| Wages | 11 | (53,360) | (237,058) |
| | | (309,499) | (425,238) |
| Net Income/(Loss) for the Period Before Other Income from Continuing Operations | | (309,499) | (425,238) |
| Net Income/(Loss) For the Period Before Other Income from Discontinued Operations | 5 | (220,497) | (131,394) |
| OTHER ITEMS | | | |
| Foreign exchange Gain | | (6,304) | (3,148) |
| Impairment on intangibles and equipment | 7 | (457) | - |
| Interest income | | 1,965 | 278 |
| Other income | | 415 | - |
| Gain on Debt settlement | 9 | 14,154 | - |
| Other income/(loss) on debt forgiven | 5 | (1,424,317) | - |
| Total other income/(loss) | | (1,414,544) | (2,870) |
| Net Income/(Loss) for the Period from Continuing Operations | | (1,724,043) | (428,108) |
| Net Income/(Loss) for the Period from Discontinued Operations | 5 | 1,210,014 | (101,247) |
| TOTAL NET INCOME/(LOSS) FOR THE PERIOD | | (514,029) | (529,355) |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | |
| Other comprehensive loss for the year | | 13,994 | (1,090) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | (500,035) | (530,445) |
| Basic weighted average shares outstanding | | 110,366,990 | 63,501,660 |
| Basic net income/(loss) per share - Continuing Operations | | (0.02) | (0.01) |
| Basic net income/(loss) per share - Discontinued Operations | | 0.01 | 0.00 |
| Diluted weighted average shares outstanding | | 145,263,095 | 83,776,660 |
| Diluted net income/(loss) per share - Continuing Operations | | (0.01) | (0.01) |
| Diluted net income/(loss) per share - Discontinued Operations | | 0.01 | 0.00 |

The accompanying notes are an integral part of the consolidated interim financial statements.

BLOCKMATE VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

| | Notes | 2023 | 2022 |
|--|-------|------------------|------------------|
| | | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| Net loss for the period from continuing operations | | (1,724,043) | (428,108) |
| Items not affecting cash: | | | |
| Gain on Debt settlement | | (14,154) | - |
| Impairment of intangibles | | 457 | - |
| Other income / (loss) on debt forgiven | 5 | 1,424,317 | - |
| | | (313,423) | (428,108) |
| Changes in non-cash working capital items: | | | |
| Accounts receivable | | - | 87 |
| Prepaid expenses | | (17,201) | (19,803) |
| Due to directors | | (13,330) | 25,000 |
| Accounts payable and accrued liabilities | | 41,140 | 57,295 |
| Net cash used in operating activities from continuing operations | | (302,814) | (365,529) |
| Net cash used in operating activities from discontinued operations | 5 | (181,940) | (59,573) |
| FINANCING ACTIVITIES | | | |
| Net proceeds from issuance of shares | 9 | 25,000 | - |
| Proceeds / (cash used) from intercompany transactions | | - | (52,813) |
| Proceeds from notes payable | | - | 85,793 |
| Net cash provided by financing activities from continuing operations | | 25,000 | 32,980 |
| Net cash provided by financing activities from discontinued operations | 5 | - | 52,813 |
| INVESTING ACTIVITIES | | | |
| Acquisition of intangibles | | (445) | - |
| Net cash used by investing activities from continuing operations | | (445) | - |
| Net cash used by investing activities from discontinued operations | | - | (3,895) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (460,199) | (343,204) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD | | 825,235 | 740,389 |
| EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES | | 10,590 | (2,322) |
| CASH AND CASH EQUIVALENTS, END OF THE PERIOD | | 375,626 | 394,863 |

Cash and cash equivalents at the end of the period consists of:

| | September 30, 2023 | June 30, 2023 | September 30, 2022 | June 30, 2022 |
|----------------------------------|-----------------------|------------------|-----------------------|------------------|
| Continuing operations | 137,916 | 499,852 | 99,888 | 398,735 |
| Discontinued operations (Note 5) | 237,710 | 325,383 | 294,975 | 341,654 |
| Total | 375,626 | 825,235 | 394,863 | 740,389 |

The accompanying notes are an integral part of the consolidated interim financial statements.

