

**BLOCKMATE VENTURES INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**FOR THE YEARS ENDED JUNE 30, 2023 and 2022**

## **INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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<b>INDEPENDENT AUDITORS' REPORT</b>	<b>PAGE 1 - 3</b>
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>PAGE 4</b>
<b>CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS</b>	<b>PAGE 5</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>PAGE 6</b>
<b>CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY</b>	<b>PAGE 7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>PAGES 8 - 29</b>



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October 17, 2023  
Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Shareholders of Blockmate Ventures Inc.

### **Opinion**

We have audited the consolidated financial statements of Blockmate Ventures Inc. (the Company), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

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

### **Emphasis of Matter - Material Uncertainty Relating to Going Concern**

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended June 30, 2023 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

#### ***Discontinued operations and related impairment of assets***

We refer to the consolidated financial statement summary of significant accounting policies on discontinued operations and impairments and related disclosure in Note 5.

(continues)

## Independent Auditor's Report to the Shareholders of Blockmate Ventures Inc. *(continued)*

At the year end date, the Company recognized and segregated the discontinued operations relating to Midpoint & Transfer (MPT UK) and Midpoint & Transfer (MPT HK). Discontinued operations were considered as a key audit matter due to nature of the events leading to the recognition of discontinued operations which involves management judgment. The Company has specific procedures for identifying discontinued operations and assessing asset impairment.

To address the risk for material misstatement on discontinued operations and the related assets, our audit procedures included, amongst other procedures:

- Evaluating the appropriateness of the valuation methodology used by management to calculate the recoverable amount of assets associated with discontinued operations, and
- Evaluating the analyses and calculations made by management with respect the assets associated with the discontinued operations and assessing the impairment considerations.

We assessed the adequacy of the Company's presentation and disclosures related to the discontinued operations.

### **Other Information**

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

*(continues)*

Independent Auditor's Report to the Shareholders of Blockmate Ventures Inc. *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

  
**Kingston Ross Pasmak LLP**  
Chartered Professional Accountants

**BLOCKMATE VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023 AND JUNE 30, 2022**  
**(Expressed in Canadian dollars)**

	Notes	June 30, 2023	(Note 5) June 30, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash	3	499,852	740,389
Accounts receivables	4	-	11,504
Prepaid expenses		52,020	19,460
Assets of the disposal group held for sale	5	409,318	-
		<u>961,190</u>	<u>771,353</u>
<b>Non-current</b>			
Equipment	6	-	22,866
Intangible	7	-	-
<b>TOTAL ASSETS</b>		<u>961,190</u>	<u>794,219</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	11	707,670	378,927
Due to directors	11	13,330	6,250
SAFE Notes	8	97,617	-
Liabilities of the disposal group held for sale	5	462,735	-
		<u>1,281,352</u>	<u>385,177</u>
<b>Shareholders' (Deficit) equity</b>			
Share capital	9	19,352,300	18,072,791
Contributed surplus		2,669,673	1,408,873
Warrants and options reserve	10	943,758	1,260,800
Subscription Receivable		(25,000)	-
Accumulated deficit		(22,576,973)	(19,767,398)
Accumulated other comprehensive loss for the year		(683,920)	(566,024)
Total shareholders' (deficit) equity		<u>(320,162)</u>	<u>409,042</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>961,190</u>	<u>794,219</u>

Nature of operations and Going concern (Note 1)  
Subsequent Events (Note 15)

Approved on behalf of the Board on October 17, 2023:

