

INTRODUCTION

The following management’s discussion and analysis (“MD&A”) of the financial condition and results of the operations of Blockmate Ventures Inc. (or the Company) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the three months ended September 30, 2024. This MD&A was written to comply with the requirements of National Instrument 51-102—*Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2024 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Information contained herein is presented as of September 30, 2024, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the common shares of the Company; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the board of directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available at the Company’s offices or on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company’s ability to protect its proprietary technology; the Company’s ability to meet its working capital needs at the current level for the period ending September 30, 2024; the plans, costs, timing and capital for future development of the Company’s assets, including the costs and potential impact of complying with existing and proposed laws and regulations; management’s outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company’s ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, changes in debt and equity markets,

timing and availability of external financing on acceptable terms, increases in costs, interest rate and exchange rate fluctuations, as well as those risk factors listed in the “Risk Factors” section below. Readers are cautioned that the foregoing list is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for the Company’s development of its assets; operating costs; the Company’s ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

HIGHLIGHTS

For the three months ended September 30, 2024, the Company had no revenue from both continuing and discontinued operations. The Company had a Basic Loss per share of \$0.012 and Diluted Loss per share of \$0.008.

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
		Sept 30, 2024	June 30, 2024	
Blockchain World Ltd (BWL)	London	100%	100%	Blockchain
Hivello Holdings Ltd (HVL)	London	96% BWL	96% BWL	Blockchain
Hivello Operations B.V.	Netherlands	100% HVL	100% HVL	Blockchain
Midpoint Canada	Canada	100%	100%	Dormant company
Midpoint & Transfer (MPNT)	England and Wales	-	-	Currency exchange
Midpoint Hongkong (MPT HK)	Hong Kong	-	-	Currency exchange

Divestment of MPNT and MPT HK

During the year ended June 30, 2024, the Company completed the divestment of its Midpoint foreign exchange business (MPNT and MPT HK) 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 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 until the date of disposition:

Name of Subsidiary	Country of Incorporation	Ownership		Principle Activities
		Sept 30, 2024	June 30, 2024	
Midpoint & Transfer (MPNT)	England and Wales	-	-	March 31, 2024
Midpoint Hongkong (MPT HK)	Hong Kong	-	-	November 21, 2023

As at November 21, 2023, the company completed the divestiture of MPT HK, and accordingly has not been consolidated subsequent to November 21, 2023. The operating results of this subsidiary are included in the consolidated statement of comprehensive loss up until the date of disposal. In consideration of the divestiture, the acquirer assumed the responsibility for all liabilities and obligations associated with the business as well as operational expenses associated with maintaining its operations. The sale of MPT HK resulted to the loss in disposition of subsidiary from continuing operations for \$5,116.

As at March 31, 2024, the company has completed its previously announced divestiture of Midpoint & Transfer on, and accordingly has not been consolidated subsequent to March 31, 2024. The operating results of this subsidiary are included in the consolidated statement of comprehensive loss up until the date of disposal. The sale of MPNT resulted to the gain in disposition of subsidiary from continuing operations for \$329,002.

Advanced Subscription Agreement completion

During the year ended June 30, 2024, Hivello, a subsidiary, entered into an advanced subscription agreement that allows the investors to convert the principal amount to shares of Hivello.

In December 2023, the Company issued an aggregate of \$1,484,229 USD (\$1,987,112 CAD) SAFE notes in relation to the agreement. Of the issued SAFE notes include 484,229 USD (\$648,294 CAD) advance payments from investors for the second round of capital raise closed in January 2024.

In January 2024, the Company issued an aggregate of \$1,080,000 USD (\$1,455,142 CAD) Simple Agreement for Future Equity (SAFE) notes. As at June 30, 2024, the total SAFE notes issued by the Company amounts to \$2,564,229 USD (\$3,442,254 CAD).

To raise additional funding, Hivello, a subsidiary, intends to complete an additional SAFE (Simple Agreement for Future Equity) instrument fundraising. As at September 30, 2024, Hivello received a total of \$463,600 USD (\$649,318 CAD) in relation to the new SAFE Notes financing. As at September 30, 2024, Hivello has not completed the financing resulting to a total of \$649,318 advance subscription for SAFE notes.

