

Consolidated Financial Statements of

**BLACKHAWK GROWTH CORP.**

For the Three Months Ended September 30, 2021 and 2020

(unaudited)

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	September 30, 2021	June 30, 2021
		(audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 689,231	\$ 419,617
Trade and other receivables (note 11(a))	237,040	175,012
Prepaid expenses and deposits	398,916	481,572
Investment at fair value – Short term loans (note 7)	259,609	259,609
Investments at fair value – equity (note 7)	16,719,850	6,318,835
<b>Total assets</b>	<b>\$ 18,304,646</b>	<b>\$ 7,654,645</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (note 9 and 11(b))	\$ 134,293	\$ 60,280
	134,293	60,280
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	32,006,296	20,232,108
Subscription receivable (note 8)	-	(50,000)
Contributed surplus	2,995,361	1,768,263
Deficit	(16,831,304)	(14,356,006)
<b>Total shareholders' equity</b>	<b>18,170,353</b>	<b>7,594,365</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 18,304,646</b>	<b>\$ 7,654,645</b>

Going concern (note 3)

Subsequent events (note 14)

See accompanying notes to the consolidated financial statements.

Approved for issuance by the Board of Directors on November 28, 2021

Signed "*Dave Antony*"  
DirectorSigned "*Frederick Pels*"  
Director

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

Three Months ended September 30,	2021	2020
<b>Revenues</b>		
Net investment gains (losses)		
Net change in unrealized gain on investments (note 7)	\$ (642,163)	\$ 200,050
Interest revenue (note 7)	9,618	20,707
<b>Net revenues (losses)</b>	<b>(632,545)</b>	220,757
<b>Expenses</b>		
General and administrative	39,145	28,963
Consulting (note 9)	93,682	35,500
Professional fees	30,278	84,317
Share based compensation (note 8)	1,679,648	97,239
<b>Total expenses</b>	<b>1,842,753</b>	246,019
<b>Loss before other items</b>	<b>(2,475,298)</b>	<b>(25,262)</b>
<b>Other income (expenses)</b>		
Gain (loss) on settlement of debts (note 8)	-	(48,000)
Write-off of investments (note 7)	-	(11,796)
<b>Total other expenses</b>	<b>-</b>	<b>(59,796)</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (2,475,298)</b>	<b>\$ (85,058)</b>
Weighted average shares outstanding, basic and diluted	25,252,602	10,771,092
Net loss per share		
Net loss basic and diluted	\$ (0.10)	\$ (0.00)

See accompanying notes to the consolidated financial statements

**BLACKHAWK GROWTH CORP.**

Consolidated Statements of Changes in Equity  
(Expressed in Canadian Dollars)

	Number of shares	Amount	Subscriptions receivable	Contributed surplus	Deficit	Total
<b>Balance, June 30, 2020</b>	<b>6,962,701</b>	<b>\$ 12,607,944</b>	<b>\$ -</b>	<b>\$ 1,081,869</b>	<b>\$ (11,835,601)</b>	<b>\$ 1,854,212</b>
Shares issued pursuant to:						
Purchase of investments	1,540,000	1,938,000	-	-	-	1,938,000
Debt settlements	16,286	252,000	-	-	-	252,000
Share-based compensation	-	-	-	97,239	-	97,239
Net loss for the year	-	-	-	-	(85,058)	(85,058)
<b>Balance, September 30, 2020</b>	<b>8,518,987</b>	<b>\$ 14,797,944</b>	<b>\$ -</b>	<b>\$ 1,179,108</b>	<b>\$ (11,920,659)</b>	<b>\$ 4,056,393</b>
<b>Balance, June 30, 2021</b>	<b>25,252,575</b>	<b>\$ 20,232,108</b>	<b>\$ (50,000)</b>	<b>\$ 1,768,263</b>	<b>\$ (14,356,006)</b>	<b>\$ 7,594,365</b>
Shares issued pursuant to:						
Purchase of investments	22,095,180	10,826,638	-	-	-	10,826,638
Exercise of stock options	900,000	947,550	-	(452,550)	-	495,000
Share subscriptions receivable	-	-	50,000	-	-	50,000
Share-based compensation	-	-	-	1,679,648	-	1,679,648
Net loss for the year	-	-	-	-	(2,475,298)	(2,475,298)
<b>Balance, September 30, 2021</b>	<b>48,247,755</b>	<b>\$ 32,006,296</b>	<b>\$ -</b>	<b>\$ 2,995,361</b>	<b>\$ (16,831,304)</b>	<b>\$ 18,170,353</b>

See accompanying notes to the consolidated financial statements

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)

<b>Three months ended September 30,</b>	<b>2021</b>	<b>2020</b>
Cash provided by (used in)		
<b>Operations:</b>		
Net loss from operations	\$ (2,475,298)	\$ (85,058)
Items not affecting cash:		
Net change in unrealized gain on investments	642,163	(200,050)
Accrued interest income	9,618	(20,707)
Share based compensation	1,679,648	97,239
Loss (gain) on settlement of debts	-	48,000
Write off of investments	-	11,796
Change in operating working capital		
Trade and other receivables	(21,646)	(14,106)
Purchase of investments	(216,540)	-
Prepaid expenses and deposits	82,656	28,262
Trade and other payables	74,013	70,720
Cash used for continued operations	(225,386)	(63,904)
<b>Finance:</b>		
Exercise of stock options	495,000	-
Cash provided by finance	495,000	-
Net change in cash and cash equivalents	269,614	(63,904)
Cash and cash equivalents, beginning of the year	419,617	619,373
Cash and cash equivalents, end of the year	\$ 689,231	\$ 555,469
<b>Supplemental cash flow information:</b>		
Income taxes paid	\$ -	\$ -
Interest received	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

## **BLACKAWK GROWTH CORP.**

### Notes to the Condensed Consolidated Interim Financial Statements Three months ended September 30, 2021 and 2020

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#### **1. General information:**

Blackhawk Growth Corp. (the “Company”) was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

The Company invests in equity and debt instruments of companies to generate positive returns for shareholders.