**Signed: "Justin Rosenberg"**  
Director

**Signed: "Domenic Carosa"**  
Director

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

**BLOCKMATE VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in Canadian dollars)

	Notes	2023	(Note 5) 2022
		\$	\$
<b>REVENUE</b>		7,721	-
<b>COST OF SALES</b>		(22,203)	-
<b>GROSS MARGIN FROM CONTINUING OPERATIONS</b>		(14,482)	-
<b>EXPENSES</b>			
Amortization and depreciation	6,7	-	(73,096)
Filing fees and transfer fees		(65,785)	(24,365)
General and administrative		(107,556)	(123,991)
Marketing		(116,830)	(39,239)
Professional and consulting fees	11	(486,830)	(731,241)
Rent		(25,065)	(8,021)
Software development and website		(70,004)	(190,823)
Wages	11	(524,987)	(464,559)
		(1,397,057)	(1,655,335)
<b>Net Loss for the Period Before Other Income from Continuing Operations</b>		(1,411,539)	(1,655,335)
<b>Net Income/(Loss) For the Period Before Other Income from Discontinued Operations</b>	5	(973,078)	(433,563)
<b>OTHER ITEMS</b>			
Foreign exchange Gain		11,035	(335)
Grant income		-	-
Premium on acquisition of subsidiary	9,12	(500,000)	(2,250,000)
Impairment on intangibles and equipment	6,7	(5,709)	(341,790)
Interest income		1,841	3,810
Other income		1,282	-
Other income on debt forgiven	8	63,825	-
Total other income		(427,726)	(2,588,315)
<b>Net Loss for the Period from Continuing Operations</b>		(1,839,265)	(4,243,650)
<b>Net Loss for the Period from Discontinued Operations</b>	5	(970,310)	(395,238)
<b>TOTAL NET LOSS FOR THE PERIOD</b>		(2,809,575)	(4,638,888)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Foreign currency translation		(117,896)	(79,054)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		(2,927,471)	(4,717,942)
Basic weighted average shares outstanding		80,951,043	56,834,993
Basic net loss per share		(0.04)	(0.08)
Diluted weighted average shares outstanding		118,485,095	77,109,993
Diluted net loss per share		(0.02)	(0.06)

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

**BLOCKMATE VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

	Notes	2023 \$	(Note 5) 2022 \$
<b>OPERATING ACTIVITIES</b>			
Net loss for the period from continuing operations		(1,839,265)	(4,243,650)
Items not affecting cash:			
Amortization and depreciation of intangibles and equipment	6,7	-	73,096
Premium on acquisition of subsidiary	9,12	500,000	2,250,000
Other income on debt forgiven	8	(63,825)	-
Impairment on intangibles and equipment	6,7	5,709	341,790
		(1,397,381)	(1,578,764)
Changes in non-cash working capital items:			
Accounts receivable		-	(77,026)
Prepaid expenses		(52,024)	19,464
Due to directors		7,080	-
Accounts payable, accrued liabilities and due to directors		427,313	885,434
Advances from customers		-	-
Net cash used in operating activities from continuing operations		(1,015,012)	(750,892)
Net cash used in operating activities from discontinued operations	5	(761,570)	(942,124)
<b>FINANCING ACTIVITIES</b>			
Net proceeds from issuance of shares	9	1,698,267	(34,139)
Proceeds from notes payable		63,825	-
Proceeds from SAFE notes		97,617	-
Repayment of Subsidiary Loans	8	(636,498)	(597,088)
Net cash provided by financing activities from continuing operations		1,223,211	(631,227)
Net cash provided by financing activities from discontinued operations	5	778,948	597,088
<b>INVESTING ACTIVITIES</b>			
Acquisitions of equipment	6	-	(308,842)
Acquisition of intangibles	7	(5,709)	(78,041)
Net cash used by investing activities from continuing operations		(5,709)	(386,883)
Net cash used by investing activities from discontinued operations		(24,502)	(50,094)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>195,366</b>	<b>(2,164,132)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>		<b>740,389</b>	<b>2,984,005</b>
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES</b>		<b>(110,520)</b>	<b>(79,484)</b>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>		<b>825,235</b>	<b>740,389</b>

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

	June 30, 2023	June 30, 2022
Continuing operations	499,852	398,735
Discontinued operations (Note 5)	325,383	341,654
<b>Total</b>	<b>825,235</b>	<b>740,389</b>