The investment rounds were funded by leading Web3 funds including Blockchange (USA), Cypher Capital, MH Ventures, Primal Capital, Contango Digital Assets, Candaq, NGC ventures, Blockchain Founders Fund and IDG.

BUSINESS OVERVIEW

Blockmate owns 100% of Blockchain World Ltd (BWL). BWL owns 96% of Hivello Holdings Ltd (Hivello/HVL) and the premium domain names Blockchain.eu (Europe) and Blockchain.com.au (Australia). Hivello Holdings Ltd owns 100% of Hivello Operations B.V. Hivello has built an application that enables internet users to earn up to US\$20 per month in passive income, simply by contributing their idle computing resources. Hivello is an application that users can download to their computer, and with one-click instantly run automated Web3 software in the background that pays passive income in their local currency on a monthly basis.

Blockmate is a reporting issuer under applicable securities legislation in the provinces of Alberta, British Columbia and Ontario and its outstanding shares are listed on the:

- TSX-V under the symbol “MATE”
- OTCQB under the symbol “MATEF” and
- Frankfurt Stock Exchange under the symbol “8MH”.

STRATEGY AND OUTLOOK

By divesting its Midpoint foreign exchange business, Blockmate has reduced its net cash outflows by approximately \$500,000 per annum, and now focuses on Hivello and related projects.

This quarter, Blockmate Ventures continued to sharpen its strategic focus on its primary asset, UK-registered, Hivello Holdings Ltd (“Hivello”). Hivello completed SAFE note financing in January 2024 totaling US\$2.5 million. Investors in these raisings included: include NGC Ventures, BlockChange, Blockchain Founders Fund, MEXC, IDG, Cypher Capital, Contango and others. Assuming the SAFE notes convert to Hivello equity, Blockmate will hold a 67% interest in Hivello.

Hivello enables individuals to earn passive income in minutes. Leveraging a frictionless, user-friendly platform with existing Web 2.0 interfaces to lower entry barriers so anyone can do it. Users just download the Hivello app for free in minutes and over time earn \$20 to \$50 or more per month, depending on their computer.

Management’s primary objective in FY 2025 is to accelerate Hivello’s growth trajectory by scaling both platform capabilities and user acquisition:

- Hivello launched its platform in public beta on November 19, 2024;
 - Hivello expects to integrate its first high-yielding token by February, 2025; and
 - Hivello is actively pursuing strategic partnerships to prepare the adoption of Hivello post the launch of the high-yielding token.
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FINANCIAL PERFORMANCE

During the three months ended September 30, 2024, the Company recognized operating expenses of \$1,219,936 (2023 - \$309,499) from its continuing operations.

As at September 30, 2024, the Company had working capital deficiency of \$4,051,941 (June 30, 2023 - \$3,250,907). As at September 30, 2024, the cash balance consists of \$131,840 (June 30, 2024 - \$57,464) all held by entities with continuing operations.

The Company's current strategy is to scale its business towards blockchain, battery, and clean energy ventures.

HISTORY OF THE COMPANY

The Company was incorporated under the *Business Corporation Act* (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V") Corporate Finance Manual. The principal business of the Company was to identify and evaluate companies, assets or businesses with a view to completing a Qualifying Transaction (as defined in Policy 2.4). The common shares of the Company were initially listed on the TSX-V with the trading symbol "JRL.P".

On April 11, 2013 the Company completed its Qualifying Transaction (the "Transaction") with BuyFX Ltd. ("BuyFX") and concurrent financing whereby the Company acquired all issued and outstanding securities of BuyFX in exchange for the issuance of securities of the Company. For accounting purposes, this share exchange is treated as a reverse takeover ("RTO") with BuyFX being the accounting acquirer.

Until its acquisition pursuant to the Transaction, BuyFX operated a P2P foreign exchange matching platform through its wholly owned UK subsidiary, Midpoint & Transfer Ltd ("Midpoint"). On May 20, 2014 BuyFX and the Company amalgamated to form one company as Midpoint Holdings Ltd.