BLOCKMATE VENTURES INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

| | Number of Common Shares (Note 9) | Share Capital (Note 9) | Contributed Surplus (Note 10) | Warrants and Options Reserve (Note 10) | Subscription Receivable | Accumulated Deficit | Accumulated Other Comprehensive Profit/(Loss) | Total Shareholders' Equity |
|---|---|------------------------------|-------------------------------------|---|----------------------------|------------------------|--|----------------------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, June 30, 2022 | 63,501,660 | 18,072,791 | 1,408,873 | 1,260,800 | - | (19,767,398) | (566,024) | 409,042 |
| Net loss for the period | - | - | - | - | - | (529,355) | - | (529,355) |
| Accumulated other comprehensive loss | - | - | - | - | - | - | (1,090) | (1,090) |
| Balance, September 30, 2022 | 63,501,660 | 18,072,791 | 1,408,873 | 1,260,800 | - | (20,296,753) | (567,114) | (121,403) |
| Balance, June 30, 2023 | 107,966,997 | 19,352,300 | 2,669,673 | 943,758 | (25,000) | (22,576,973) | (683,920) | (320,162) |
| Shares issued for debt settlement (Note 9) | 2,830,761 | 127,384 | - | - | - | - | - | 127,384 |
| Subscription received | - | - | - | - | 25,000 | - | - | 25,000 |
| Net loss for the period | - | - | - | - | - | (514,029) | - | (514,029) |
| Accumulated other comprehensive income | - | - | - | - | - | - | 13,994 | 13,994 |
| Balance, September 30, 2023 | 110,797,758 | 19,479,684 | 2,669,673 | 943,758 | - | (23,091,002) | (669,926) | (667,813) |

The accompanying notes are an integral part of the consolidated interim financial statements.

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Blockmate Ventures Inc. (Formerly Midpoint Holdings Ltd.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company was to negotiate an acquisition or participation in a business subject to acceptance by regulatory authorities and, in certain cases, shareholder approval (the "Qualifying Transaction") which it completed on April 11, 2013.

The Company owns 100% of Blockchain World Ltd. ("BWL"). BWL owns Hivello Holdings Ltd and the premium domain names, Blockchain.eu (Europe) and Blockchain.com.au (Australia). During the year ended June 30, 2023, the Company entered into a binding agreement to divest its Midpoint foreign exchange business (MPNT) to focus all its resources toward the blockchain and clean energy ventures within its portfolio and reduce its net cash outflows by approximately \$500,000 per annum.

The Company's head office is 505 Kootenay Street, Nelson British Columbia, V1L 1K9.

There is no assurance that the Company's business will result in future profitable operations. The business is subject to risk, market conditions, supply and demand, and competition. The Company relies on financing and the cash currently available to meet its administrative overhead and maintain its assets. The recoverability of amounts shown in assets is dependent on several factors. These factors include the ability of the Company to obtain financing to complete the planned growth, reduction of operating expenses, and future cashflow from the Company's business.

However, there can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. On September 30, 2023, the Company had working capital deficiency of \$667,813 (June 30, 2023 – \$320,162). On September 30, 2023, the Company also had an accumulated deficit of \$23,091,002 (June 30, 2023 - \$22,576,973).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and principles of consolidation

The Company has prepared these consolidated financial statements and the notes thereto in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. They are presented in Canadian dollars.

The consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting. The consolidated financial statements include the Company's wholly owned subsidiary, BWL and HVL; and discontinued operations, MPT UK and MPT HK. All significant intercompany accounts and transactions have been eliminated as a result of consolidation.

The consolidated financial statements comprise of the financial statements of the Company and the following entities owned and controlled by the Company and its subsidiaries:

| Name of Subsidiary | Country of Incorporation | Ownership | Principle Activities |
|------------------------------|---------------------------------|------------------|-----------------------------|
| Blockchain World Ltd (BWL) | London | 100% | Blockchain |
| Hivello Holdings Ltd (HVL) | London | 100% BWL | Blockchain |
| Midpoint & Transfer (MPNT) | England and Wales | 100% | Currency exchange |
| Midpoint & Transfer (MPT HK) | Hongkong | 100% | Currency exchange |

**BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on November 29, 2023.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to the three elements of control listed above.