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

**BLOCKMATE VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Warrants and Options Reserve	Subscription Receivable	Accumulated Deficit	Accumulated Other Comprehens ive Profit/(Loss)	Total Shareholder s' Equity
		\$		\$	\$	\$	\$	\$
<b>Balance, June 30, 2021</b>	<b>53,501,660</b>	<b>15,856,930</b>	<b>1,408,873</b>	<b>1,260,800</b>	-	<b>(15,128,510)</b>	<b>(486,970)</b>	<b>2,911,123</b>
Private placements	10,000,000	2,250,000	-	-	-	-	-	2,250,000
Share issuance costs	-	(34,139)	-	-	-	-	-	(34,139)
Net loss and comprehensive loss for the period	-	-	-	-	-	(4,638,888)	(79,054)	(4,717,942)
<b>Balance, June 30, 2022 (Note 5)</b>	<b>63,501,660</b>	<b>18,072,791</b>	<b>1,408,873</b>	<b>1,260,800</b>	-	<b>(19,767,398)</b>	<b>(566,024)</b>	<b>409,042</b>
<b>Balance, June 30, 2022</b>	<b>63,501,660</b>	<b>18,072,791</b>	<b>1,408,873</b>	<b>1,260,800</b>	-	<b>(19,767,398)</b>	<b>(566,024)</b>	<b>409,042</b>
Shares issued for cash (Note 9)	34,465,337	779,509	-	943,758	(25,000)	-	-	1,698,267
Shares issued for acquisition milestone (Notes 9 and 12)	10,000,000	500,000	-	-	-	-	-	500,000
Expired warrants (Note 10)	-	-	1,260,800	(1,260,800)	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	(2,809,575)	-	(2,809,575)
Accumulated other comprehensive loss	-	-	-	-	-	-	(117,896)	(117,896)
<b>Balance, June 30, 2023</b>	<b>107,966,997</b>	<b>19,352,300</b>	<b>2,669,673</b>	<b>943,758</b>	<b>(25,000)</b>	<b>(22,576,973)</b>	<b>(683,920)</b>	<b>(320,162)</b>

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

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**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 now operates through its wholly owned subsidiary - Blockchain World Ltd. ("BWL"). BWL owns the premium domain names Blockchain.eu (Europe), Blockchain.com.au (Australia) and Hivello.com. During the year ended June 30, 2023, the Company decided to divest its Midpoint foreign exchange business (MPNT) to focus all its resources toward the blockchain, battery and clean energy ventures within its portfolio and reduce its net cash outflows by approximately \$500,000 per annum. Midpoint & Transfer Ltd. (MPNT) and Midpoint HK provides a foreign exchange and international payments platform operating in England and Wales United Kingdom and Hongkong. These two entities are expected to be sold within twelve months after the current reporting period.

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 June 30, 2023, the Company had working capital deficiency of \$320,162 (June 30, 2022 – working capital of \$386,176). On June 30, 2023, the Company also had an accumulated deficit of \$22,576,973 (June 30, 2022 - \$19,767,398).

**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. 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:

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Principle Activities</b>
Blockchain World Ltd	London	100%	Blockchain
Hivello Holdings Ltd	London	100% BWL	Blockchain
Midpoint & Transfer (MPT UK)	England and Wales	100%	Currency exchange
Midpoint & Transfer (MPT HK)	Hongkong	100% MPNT	Currency exchange

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on October 17, 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:

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Principle Activities</b>
Midpoint & Transfer (MPT UK)	England and Wales	100%	Currency exchange
Midpoint & Transfer (MPT HK)	Hongkong	100% MPT UK	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 intended to sell its subsidiaries Midpoint & Transfer (UK and 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).

**New standards not yet adopted interpretations issued but not yet effective.**

The following standards will have an impact on the financial statements:

- In June 2023 the ISSB issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information for Disclosure of Sustainability-related Financial Information, proposing general requirements for an entity to disclose sustainability-related financial information about its sustainability-related risks and opportunities. The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity. IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied.
- In June 2023 the ISSB issued IFRS S2 Climate-related Disclosures to integrate and build on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and incorporating industry-based disclosure requirements derived from SASB Standards. The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. IFRS S2 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is also applied.
- IFRS 7 is a financial reporting standard that requires entities to disclose information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. In February 2023, proposed an amendment to add disclosure requirements about an entity’s supplier finance arrangements. Which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk.

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **New standards not yet adopted interpretations issued but not yet effective. (continued)**

- On May 23, 2023, IASB issued the amendments to IAS 12, Income Taxes to introduce a temporary exception from accounting for deferred taxes arising from the implementation of the OECD's Pillar Two model rules, as well as targeted disclosures for affected entities. Although, the temporary exception is effective immediately, the disclosures to investors are only required for annual reporting periods beginning on or after January 1, 2023.
- In November 2021, IASB proposed amendments to IAS 1 to modify the requirements on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendment requires the entity to present non-current liabilities with covenants separately in the statement of financial position, disclose whether and, if so, how it expected to comply with covenants after the reporting date, and clarify some situations in which an entity would not have a right to defer settlement of a liability. The amendments are effective for reporting periods beginning on or after January 01, 2024.
- On February 12, 2021, IASB amended IAS 8 to include definitions of accounting estimates to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

### **Foreign currency translation**

#### **i) Functional and presentation currency**

The consolidated financial statements of the Company are presented in Canadian dollars. The Canadian dollar is the functional currency of Blockmate Ventures Inc.