On March 15, 2022, the Company completed its Qualifying Transaction and acquired all of the issued and outstanding Blockchain World Ltd shares ("BWL"). 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. BWL owns the premium domain names Blockchain.eu (Europe), Blockchain.com.au (Australia) and 100% of Hivello Holdings Ltd ("Hivello").

On November 21, 2023, the company completed the divestiture of MPT HK, and accordingly has not been consolidated subsequent to November 21, 2023. In consideration for the divestiture, Midpoint Hongkong management will assume responsibility for all liabilities and obligations associated with the business as well as operational expenses associated with maintaining its operations. The sale of MPT HK resulted to the loss in disposition of subsidiary from continuing operations for \$5,116.

On March 31, 2024, the company completed the previously announced divestiture of MPNT, and accordingly has not been consolidated subsequent to March 31, 2024. In consideration for the divestiture, the acquirer assumed the responsibility for all liabilities and obligations associated with the business as well as operational expenses associated with maintaining its operations. The sale of MPNT resulted to the gain in disposition of subsidiary from continuing operations for \$329,002.

SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the unaudited quarterly consolidated financial statements of the Company for the three months ended September 30, 2024 and year ended June 30, 2024, 2023 and 2022. Note that all financial data for 2024, 2023 and 2022 are stated in Canadian dollars.

	Three months September 30, 2024 (\$CAD)	Three months September 30, 2023 (\$CAD)	Three months September 30, 2022 (\$CAD)	Year ending June 30, 2024 (\$CAD)	Year ending June 30, 2023 (\$CAD)	Year ending June 30, 2022 (\$CAD)
Total revenues	\$ -	\$ 68,834	\$ 80,359	276,179	340,323	435,779
Net Income (loss)	(1,274,957)	(514,029)	(529,355)	(2,603,324)	(2,809,575)	(4,638,888)
Net income/(loss) income per share – basic	(0.01)	(0.00)	(0.01)	(0.02)	(0.04)	(0.08)
Net income/(loss) income per share – diluted	(0.01)	(0.00)	(0.01)	(0.02)	(0.02)	(0.06)
Total assets	789,562	468,703	458,680	1,307,263	961,190	794,219
Total non-current liabilities	nil	nil	nil	nil	nil	nil
Dividends distributed/declared	nil	nil	nil	nil	nil	nil

- Total net loss for the three months ended September 30, 2024, consists of \$1,274,957 (2023 – \$1,724,043) from continuing operations and net income of \$Nil (2023 – \$1,210,014) from discontinued operations.
- The net loss for the three months ended September 30, 2024, consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, filing fees and transfer fees and amortization and depreciation.
- The net loss for the three months ended September 30, 2023, consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, rent, filing fees and transfers, amortization and depreciation, foreign exchange gain/loss, grant income, interest income, expense recovery, and impairment of intangibles.
- The net loss for the three months ended September 30, 2022, consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, rent, filing fees and transfers, amortization and depreciation, foreign exchange gain/loss, and interest income.
- The net loss for the three months ended June 30, 2024, consisted primarily of professional and consulting fees, marketing expenses, wages and accretion expense.
- The net loss for the three months ended June 30, 2023, consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, rent, filing fees and transfers, amortization and depreciation, and impairment of intangibles.
- The net loss for the three months ended June 30, 2022, consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, rent, filing fees and transfers, amortization and depreciation, and impairment of intangibles and equipment.

The following table sets forth selected financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending September 30, 2024 and 2023.

	Three months ended Sep 30, 2024 \$	Three months ended Jun 30, 2024 \$	Three months ended Mar 31, 2024 \$	Three months ended Dec 31, 2023 \$
Total revenues	-	47,066	95,976	64,303
Net Income (loss)	(1,274,957)	(1,160,270)	(524,345)	(404,680)
Net income/(loss) per share—basic	(0.01)	(0.01)	(0.00)	(0.00)
Net income/(loss) per share—diluted	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	789,562	1,307,263	2,585,713	2,004,333