The following subsidiaries were classified as held for sale – discontinued operations on June 30, 2023, pursuant to the management’s intention to sell the entities within the year. The operating results of the subsidiaries are included in discontinued operations in these consolidated financial statements:

| Name of Subsidiary | Country of Incorporation | Ownership | Principle Activities |
|----------------------------|---------------------------------|------------------|-----------------------------|
| Midpoint & Transfer (MPNT) | England and Wales | 100% | Currency exchange |
| Midpoint Hongkong (MPT HK) | Hongkong | 100% | Currency exchange |

All intercompany transactions, balances, income and expense are eliminated upon consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Discontinued Operations

Effective June 30, 2023, the Company has entered into binding agreements to sell its subsidiaries Midpoint & Transfer (MPNT) and Midpoint Hongkong (MPT HK). The segments meet the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. These operating segments were not previously classified as held-for-sale or as discontinued operations. The comparative Consolidated Statements of Operations and Comprehensive Loss has been reclassified to show the discontinued operations separately from continuing operations (Note 5).

3. CASH

As at September 30, 2023, the Company had cash of \$375,626 (June 30, 2023 - \$825,235). The Company maintains cash in various banks in Canada and the United Kingdom. As at September 30, 2023, the cash balance consists of \$137,916 (June 30, 2023 - \$499,852) held by entities with continuing operations and \$237,710 (June 30, 2023 - \$325,383) held by the disposal group held for sale (Note 5). As at September 30, 2023, the cash held by disposal group held for sale includes restricted cash held in trust amounting to \$40,000 (June 30, 2023 - \$Nil).

4. ACCOUNTS RECEIVABLE

The Company had \$Nil accounts receivable as at September 30, 2023 (June 30, 2023 - \$Nil). The disposal group held for sale had \$12,414 VAT claims as at September 30, 2023 (June 30, 2023 - \$9,866) (Note 5).

5. DISCONTINUED OPERATIONS

Midpoint & Transfer (MPNT) and Midpoint Hongkong (MPT HK) meets the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. This operating segment was not previously classified as held-for-sale or as a discontinued operation.

On September 21, 2023, the Company entered into a binding agreement to divest its Midpoint foreign exchange business. The 100% sale of Midpoint for a nominal figure will allow the Company to focus all of its resources toward the blockchain, battery and clean energy ventures within its portfolio. The parties agreed that all intercompany transactions will be forgiven, resulting to loss on debt forgiveness for continuing operations and income on debt forgiveness for

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

discontinued operations amounting to \$1,424,317.

5. DISCONTINUED OPERATIONS (Continued)

The comparative Consolidated Statements of Operations and Comprehensive Loss have been reclassified to show the discontinued operation separately from continuing operations.

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| REVENUE | 68,834 | 80,359 |
| COST OF SALES | (59,415) | (51,513) |
| GROSS MARGIN FROM CONTINUING OPERATIONS | 9,419 | 28,846 |
| EXPENSES | | |
| Amortization and depreciation (Note 6) | (3,817) | (5,625) |
| General and administrative | (68,164) | (21,513) |
| Marketing | (2,234) | (10,731) |
| Professional and consulting fees (Note 11) | (58,990) | (19,165) |
| Rent | (15,320) | (9,304) |
| Software development and website | (10,326) | (10,719) |
| Wages | (61,646) | (54,337) |
| | (220,497) | (131,394) |
| Net Income/(Loss) For the Period Before Other Income from Discontinued Operations | (211,078) | (102,548) |
| OTHER ITEMS | | |
| Foreign exchange (loss)/gain | (4,074) | 1,298 |
| Grant income | 849 | - |
| Interest income | - | 3 |
| Other income on debt forgiven (Note 5) | 1,424,317 | - |
| Total other income | 1,421,092 | 1,301 |
| NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS FOR THE PERIOD | 1,210,014 | (101,247) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Foreign currency translation | 35,549 | 254,918 |
| COMPREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS FOR THE PERIOD | 1,245,563 | 153,671 |

The Consolidated Statements of Cash Flow shows the following cash provided by the discontinued operations:

| | 2023 | 2022 |
|---|------------------|-----------------|
| | \$ | \$ |
| Net cash provided from (used in) operating activities | (181,940) | (59,573) |
| Net cash provided from (used in) financing activities | - | 52,813 |
| Net cash provided from (used in) investing activities | - | (3,895) |
| NET (DECREASE) INCREASE IN CASH | (181,940) | (10,655) |
| Cash, beginning of period | 325,383 | 341,654 |
| Effect of changes in foreign exchange rates | 94,267 | (36,024) |
| Cash, end of period | 237,710 | 294,975 |

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
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5. DISCONTINUED OPERATIONS (Continued)