Translation gains or losses resulting from the translation of the financial statements of BWL, MPNT and MPHK into Canadian dollars are recorded in other comprehensive (loss) income.

#### **ii) Translation and balances**

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the end of the reporting period. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in the functional currency are recorded in profit or loss.

### **Use of estimates and judgements**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The key areas of estimation and judgements are the valuation of intangible assets, valuation of impairment on investment, share based transactions, provision for taxes, valuation of warrants, valuation of the settlement provision and determination of a business combination and assessment of going concern.

## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Use of estimates and judgements (continued)**

The Company is in the business of building fast-growing technology involving blockchain, battery and clean energy ventures, and currencies exchange, many aspects of which are not specifically addressed by current IFRS guidance. The Company is required to make judgements as to its accounting policies under IAS 8. The Company has disclosed its presentation, recognition and derecognition, and measurement of assets, and the recognition of revenue as well as significant assumptions and judgements. However, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's income and financial position as presented. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about the estimates and judgements made in applying accounting policies that could potentially have an effect on the amounts recognized in the consolidated financial statements, are discussed below:

#### **a) Useful Lives and Residual Values of Property and Equipment**

Management determines the estimated useful lives and residual values of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

#### **b) Going Concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### **c) Share Based Compensation and Warrant Valuation**

The Company estimates the cost of equity-settled share-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an equity instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

#### **d) Income Taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. However, it is possible that at some future date an additional liability could result from audits by taxing authorities.

**BLOCKMATE VENTURES INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022  
(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of estimates and judgements (continued)**

d) Income Taxes (continued)

The Company computes an income tax provision in each of the jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of these consolidated financial statements. Additionally, estimating income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before such deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

e) Business Combination and Goodwill

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net

cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Goodwill is assessed for indicators of impairment at each reporting date and is tested annually or whenever events or changes in circumstances indicate that the carrying amount of goodwill exceeds its recoverable amount.

e) Impairment of Non-Financial Assets

The determination as to the existence and measurement of any impairment requires management to make significant estimates and assumptions, which includes estimated future cash flows, discount rates and estimated useful life. These significant estimates and judgements could impact the Company's future results if the current estimates of future performance and fair value change. This could affect the amount of amortization expense and any impairment charges on intangible assets in future periods.

**Discontinued Operating Segments**

Operations in two of the Company's wholly owned subsidiaries have been discontinued:

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Principle Activities</b>
Midpoint & Transfer (MPT UK)	England and Wales	100%	Currency exchange
Midpoint & Transfer (MPT HK)	Hongkong	100% MPT UK	Currency exchange

It is management's opinion that the Company operates in a single reportable operating segment because the Company's operations were maintained at the U.K. office. These segments were discontinued and reclassified as assets held for sale as at June 30, 2023.

**Business combination**

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method. Under this method, consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities assumed by the Company and equity interests issued in exchange for control of the acquired company. Acquisition - related costs and gain on bargain purchase are recognized in profit or loss as incurred. Again, on bargain purchase arises when the sum of the fair value of identifiable net assets exceeds the fair value of the consideration paid.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Equipment**

The Company records equipment at cost less accumulated depreciation and accumulated impairment losses. It recognizes depreciation to expense the cost of assets (less their residual values) over their useful lives, using the following methods and rates:

Computer Equipment	Straight-line	3 years
Office Equipment	Straight-line	3 years

The Company reviews the estimated useful lives, residual values and depreciation method at each year end, accounting for the effect of any changes in estimate on a prospective basis. The gain or loss arising from disposal or retirement of equipment is determined as the difference between the sales proceeds and the asset's carrying amount and is recognized in profit or loss.

The Company also uses the half-year rule, which assumes a fixed asset is in service for one-half of its first and last year, regardless of the actual purchase or disposal date. The purpose of this rule is to better align expenses with revenues generated by the asset, and to reduce the tax depreciation claim in the year of purchase.

**Intangible assets**

The Company follows IAS 38 which details the accounting treatment of intangible assets, as outlined below.

***Internally generated intangible assets:***

*Software development*

The Company incurs certain costs in connection with the development of software to be used internally for providing services to customers are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of the software controlled by the Company are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
  - Management intends to complete the software product and use or sell it;
  - There is an ability to use or sell the software product;
  - It can be demonstrated how the software product will generate probable future benefits;
  - Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during the development can be reliably measured.

**Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss.**

Costs that qualify for capitalization include both internal and external costs. These costs are amortized over their remaining useful lives estimated at 3 years as at June 30, 2023 (2022 – 3 years) assuming the half-year rule. Residual values are reviewed at the end of each reporting period and adjusted if appropriate. Management estimated useful life of its software to be 3 years as at June 30, 2023. During the year ended June 30, 2023, the Company recognized an impairment loss of \$5,709 (2022 - \$88,633).

***Externally generated intangible assets:***

Intangible assets acquired through asset acquisitions or business combinations are initially recognized at fair value, based on an allocation of the purchase price. The intangible assets are amortized on a straight-line basis over their estimated useful lives. The amortization method estimated useful lives and residual values are reviewed each financial year-end or more frequently if required, and are adjusted as appropriate.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Intangible assets (continued)**

*Domains*

Domains are stated at cost, which primarily consist of legal costs in relation to their applications. Domains are amortized using the straight-line method over fifteen years.

**Impairment of long-lived assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual CGU's, or otherwise allocates them to the smallest group of CGU's for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If an asset or CGU's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, recognizing an impairment loss immediately in profit or loss.

**Goodwill**

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase. Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each CGU, or groups of CGU, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

No disposal of CGU was recorded during the year ended June 30, 2023.

**SAFE Notes**

SAFE notes or Simple Agreement for Future Equity notes are an alternative to convertible notes where investors are purchasing equity at a negotiated price. The Company issued a total of US\$73,381 convertible notes with an indefinite term and 6% interest rate annually. The holder of the note has the right to convert in whole or any part of the principle.

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, and
- The holder is entitled to receive cash or other financial assets from the Company (IFRS 9, paragraph 4.2.1).

The instruments are classified as financial liabilities until conversion takes place in line with IFRS 9, financial instruments. The 6% annual interest rate will be measured using the Effective Interest Rate (EIR) and the discount initially recognized as financial liability will be subsequently amortized.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income taxes**

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

**Stock-based compensation**

The Company has in effect a share option plan which allows Company employees, directors, and officers to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

**Loss per share information**

The Company computes basic loss per share by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities or contracts that entitle their holders to obtain common shares in the future and is calculated using the treasury stock method. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

**Financial instruments**

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Financial instruments that could expose the Company to credit risk are primarily cash and cash equivalents and accounts receivable. The Company has deposited its cash in financial institutions with good reputations, and management considers the risk of losses to be negligible. Accounts receivable consist of value added tax (Note 5) and management believes that the credit risk concentration with respect these items is remote.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently has no significant exposure to interest rate risk.

Foreign exchange risk

The Company is exposed to currency risk as the Company has transactions through its United Kingdom and Hong Kong subsidiaries in currencies other than Great British pounds (GBP) and Hong Kong dollars. The Canadian dollar equivalent value of all cash held in foreign denominated currencies as at June 30, 2023 is \$329,013 (June 30, 2022 - \$448,636). Based upon the net exposure as at June 30, 2023, a 12% depreciation or appreciation of the UK pound sterling relative to the Canadian dollar would result in approximately \$39,482 (2022 – \$52,000) change in the Company's consolidated net loss and comprehensive loss.

Liquidity risk

Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing. The Company had cash of \$825,235 as at June 30, 2023 (June 30, 2022 - \$740,389) to satisfy current liabilities of \$1,281,352 (June 30, 2022 - \$385,177). There is currently a deficit in the working capital as there is no sufficient cash to be able to meet the current liabilities that the entity holds.

As at June 30, 2023 the contractual maturities of financial liabilities were as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-2 Years	2-3 Years	3+ Years
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	707,670	707,670	707,670	-	-	-
Liabilities of the disposal group held for sale	462,735	462,735	462,735	-	-	-
Due to director	13,330	13,330	13,330	-	-	-
SAFE Notes	97,617	97,617	-	-	-	97,617
<b>Total</b>	<b>1,281,352</b>	<b>1,281,352</b>	<b>1,183,735</b>	<b>-</b>	<b>-</b>	<b>97,617</b>

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial assets**

Non-derivative financial assets within the IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"))", and "financial assets at amortized cost" as appropriate. The Company determines the classification of its financial assets at initial recognition based on the Company's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

*Financial assets at FVPL*

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss and comprehensive loss.