	Three months ended Sep 30, 2023 \$	Three months ended Jun 30, 2023 \$	Three months ended Mar 31, 2023 \$	Three months ended Dec 31, 2022 \$
Total revenues	68,834	64,864	96,813	98,287
Total Income (loss)	(705,912)	(747,462)	(644,630)	(951,953)
Net income/(loss) per share—basic	(0.00)	(0.01)	(0.01)	(0.02)
Net income/(loss) per share—diluted	(0.00)	(0.01)	(0.01)	(0.02)
Total assets	468,703	961,190	442,491	619,990

SUMMARY OF QUARTERLY RESULTS

	Total Assets \$	Profit or Loss \$	Basic & Diluted Earnings (Loss) Per Share \$
2024 – September 30	789,562	(1,274,957) ⁽¹⁾	(0.01)
2024 – June 30	1,307,263	(1,160,270) ⁽²⁾	(0.01)
2024 - March 31	2,585,713	(524,345) ⁽³⁾	(0.00)
2023 - December 31	2,004,333	(404,680) ⁽⁴⁾	(0.00)

Notes:

- (1) The net loss of \$1,274,957 consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, filing fees and transfer fees and amortization and depreciation. expense recovery, and impairment of intangibles.
- (2) The net loss of \$1,160,270 consisted primarily of professional and consulting fees, marketing expenses, wages and accretion expenses.
- (3) The net loss of \$524,345 consisted primarily of professional fees, wages, general and administrative, marketing, software development and website cost, rent, filing fees and transfers, amortization and depreciation, share-based compensation, interest income, gain on debt settlement and loss of debt forgiven.
- (4) The net loss of \$404,680 consisted primarily of loss on debt forgiven, share-based compensation, professional fees, wages, amortization and depreciation, marketing, filing fees, rent, general and administrative expenses, and software development and website costs.

DISCUSSION OF OPERATIONS

Three Months ended September 30, 2024 compared with the Three Months ended September 30, 2023.

The Company's net loss totalled \$1,274,957 for the three months ended September 30, 2024, with basic and diluted loss per share of \$0.01. This compares with a total net loss of \$514,029 with basic and diluted loss per share of \$0.01 and \$0.00 for the three months ended September 30, 2023, an increase of \$760,928 in net loss principally due to an increase in accretion expense, professional and consulting, marketing expenses and software development and website costs.

LIQUIDITY AND FINANCIAL POSITION

The activities of the Company were financed through equity transactions such as equity offerings.

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.

Current liabilities increased to \$4,524,793 at June 30, 2024, compared to \$3,709,428 at June 30, 2023; the increase of \$815,365 was primarily due to increases in SAFE notes, slightly offset by decrease in accounts payable and accrued liabilities.

The Company had cash of \$131,840 (June 30, 2024 - \$57,464) to satisfy current liabilities of \$4,524,793 (June 30, 2023 - \$3,709,428). As of September 30, 2024, all the cash balance of \$131,840 (June 30, 2024 - \$57,464) is held by entities with continuing operations.

There is currently a deficit in the working capital as there is not sufficient cash to be able to meet the current liabilities that the entity holds. To be able to settle liabilities, management expects to receive sufficient capital from the exercise of the outstanding warrants listed below.

As of September 30, 2024, the Company had 110,797,758 (June 30, 2024 - 110,797,758) common shares issued, 34,465,337 (June 30, 2024 - 34,465,337) warrants granted and outstanding, 7,550,000 (June 30, 2024 - 7,550,000) option granted and outstanding, and 2,520,000 (June 30, 2024 - 2,520,000) RSU granted and outstanding.

The Company has issued an aggregate of 13,025,000 warrants exercisable at \$0.20 per Warrant in a Private Placement dated February 5, 2020; these warrants were not exercised and expired on February 5, 2023. The Company has issued 1,250,000 warrants exercisable at \$0.20 per Warrant in a Private Placement dated July 9, 2020; these warrants were not exercised and expired on July 9, 2022. The Company has issued an aggregate of 6,000,000 warrants exercisable at \$0.20 per Warrant in a Private Placement dated March 22, 2021; these warrants were not exercised and expired on March 22, 2023. The Company also issued 16,293,337 warrants exercisable at \$0.075 per warrant in a private placement dated November 17, 2022, 1,772,000 warrants exercisable at \$0.075 per warrant in a private placement dated January 9, 2023, and 16,400,000 warrants exercisable at \$0.075 per warrant in a private placement dated June 20, 2023. These warrants will expire on November 17, 2025.