Included in the consolidated balance sheet as of September 30, 2023 are the following major classes of assets and liabilities associated with the discontinued operations:

| | September 30, 2023 (Unaudited) | June 30, 2023 (Audited) |
|--|---|--|
| | \$ | \$ |
| ASSETS OF THE DISPOSAL GROUP HELD FOR SALE | | |
| Current | | |
| Cash (Note 3) | 237,710 | 325,383 |
| Accounts receivables (Note 4) | 12,414 | 9,866 |
| Prepaid expenses | 29,313 | 57,827 |
| | <u>279,437</u> | <u>393,076</u> |
| Non-current | | |
| Equipment (Note 6) | 15,817 | 16,242 |
| TOTAL ASSETS | <u>295,254</u> | <u>409,318</u> |
| LIABILITIES OF THE DISPOSAL GROUP HELD FOR SALE | | |
| Current | | |
| Accounts payable and accrued liabilities | 237,249 | 234,669 |
| Loan payable | 142,450 | 142,450 |
| Advances from customers | 85,616 | 85,616 |
| TOTAL LIABILITIES | <u>465,315</u> | <u>462,735</u> |

6. EQUIPMENT

All of the Company's equipment is related to the discontinued operations.

The following table summarizes the Company's equipment transactions for the three months ended September 30, 2023, and the year ended June 30, 2023:

| | September 30, 2023 (Unaudited) | June 30, 2023 (Audited) |
|--|---|--|
| | \$ | \$ |
| Cost | | |
| Balance, beginning of the period | 166,805 | 142,303 |
| Additions | - | 14,065 |
| Effect of changes in foreign exchange rates | (3,045) | 10,437 |
| Reclassification of MPNT and MPT HK as asset held for sale | (163,760) | (166,805) |
| Balance, end of the period | <u>-</u> | <u>-</u> |
| Accumulated Depreciation | | |
| Balance, beginning of the period | 150,563 | 119,437 |
| Depreciation | 3,817 | 23,750 |
| Effect of changes in foreign exchange rates | (6,437) | 7,376 |
| Reclassification of MPNT and MPT HK as asset held for sale | (147,943) | (150,563) |
| Balance, at end of the period | <u>-</u> | <u>-</u> |
| Net Book Value | <u>-</u> | <u>-</u> |
| Comprised as follows: | | |
| Computer | - | - |
| Office equipment | - | - |
| Total | <u>-</u> | <u>-</u> |

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

7. INTANGIBLES

The following table summarizes the Company's intangibles transactions for the three months ended September 30, 2023 and the year ended June 30, 2023:

| | September 30, 2023 (Unaudited) | June 30, 2023 (Audited) |
|---|---|--|
| | \$ | \$ |
| Cost | | |
| Balance, beginning of the period | 125,989 | 120,280 |
| Additions | 445 | 5,709 |
| Effect of changes in foreign exchange rates | 12 | - |
| Balance, end of the period | 126,446 | 125,989 |
| Accumulated Depreciation | | |
| Balance, beginning of the period | 125,989 | 120,280 |
| Depreciation | - | - |
| Impairment | 457 | 5,709 |
| Balance, at end of the period | 126,446 | 125,989 |
| Net Book Value | - | - |

During the three months ended September 30, 2023, and the year ended June 30, 2023, management determined that the Company does not have a plan to promote the websites related to domains acquired during the year in the near future. This resulted to recognition of impairment of intangible assets for \$457 and \$5,709, respectively.

8. SAFE NOTES

In August 2022, the Company entered into an advanced subscription agreement (also referred to as convertible note/SAFE) with six investors that allows the investors to convert the principal amount to shares of Hivello (a wholly owned subsidiary). The Company issued an aggregate of 73,729 USD (97,617 CAD) SAFE notes, convertible at a discount of 20%, and bearing interest of 6% paid in equity at conversion period. The conversion terms include a 6% discount potentially subject to a valuation cap at 25,000,000 USD. As a result, the upside is typically a 6% 'return' (when it's issued at the discount) which only scales up when the cap kicks in.

From the components of the agreement below:

- The convertible notes have no maturity date.
- The Company will issue a variable number of shares upon conversion and ultimate settlement of the debt.
- The holder is entitled to receive cash or other financial assets from the Company.

The instruments are classified as financial liabilities until conversion takes place in line with IFRS 9, financial instruments.