*Financial assets at FVOCI*

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading. After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss).

When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. The Company has investments of \$Nil (June 30, 2022 - \$Nil) as at FVOCI.

*Financial Assets at Amortized Cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

The following table shows financial assets measured at amortized cost:

Cash	Amortized Cost
Accounts Receivables	Amortized Cost

Impairment losses are presented as separate line item in the consolidated statement of loss and comprehensive loss.

*Derecognition*

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the asset.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial assets (continued)**

**Impairment of financial assets**

The Company's only financial assets subject to impairment are accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

The expected lifetime loss of a financial asset at amortized cost, is estimated based on the expected credit loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

**Financial liabilities**

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade payable, accrued liabilities, due to directors, and loan to investors are each measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

*Financial liabilities at amortized cost*

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost, in the consolidated statements of loss and comprehensive loss.

The following table shows financial liabilities at amortized cost:

Accounts payable and accrued liabilities	Amortized Cost
Due to directors	Amortized Cost
Liabilities of the disposal group held for sale	Amortized Cost
SAFE notes	Amortized Cost

*Financial liabilities at FVPL*

Financial liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in the consolidated statement of loss and comprehensive loss. The Company does not have any financial liabilities classified as at FVPL.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in other income or expense in the consolidated statements of loss and comprehensive loss.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**IFRS 15 — Revenue from Contracts with Customers**

The Company recognizes revenue when it transfers control of its services to the customer. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized when the service provided to the customer is complete. Specifically:

Revenue is recognized once the Company receives funds, including the Company's fee, from the customer at which time pre matched foreign currency is released and transferred to the customers' beneficiary. It is at this point where the Company's performance obligation is met.

When customers place an order, they are charged a fixed fee by the Company. The Company incorporates a band system to calculate fees on transactions as below:

Transaction value (in GBP)	Fees
£1 – 2,000	£10
£2,001 – 25,000	0.50%
£25,001 – 50,000	0.45%
£50,001 – 75,000	0.40%
£75,001 – 100,000	0.35%
£100,001+	0.30%

The percentage of the Midpoint fee decreases with every GBP 25,000.00 or equivalent currency transacted, up until 100,000.00 and the remainder is calculated at 0.30%.

**3. CASH**

At June 30, 2023, the Company had cash of \$825,235 (June 30, 2022 - \$740,389). The Company maintains cash in various banks in Canada and the United Kingdom. As of June 30, 2023, the cash balance consists of \$499,852 (June 30, 2022 - \$398,735) held by entities with continuing operations and \$325,383 (June 30, 2022 - \$341,654) held by the disposal group held for sale.

**4. ACCOUNTS RECEIVABLE**

The Company had \$Nil VAT balance as at June 30, 2023 (June 30, 2022 - \$11,504 from filed VAT claims with Her Majesty's Revenue and Customs – HMRC).

The disposal group held for sale had \$9,866 VAT claims as at June 30, 2023 (June 30, 2022 - \$11,504).

**5. DISCONTINUED OPERATIONS**

Midpoint & Transfer (MPT UK and 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.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**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
	\$	\$
<b>REVENUE</b>	<b>332,602</b>	<b>435,779</b>
<b>COST OF SALES</b>	<b>(220,491)</b>	<b>(231,719)</b>
<b>GROSS MARGIN FROM CONTINUING OPERATIONS</b>	<b>112,111</b>	<b>204,060</b>
<b>EXPENSES</b>		
Amortization and depreciation (Note 6)	(23,750)	(35,813)
General and administrative	(347,678)	(87,827)
Marketing	(70,688)	(95,490)
Professional and consulting fees	(221,726)	(40,565)
Rent	(86,507)	(59,038)
Software development and website	(55,884)	(43,075)
Wages	(278,956)	(275,815)
	<b>(1,085,189)</b>	<b>(637,623)</b>
<b>Net Income/(Loss) For the Period Before Other Income from Discontinued Operations</b>	<b>(973,078)</b>	<b>(433,563)</b>
<b>OTHER ITEMS</b>		
Foreign exchange (loss)/gain	(471)	8,367
Grant income	3,229	29,949
Interest income	10	9
Total other income	<b>2,768</b>	<b>38,325</b>
<b>NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS FOR THE PERIOD</b>	<b>(970,310)</b>	<b>(395,238)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Foreign currency translation	(20,380)	200,041
<b>COMPREHENSIVE INCOME (LOSS) FROM DISCONTINUED OPERATIONS FOR THE PERIOD</b>	<b>(990,690)</b>	<b>(195,197)</b>