On October 27, 2023, the Company granted 7,550,000 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 \$0.05 until Oct. 27, 2028. As at June 30, 2024, a total of 3,709,742 options have vested and are exercisable.

On February 07, 2024, the Company granted 2,520,000 restricted share units to certain directors and officers of the company in lieu of the wages payable amounting to \$93,324. The RSUs were granted in accordance with the omnibus incentive plan adopted by the company and vest and convert into common shares on February 07, 2025. The share price as at date of grant is \$0.045 and is valued \$113,400, resulting to a loss on debt settlement of \$20,076.

Cash used in operating activities from continuing operations and from discontinued operations was \$1,027,604 and \$Nil, for the three months ended September 30, 2024 (June 30, 2024 - \$2,818,910 and \$516,067). Operating activities were affected by the non-cash transactions amounting to \$1,263,283 from continuing operations and \$Nil from discontinued operations.

The net increase of non-cash working capital of \$182,780 from continuing operations is mainly due to an increase in prepaid expenses of \$216,588 slightly offset by an increase in accounts payable and accrued liabilities of \$33,584.

Cash received from financing activities from continuing operations and discontinued operations were \$99,933 and \$Nil for the three months ended September 30, 2024 (June 30, 2024 - \$2,488,029 and \$102,606). The financing activities were primarily affected by the proceeds of SAFE notes and loans receivables repayment amounting to \$53,541 and \$46,392.

Cash received from investing activities from continuing operations and discontinued operations were \$932,415 and \$Nil for the three months ended September 30, 2024 (June 30, 2024 - used \$11,242 and \$6,468). The investing activity was primarily affected by the conversion of crypto assets to cash amounting to \$932,719.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its wages and marketing to drive and manage its growth in revenue.

On September 30, 2024, the Company had a working capital deficiency of \$4,051,941 (June 30, 2024 - working capital of \$3,250,907) and an accumulated deficit of \$26,342,542 (June 30, 2024 - \$25,117,247).

The ability of the Company to obtain necessary financing to fund working capital is uncertain. The ability of the Company to generate sales revenue to offset the expenses and maintain profitability is uncertain. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing from time to time, which it intends to obtain through the exercise of warrants and the issue of new shares. While the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

MANAGEMENT OF CAPITAL

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives; and
- To maximize shareholder return.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets.

The capital structure is reviewed by management and the board of directors on an ongoing basis. The Company considers its capital to be equity, comprising of share capital, warrant and option reserves, contributed surplus, accumulated other comprehensive loss and deficit which as at September 30, 2024 amounts to \$26,342,542 (June 30, 2024 - \$25,117,247).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its operating activities. Selected information is provided to the board of directors. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended September 30, 2024.

The Company is not subject to any capital requirements imposed by a lending institution or any other external capital requirements.

SAFE NOTES

Advances on Safe Notes

To raise additional funding, Hivello, a subsidiary, intends to complete an additional SAFE (Simple Agreement for Future Equity) instrument fundraising. As at September 30, 2024, Hivello received a total of \$463,600 USD (\$649,318 CAD) in relation to the new SAFE Notes financing.

Pursuant to the capital raise, the company received gross proceeds of:

- Cash and cash equivalents amounting to \$38,600 USD (\$53,541 CAD)
- Service agreements equivalent to \$150,000 USD (\$202,691 CAD)
- Cryptocurrencies amounting to \$275,000 USD (\$393,086 CAD)

Safe Notes I

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 include: (1) 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. (2) 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 5,000,000 USD, rounded down to the nearest whole share.

The 6% annual interest rate is measured using the Effective Interest Rate (EIR) and the discount initially recognized as financial liability is subsequently amortized. 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 5,000,000 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

As at December 31, 2023, \$97,617 SAFE notes were converted to an advanced subscription agreement secured as SAFE notes with terms below.