Conversion terms:

- Where conversion takes place pursuant to below, a price per Conversion Share that includes a discount of 6% of the Subscription Price. The discount is applied on initial recognition. IFRS 9 requires a financial liability to be recognized initially using the fair value in addition to the discount, increasing the carrying value of the financial liability. In this case, the 6% below market interest rate will require amortising the discount subsequently, recognizing an interest expense in the income statement.
- Where conversion takes place pursuant to clause 3.1(b) or 3.1(c) below, a price per Conversion Share equal to a price per share based on a pre-money valuation of 25,000,000 USD, rounded down to the nearest whole share.

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
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8. SAFE NOTES (Continued)

Valuation cap

- The payment of the Interest by the Company via bank transfer to the Subscriber is nominated bank account (details of which shall be provided separately to the Company by the Subscriber) on or within 7 days after the Conversion Date: or
- The Company shall allot and issue to the Subscriber ordinary shares equal to a price per share based on a pre-money valuation of 25,000,000 USD, rounded down to the nearest whole share that when aggregated equates to the Interest (“Aggregated Share Equivalent”) on the Conversion Date, and the Company shall use its reasonable endeavors to achieve parity between the Interest and the Aggregated Share Equivalent but the Subscriber recognizes and consents to any required downward adjustments of the Aggregated Share Equivalent to ensure that the Subscriber receives a whole number of shares

The 6% annual interest rate is measured using the Effective Interest Rate (EIR) and the discount initially recognized as financial liability is subsequently amortized.

| Year | Principal | Interest (6%) | Discount (6%) | Carrying Value |
|------|-----------|---------------|---------------|----------------|
| 1 | 97,617 | 5,857 | 5,857 | 97,617 |

As at the September 30, 2023 and June 30, 2023, no SAFE note was converted and no equity was issued by the Company in relation to this note.

9. SHARE CAPITAL

Authorized

As at September 30, 2023 and June 30, 2023, the Company had authorized unlimited common shares.

Equity Activity

A summary of share transactions is as follows:

- On July 13, 2023, the Company issued 2,830,761 shares to settle outstanding debt for \$141,538.03. The Company has reached agreements with David Wong, Justin Rosenberg, Domenico Carosa, Georg Hochwimmer and Konstantin Lichtenwald (directors or officers of the company) and two arm's-length creditors to settle outstanding indebtedness totaling \$141,538.03 through the issuance of 2,830,761 common shares at a deemed price of \$0.05 per share. All common shares issued in connection with the debt settlement will be subject to a four-month-and-one-day statutory holder period in accordance with applicable securities laws.

On the date of issuance, the shares issued have fair market value of \$0.045 per share resulting to recognition of gain on debt settlement of \$14,154.

- On June 15, 2023, the Company completed a non-brokered private placement for gross proceeds of \$820,000, which will be used for general working capital purposes. In connection with completion of the offering, the company has issued 16.4 million units at a price of \$0.05 per unit. Each unit consists of one common share, and one common share purchase warrant exercisable to acquire a further common share at a price of \$0.075 until June 15, 2026.

The gross proceeds of \$820,000 were allocated to common shares and share warrants based on the relative fair value. The Company recognized \$315,676 common shares and \$504,324 share warrants in relation to this transaction.

All securities issued in connection with the offering are subject to restrictions on resale until Oct. 16, 2023. No finder's fees or commissions were paid by the company in connection with completion of the offering.

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

9. SHARE CAPITAL (Continued)

Equity Activity (continued)

The fair value of the warrants was estimated using the Black Scholes option pricing model and the following weighted average assumptions: share price - \$0.080; exercise price - \$0.075; expected life – 36 months; annualized volatility – 365%; quarterly dividend yield – 0%; risk-free rate – 3.88%.

- iii) On January 9, 2023, the Company completed a final tranche of its non-brokered private placement for additional gross proceeds of \$88,600. When combined with the initial tranche of the offering completed on November 17, 2022, the Company raised \$903,267. In connection with completion of the final tranche of the offering, the company issued 1,772,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable to acquire a further common share at a price of \$0.075 until January 6, 2026. All securities issued in connection with the offering are subject to restrictions on resale until May 7, 2023, in accordance with applicable securities laws. No finders' fees or commissions were paid by the company in connection with completion of the offering.

The gross proceeds of \$88,600 were allocated to common shares and share warrants based on the relative fair value. The Company recognized \$55,479 common shares and \$33,121 share warrants in relation to this transaction.