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	(761,570)	(942,124)
Net cash provided from (used in) financing activities	778,948	597,088
Net cash provided from (used in) financing activities	(24,502)	(50,094)
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(7,124)</b>	<b>(395,129)</b>
Cash, beginning of period	341,654	709,201
Effect of changes in foreign exchange rates	(9,147)	27,583
<b>Cash, end of period</b>	<b>325,383</b>	<b>341,654</b>

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**5. DISCONTINUED OPERATIONS (Continued)**

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

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	\$	\$
<b>ASSETS OF THE DISPOSAL GROUP HELD FOR SALE</b>		
<b>Current</b>		
Cash	325,383	341,654
Accounts receivables	9,866	11,504
Prepaid expenses	57,827	19,464
	<u>393,076</u>	<u>372,622</u>
<b>Non-current</b>		
Equipment	16,242	22,866
<b>TOTAL ASSETS</b>	<u>409,318</u>	<u>395,488</u>
<b>LIABILITIES OF THE DISPOSAL GROUP HELD FOR SALE</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	234,669	98,570
Loan payable	142,450	-
Advances from customers	85,616	-
<b>TOTAL LIABILITIES</b>	<u>462,735</u>	<u>98,570</u>

**6. EQUIPMENT**

The following table summarizes the Company's equipment transactions for the years ended June 30, 2023 and June 30, 2022:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	\$	\$
<b>Cost</b>		
Balance, beginning of the period / year	142,303	108,826
Additions	14,065	358,936
Impairment	-	(308,390)
Effect of changes in foreign exchange rates	10,436	(17,069)
Reclassification of MPT UK as asset held for sale	(166,805)	-
Balance, end of the period / year	<u>-</u>	<u>142,303</u>
<b>Accumulated Depreciation</b>		
Balance, beginning of the period / year	119,437	100,240
Depreciation	23,750	91,047
Impairment	-	(55,233)
Effect of changes in foreign exchange rates	7,376	(16,617)
Reclassification of MPT UK as asset held for sale	(150,563)	-
Balance, at end of the period / year	<u>-</u>	<u>119,437</u>
<b>Net Book Value</b>	<u>-</u>	<u>22,866</u>
<b>Comprised as follows:</b>		
Computer	-	16,166
Office equipment	-	6,700
Total	<u>-</u>	<u>22,866</u>

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**6. EQUIPMENT (Continued)**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual CGU's, or otherwise allocates them to the smallest group of CGU's for which it can identify a reasonable and consistent allocation basis.

If an asset or CGU's recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, recognizing an impairment loss immediately in profit or loss. During the year ended June 30, 2023, the Company did not identify indicators of impairment with respect to its software and equipment (June 30, 2022 - impairment loss of \$253,157).

**7. INTANGIBLES**

The following table summarizes the Company's intangibles transactions for the years ended June 30, 2023 and June 30, 2022:

	June 30, 2023	June 30, 2022
	\$	\$
<b>Cost</b>		
Balance, beginning of the period	120,280	41,357
Additions	5,709	78,041
Effect of changes in foreign exchange rates	-	882
Balance, end of the period	125,989	120,280
<b>Accumulated Depreciation</b>		
Balance, beginning of the period	120,280	13,785
Depreciation	-	17,862
Impairment	5,709	88,633
Balance, at end of the period	125,989	120,280
<b>Net Book Value</b>	-	-

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

**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 (or 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 includes 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.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**8. SAFE NOTES (Continued)**

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.

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 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 June 30, 2023 and June 30, 2022, the Company had authorized unlimited common shares.

**Equity Activity**

A summary of share transactions is as follows:

- 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.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**9. SHARE CAPITAL (Continued)**

**Equity Activity (continued)**

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.

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%.

- ii) 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.

On January 18, 2023, the Company announced that its common shares have begun trading on the OTCQB Venture Market under the symbol MATEF after its successful application process.

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%.

- iii) 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%.

- iv) 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).
- v) 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 12).