Safe Notes II

In December 2023, the Company issued an aggregate of \$1,484,229 USD (\$1,987,112 CAD) Simple Agreement for Future Equity (SAFE) notes in relation to the agreement. Of the issued SAFE notes include \$484,229 USD (\$648,294 CAD) advance payments from investors for the second round of capital raise closed in January 2024.

In January 2024, the Company issued an aggregate of \$1,080,000 USD (\$1,455,142 CAD) Simple Agreement for Future Equity (SAFE) notes. As at June 30, 2024, the total SAFE notes issued by the Company amounts to \$2,564,229 USD (\$3,442,254 CAD).

Pursuant to the capital raise, the company received gross proceeds of:

- Cash and cash equivalents amounting to \$800,500 USD (\$1,075,353 CAD)
- Cryptocurrencies amounting to \$1,415,000 USD (\$1,900,842 CAD)
- Service agreements equivalent to \$275,000 USD (\$368,442 CAD)
- Converted SAFE Notes I, amounting to \$73,729 USD (\$97,617 CAD)

The terms of the agreement state the following:

- The convertible notes have no maturity date.
- The Company will issue a variable number of shares upon conversion and ultimate settlement of the debt.
- If the Company has any Future Token* Offerings, then the Investor shall be entitled to receive, at no cost, a portion of the Tokens being distributed in Future Token Offerings on a pro-rata basis.
- *Coin or Token means any form of sale, grant, distribution, private sale or the public sale of cryptographic coins or tokens via a private placement, initial coin offering, blockchain or otherwise.
- No interest is payable on the Advance Subscription in any circumstance. No amount of the Advance Subscription is repayable by the Company in any circumstance, but such amount may be converted into Shares.

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

Conversion terms:

- The Advance Subscription shall automatically convert into Conversion Shares at the Conversion Price, and the Company shall issue and allot to the Subscriber (or as the Subscriber shall direct) the number of fully paid Conversion Shares to which it is entitled in event of financing round, liquidation event, long stop date, and insolvency.
- The Conversion Shares so allotted and issued shall be in full satisfaction and discharge of all obligations of the Company under this agreement to the Subscriber and this agreement shall terminate automatically and immediately on completion of such conversion.

As at September 30, 2024, no SAFE note was converted, and no equity was issued by the Company in relation to this note.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. As of September 30, 2024 and as of the date of this MDA, the Company had 110,797,758 (June 30, 2024 - 107,966,997) common shares outstanding.

As of September 30, 2024, and the date of this MD&A, the company had 7,550,000 (June 30, 2024 - 7,550,000) option granted and outstanding.

As of September 30, 2024, and the date of this MD&A, the Company had 34,465,337 (June 30, 2024 - 34,465,337) warrants granted and outstanding.

As of September 30, 2024, and the date of this MD&A, the Company had 2,520,000 (June 30, 2024 - 2,520,000) RSU granted and outstanding.

NON-CONTROLLING INTEREST

On November 14, 2024, Hivello Holdings, a subsidiary, entered into a stock purchase agreement and issued 465 of its common stock resulting in 4% of the ownership interest held by non-controlling shareholders.

Reconciliation of non-controlling interest as follows:

	September 30, 2024	June 30, 2024
Beginning Balance	\$ (63,050)	\$ -
Non-controlling interest share in net loss	(49,662)	(63,050)
Ending Balance	(112,712)	(63,050)

RISK FACTOR

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors described below.

Credit Risk, Foreign Exchange Risk, Liquidity 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 a good reputation, and management considers the risk of losses to be negligible.

The Company is exposed to currency risk as the Company has transactions through its subsidiaries operating in Great British pounds (GBP). The Canadian dollar equivalent value of all cash held in foreign denominated currencies as at September 30, 2024 is \$90,147 (June 30, 2024 - \$25,046). Based upon the net exposure as at September 30, 2023, a 12% depreciation or appreciation of the Great British pounds relative to the Canadian dollar would result in approximately \$10,818 (June 30, 2024 - \$3,006) change in the Company's consolidated net loss and comprehensive loss. To date, funds have been raised in Canadian currency (CAD) while expenses were largely in British Pounds (GBP). The Company continues to operate primarily in CAD at the holding level. However, the Company is exposed to foreign exchange risk on a portion of

its accounts payable, accrued liabilities, and GBP bank account. Management is actively hedging a portion of that exposure to mitigate this.