The fair value of the warrants was estimated using the Black Scholes option pricing model and the following weighted average assumptions: share price - \$0.030; exercise price - \$0.075; expected life – 36 months; annualized volatility – 339%; quarterly dividend yield – 0%; risk-free rate – 3.38%.

- iv) On November 17, 2022, the Company completed a non-brokered private placement for gross proceeds of \$814,667 for general working capital. In connection with completion of the offering, the company issued 16,293,337 units at \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable to acquire a further common share at \$0.075 until Nov. 17, 2025.

The gross proceeds of \$814,667 were allocated to common shares and share warrants based on the relative fair value. The Company recognized \$408,354 common shares and \$406,313 share warrants in relation to this transaction.

The fair value of the warrants was estimated using the Black Scholes option pricing model and the following weighted average assumptions: share price - \$0.050; exercise price - \$0.075; expected life – 36 months; annualized volatility – 330%; quarterly dividend yield – 0%; risk-free rate – 3.70%.

- v) On November 17, 2022, the Company issued additional 10,000,000 common shares with a fair value of \$500,000 to the existing shareholders of BWL in connection with the acquisition of BWL on March 15, 2022 (Note 12).
- vi) On March 15, 2022, the Company completed an acquisition of Blockchain World Ltd. In consideration for the transaction the Company issued 10,000,000 common shares with a fair value of \$2,250,000 to the existing shareholders of BWL and paid issuance costs of \$34,139 (Note 9).

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

10. WARRANTS AND OPTIONS RESERVES

Warrants

The following table summarizes the Company's warrant activities during the three months ended September 30, 2023 and the year ended June 30, 2023:

| | Number | Weighted Average Exercise Price |
|--|-------------------|------------------------------------|
| Outstanding, June 30, 2022 | 20,275,000 | \$ 0.24 |
| Granted | - | - |
| Exercised | - | - |
| Outstanding, September 30, 2022 | 20,275,000 | 0.24 |
| Outstanding, June 30, 2023 | 34,465,337 | 0.075 |
| Granted | - | - |
| Expired | - | - |
| Outstanding, September 30, 2023 | 34,465,337 | 0.075 |

During the year ended June 30, 2023, the following warrants has expired:

- On July 9, 2022, 1,250,000 share warrants with an exercise price of \$0.20 has expired.
- On February 5, 2023, an aggregate of 13,025,000 share warrants with an exercise price of \$0.20 has expired.
- On March 22, 2023, an aggregate of 6,000,000 share warrants with an exercise price of \$0.35 has expired.

In relation to the expired warrants, the Company reclassified the value of the expired share warrants to contributed surplus amounting to \$1,260,800.

In relation to private placements during the year, the Company has granted and has outstanding share warrants as at September 30, 2023:

| Grant date | Number of warrants | Exercise price | Expiry date |
|--------------|--------------------|----------------|-------------|
| | | \$ | |
| 22-Nov-2022 | 16,293,337 | 0.075 | 17-Nov-2025 |
| 9-Jan-2023 | 1,772,000 | 0.075 | 6-Jan-2026 |
| 20-Jun-2023 | 16,400,000 | 0.075 | 20-Jun-2026 |
| Total | 34,465,337 | 0.075 | 2.38 |

As at September 30, 2023 the total outstanding warrants of 34,465,337 has a weighted average exercise price of \$0.075 and remaining 2.38 years to exercise before expiry date.

Option

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options to acquire common shares of the Company to directors, officers, consultants and other key employees of the Company. The number of common shares subject to options granted under the Plan are limited to 10% in the aggregate, and 5% with respect to any one optionee, of the number of issued and outstanding common shares of the Company at the date of the grant of the option.

There were no options granted and no stock-based compensation expense for the three months ended September 30, 2023 (September 30, 2022 - \$Nil).

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

11. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

| | For the three months ended September 30, 2023 | For the three months ended September 30, 2022 |
|---|--|--|
| | \$ | \$ |
| Salaries and benefits (Included in professional & consulting fees, and wages) | 25,000 | 39,394 |
| Consulting fees (Included in professional & consulting fees) | 91,830 | 72,703 |
| Total | 116,830 | 112,097 |

On August 30, 2023, David Wong has resigned as chairman and a director of Blockmate Ventures Inc. The remuneration discussed above includes the professional & consulting fees, and wages attributed to David Wong for the period until the date of resignation on August 30, 2023.

The due to directors and related party corporations in the statements of financial position is \$Nil as of September 30, 2023 (June 30, 2023 - \$13,330).