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**10. WARRANTS AND OPTIONS RESERVES**

**Warrants**

The following table summarizes the Company's warrant activities during the year ended June 30, 2023 and the year ended June 30, 2022:

	Number	Weighted Average Exercise Price
<b>Outstanding, June 30, 2021</b>	<b>20,275,000</b>	<b>0.24</b>
Granted	-	-
Exercised	-	-
<b>Outstanding, June 30, 2022</b>	<b>20,275,000</b>	<b>0.24</b>
Granted	34,465,337	0.075
Expired	(20,275,000)	(0.24)
<b>Outstanding, June 30, 2023</b>	<b>34,465,337</b>	<b>0.075</b>

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

- On July 9, 2022, 1,250,000 share warrants has expired.
- On February 5, 2023, an aggregate of 13,025,000 share warrants has expired.
- On March 22, 2023, an aggregate of 6,000,000 share warrants 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 June 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
<b>Total</b>	<b>34,465,337</b>	<b>0.075</b>	<b>2.63</b>

The total outstanding warrants of 34,465,337 has a weighted average exercise price of 0.075 and remaining 2.63 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 year ended June 30, 2023 (2022 - \$Nil).

**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:

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

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**11. KEY MANAGEMENT COMPENSATION AND RELATED PARTY TRANSACTIONS (Continued)**

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:

	<b>For the year ended June 30, 2023</b>	<b>For the year ended June 30, 2022</b>
	\$	\$
Salaries and benefits (Included in professional & consulting fees, and wages)	212,084	375,578
Consulting fees (Included in professional & consulting fees)	352,859	136,500
<b>Total</b>	<b>564,943</b>	<b>512,078</b>

The due to directors and related party corporations in the statements of financial position is \$13,330 as of June 30, 2023 (June 30, 2022 - \$6,250).

As at June 30, 2023, the Company has \$302,015 outstanding accounts payable due to related parties.

**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.

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.	-
<b>Premium on acquisition of subsidiary</b>	<b>2,250,000</b>

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.

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**12. ACQUISITION OF SUBSIDIARY (Continued)**

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 and accrued liabilities	(77,555)
<u>Total</u>	<u>-</u>

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 year ended June 30, 2023, and the year ended June 30, 2022. The Company is not subject to externally imposed capital requirements.

MPNT is subject to FCA regulatory capital adequacy requirements under which it is required to maintain a share capital balance in excess of accumulated deficit plus 10% of fixed operating costs from the previous year. As at June 30, 2023 and 2022, the Company met this requirement.

**14. INCOME TAX**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022 – 27%) to the effective tax rate is as follows:

	June 30, 2023	June 30, 2022
	\$	\$
Net loss for the year	(2,809,575)	(4,638,888)
Expected income tax (recovery) expense	(758,585)	(1,243,010)
Difference in foreign tax rates	62,326	178,055
Non-deductible expenses	138,129	737,763
Share issuance costs booked directly to equity	-	(9,218)
Change in tax benefits not recognized	(558,129)	336,410
<u>Income tax (recovery)</u>	<u>-</u>	<u>-</u>

**BLOCKMATE VENTURES INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**  
**(Expressed in Canadian dollars)**

**14. INCOME TAX (Continued)**

**Deferred Tax**

**Unrecognized Deferred Tax Assets**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	\$	\$
Non-capital losses carried forward - Canada	6,140,879	5,387,472
Non-capital losses carried forward – United Kingdom / Australia / Hong Kong	3,066,229	2,730,365
Equipment	414,358	377,427
Intangibles	240,749	235,040
Investments	35,000	35,000
Share issuance costs	74,148	115,002
<b>Totals</b>	<b>9,971,363</b>	<b>8,880,306</b>

The Canadian non-capital losses forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2027.

The remaining deductible temporary differences may be carried forward indefinitely.

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

The Company's Canadian non-capital income tax losses expire as follows:

	\$
2031	175,230
2032	316,340
2033	194,730
2034	160,490
2035	335,760
2036	791,850
2037	948,020
2038	476,590
2039	83,830
2040	655,137
2041	521,363
2042	1,263,804
2043	217,753
	<u>6,140,879</u>

**BLOCKMATE VENTURES INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022  
(Expressed in Canadian dollars)**

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**15. SUBSEQUENT EVENTS**

Subsequent to the year ended June 30, 2023, the Company had the following events:

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 five cents 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 September 21, 2023, the Company entered into a binding agreement to divest its Midpoint foreign exchange business. Management expects the 100% sale of Midpoint to David Wong for a nominal figure will allow Blockmate to focus all of its resources toward the blockchain, battery and clean energy ventures within its portfolio and reduce its net cash outflows by approximately \$500,000 per annum.