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become 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.

As at September 30, 2024 the Company had cash from continuing operations of \$131,840 (June 30, 2024 - \$57,464) and cash from discontinued operations of \$Nil (June 30, 2024 - \$Nil) to satisfy current liabilities of \$4,524,793 (June 30, 2024 - \$3,709,428).

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 a good reputation, and management considers the risk of losses to be negligible. Cash consists of client deposits and accounts receivable consist of value added tax and management believes that the credit risk concentration with respect these items is remote.

Management

The success of the Company is currently largely dependent on the performance of its management. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisers in supervising and providing for the effective management of the Company's business. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the Company and its prospects.

The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

OFF-BALANCE SHEET ARRANGEMENTS, COMMITMENTS, AND CONTINGENCIES

As of the date of this MD&A, the Company has not engaged in any off-balance sheet arrangements, such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments, or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company. The Company has no commitments or contingencies.

PROPOSED TRANSACTIONS

As of the date of this MD&A, there is no firm offer that may result in a material transaction being considered by the Company. The Company continues to evaluate offers and assets that it may acquire in the future.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below:

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, 2024	For the three months ended September 30, 2023
	\$	\$
Salaries and benefits (Included in professional & consulting fees, and wages)	-	25,000
Consulting fees (Included in professional & consulting fees)	73,452	107,745
Share-based compensation	31,423	-
Total	104,875	132,745

The amount due to directors and related parties in the statements of financial position is \$83 as of September 30, 2024 (June 30, 2024 - \$63).

As at September 30, 2024, the Company has \$101,079 (June 30, 2024 - \$112,422) outstanding accounts payable due to related parties. Out of these payables \$6,250 (June 30, 2024 - \$6,250) is due to a former director of the Company and a company the former director controls.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

General and Administrative Expenses	Three months ended September 30, 2024	Three months ended September 30, 2023	Year ended June 30, 2024	Year ended June 30, 2023
	\$	\$	\$	\$
Amortization and depreciation	168	3,817	9,260	23,750
Filing and transfer fees	19,972	13,667	68,625	65,785
General and administrative expenses	94,402	79,909	283,337	455,234
Marketing	291,747	40,319	349,249	187,518
Professional and consulting fees	361,545	239,453	1,438,693	708,556
Rent	8,449	17,436	65,105	111,572
Software development and website costs	62,468	20,389	82,659	125,888
Salaries and benefits	349,762	115,006	972,328	803,943
Share-based compensation	31,423	-	168,189	-
Total	1,219,936	529,996	3,437,445	2,482,246

Other Items	Three months ended September 30, 2024	Three months ended September 30, 2023	Year ended June 30, 2024	Year ended June 30, 2023
	\$	\$	\$	\$
Foreign exchange loss / (gain)	1,972	5,473	16,948	(10,564)
Accretion expense	52,899	-	102,865	-
Grant income	-	(849)	(855)	(3,229)
Interest income	-	(1,965)	(115,787)	(1,851)
Expense recovery	-	(3,686)	(1,238)	-
Impairment on intangibles	304	457	385	5,709
Premium on acquisition of subsidiary	-	-	-	500,000
Other income and loss	(154)	(415)	(875)	(1,282)
Gain on Debt settlement	-	-	20,076	-
Other income on debt forgiven	-	-	-	(63,825)
Discount on SAFE Notes	-	-	(373,485)	-

SUBSEQUENT EVENTS

Subsequent to the three months ended September 30, 2024, the Company had the following events:

On November 19, 2024, Hivello, a subsidiary, launched a public beta version of its passive income application. The Hivello Windows app was private beta launched in May 2024. As at November 2024, there are 1,664 daily active nodes. The platform simplifies Web3 decentralized physical infrastructure network mining for novices who want to apply unused computing power to generate passive income and contribute to the growing global network of decentralized digital infrastructure.

CRITICAL ACCOUNTING ESTIMATES

As of September 30, 2024, there are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent audited financial statements as at and for the year ended June 30, 2024.

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 judgments 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.