As at September 30, 2023, the Company has \$288,159 (June 30, 2023 - \$302,015) outstanding accounts payable due to related parties.

As at September 30, 2023, the Company has \$52,684 (June 30, 2023 - \$Nil) outstanding in accounts payable due to a former director of the Company and a company the former director has control of.

12. ACQUISITION OF SUBSIDIARY

On March 15, 2022, the Company completed its Qualifying Transaction and acquired all of the issued and outstanding Blockchain World Ltd. shares. The Company issued a total of 10,000,000 common shares. As a result of the transaction, the Company obtained 100% of the common shares of the entity. Only the assets, liabilities, and the results of operations of Blockchain World Ltd. after March 15, 2022 are included in these consolidated financial statements.

Since the Company issued shares to Blockchain World Ltd. shareholders with a value in excess of the assets received, the difference is assigned to premium on acquisition of subsidiary of \$2,250,000 which is the difference between fair value of the consideration and the net identifiable assets at the time of acquisition.

The acquisition of BWL does not constitute a business combination because the entity does not meet the definition of a business under IFRS 3 – Business Combination. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire this entity.

The purchase price was determined based on IFRS 2 – Share Based Payments.

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

12. ACQUISITION OF SUBSIDIARY (Continued)

The fair value of the consideration is determined based on the fair value of the shares that the accounting parent would have had to issue. The fair value of these shares, based on the consideration received for the common shares issued is \$2,250,000.

| | |
|--|-----------|
| | \$ |
| Fair value of shares issued by Blockmate Ventures Inc. (Formerly Midpoint Holdings Ltd.) | 2,250,000 |
| Net assets of Blockchain World Ltd. | - |
| <hr/> | |
| Premium on acquisition of subsidiary | 2,250,000 |

At the date of issuance of the equity instruments, a synergy was obtained through the acquisition of executive leadership from BWL, which did not qualify for recognition as an asset, therefore was immediately recognized as an expense. The \$2,250,000 attributed to the executive leadership is recorded as consideration paid in excess of net assets acquired from acquisition in the consolidated statements of net loss and comprehensive net loss.

The premium of acquisition of subsidiary of \$2,250,000 are a non-cash expense item that represents the excess fair value associated with the shares issued on Closing of the Qualifying Transaction over the fair value of the net assets acquired by the accounting acquirer. Prior to Closing the net asset value of the Company was \$Nil.

The fair value of the net assets of Blockchain World Ltd. prior to closing was as follows:

| | |
|---|----------|
| | \$ |
| Accounts receivable | 5,896 |
| Intangible assets (Domains) | 71,659 |
| Accounts payable ad accrued liabilities | (77,555) |
| <hr/> | |
| Total | - |

In November 2022, BWL has launched the Australian and European website domains, which successfully satisfied two of the previously established performance milestones related to its acquisition of Blockchain World (BWL). As a result of the satisfaction of the milestones, the company has issued 10,000,000 units of common shares at \$0.05 per unit for a total consideration of \$500,000 to the former shareholders of BWL as agreed at the time of purchase. The performance shares are subject to restrictions on resale until March 18, 2023, in accordance with applicable securities laws.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of its intangible assets. The capital of the Company consists of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated significant revenues and is in the process of executing and developing its marketing plan; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned budget, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended September 30, 2023, and the year ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

BLOCKMATE VENTURES INC.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)
(Unaudited)

14. SUBSEQUENT EVENTS

Subsequent to the three months ended September 30, 2023, the Company had the following events:

On October 25, 2023, the Company has entered into a binding share purchase agreement to which the company proposes to acquire all of the issued and outstanding share capital of Bess Power Innovation Corp. ("BESS"), a company focused on the sales and distribution of residential and industrial lithium iron phosphate and lithium-ion sodium batteries and auxiliary products. In consideration for the transaction, the Company will issue 20,000,000 common shares to the existing shareholders of BESS. The consideration shares are subject to restrictions on resale for four months and one day after completion of the transaction. Pending approval from the TSX Venture Exchange, completion of the transaction is expected to take place on or before Nov. 30, 2023.

On October 27, 2023, the Company granted 8,050,000 incentive stock options to certain directors, officers and consultants to the company. With 146,938,374 securities on issue after issue of these options, these incentive options will represent 5.5% of the fully diluted capital. The options vest quarterly over a 24-month period and are exercisable at a price of \$0.50 until Oct. 27, 2028.