The Company’s registered office is located at Suite 3810, Bankers Hall West, 888 - 3 Street SW, Calgary, Alberta, T2P 5C5.

#### **2. Basis of preparation:**

##### **Statement of compliance**

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting using accounting policies consistent 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”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements as at and for the year ended June 30, 2020.

These condensed consolidated interim financial statements do not include all of the information and note disclosures required for annual financial statements and should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended June 30, 2020. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Corporation’s audited consolidated financial statements for the year ended June 30, 2020. The Corporation’s interim results are not necessarily indicative of its results for a full year.

##### **Basis of presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except as disclosed in note 4 of the audited consolidated financial statements as of and for the year ended June 30, 2021.

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

#### **3. Going concern:**

For the three months ended September 30, 2021, the Company reported a net and comprehensive loss of \$2,475,298 (2020 – \$85,058) and has an accumulated deficit of \$16,831,304 (June 30, 2021 - \$14,356,006). These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. As at September 30, 2021, the Company has \$689,231 (June 30, 2021 - \$419,617) in cash available to meet its liabilities as they become due. The Company will manage its activity levels, expenditures and commitments based on its current cash position.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2021 and 2020

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### **3. Going concern (continued):**

The consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company's ability to continue as a going concern is dependent on its ability to generate additional financial resources in order to meet its planned business objectives. Financial resources will come in the form of debt and/or equity financing. These consolidated financial statements do not reflect adjustments in the amounts and classifications of assets and liabilities reported that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

### **4. Critical accounting estimates and judgments:**

The Company has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **Accounting Estimates:**

##### **a) Share based compensation**

The Company measures the cost of share-based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, forfeiture rate, volatility and dividend yield of the share option. The Company measures the cost of share-based compensation transactions with consultants by reference to the fair value of the services to be performed.

##### **b) Taxes**

Tax interpretations, regulations and legislation are subject to change and as such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.



## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2021 and 2020

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### **4. Critical accounting estimates and judgments (continued):**

#### **Accounting Estimates (continued):**

##### **c) Fair value of investments in securities not quoted in an active market or private company investments:**

Where the fair value 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, judgement is required to establish fair values. The Company will look at the financial information provided by the investee, as well as comparative company information available to determine a fair value.

#### **Accounting Judgments:**

##### **a) Determination of investment entity**

Judgement is required when making the determination that the Company or its subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: “obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.”

In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Company has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

##### **b) Going concern**

The Company has experienced lower than planned revenue combined with operating losses. Management has assessed and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Management applied significant judgement in arriving at this conclusion including the amount of new investments and total realized gain on investments to be generated to provide sufficient cash flow to continue to fund operations and other committed expenditures; the timing of generating those cash inflows and the timing of the related expenditures; the ability to raise additional capital to support ongoing operations; and the assessment of potentially discretionary expenditures that could be delayed in order to manage cash flows. Given the judgement involved, actual results may lead to a materially different outcome.

## BLACKAWK GROWTH CORP.

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2021 and 2020

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### 5. Adopted and future accounting standards:

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

### 6. Investments at fair value and financial instruments hierarchy:

#### Financial hierarchy:

Fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

In accordance with IFRS 10, the fair value of the Company's investments includes the fair value of entities that are controlled by the Company.

Equity investments consist of the following as at September 30, 2021:

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<b>Company</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total FV</b>	<b>% of total FV</b>
Noble Line Inc.	\$ 986,800	\$ —	\$ —	\$ 986,800	\$ 986,800	5%
NuWave Foods Inc.	783,892	—	—	783,892	783,892	6%
Gaia Grow Corp.	1,050,000	900,000	—	—	900,000	5%
Fantasy Aces Daily Fantasy Sports Corp.	455,268	13,441	—	—	13,441	0%
Engine Media Holdings, Inc.	41,043	—	10,244	—	10,244	0%
SAC Pharma Partners Inc.	1,890,000	—	—	1,890,000	1,890,000	11%
Spaced Food Inc.	311,191	—	—	311,191	311,191	2%
Trip Pharma Inc. MindBio Therapeutics	997,644	—	—	997,644	997,644	6%
	10,826,638	-	-	10,826,638	10,826,638	65%
<b>Total Investments at Fair Value</b>	<b>\$17,342,476</b>	<b>\$ 913,441</b>	<b>\$ 10,244</b>	<b>\$15,796,165</b>	<b>\$ 16,719,850</b>	<b>100%</b>

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**BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2021 and 2020

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**6. Investments at fair value and financial instruments hierarchy (continued):**

Equity investments consist of the following as at June 30, 2021:

<b>Company</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total FV</b>	<b>% of total FV</b>
Noble Line Inc.	\$ 951,195	\$ –	\$ –	\$ 901,145	\$ 901,145	14%
NuWave Foods Inc.	783,892	–	–	783,892	783,892	12%
Gaia Grow Corp.	1,050,000	1,500,000	–	–	1,500,000	24%
Fantasy Aces Daily Fantasy Sports Corp.	455,268	9,470	–	–	9,470	0%
Engine Media Holdings, Inc.	41,043	–	56,377	–	56,377	1%
SAC Pharma Partners Inc.	1,890,000	–	–	1,890,000	1,890,000	30%
Spaced Food Inc.	254,607	–	–	254,607	254,607	4%
Trip Pharma Inc.	923,344	–	–	923,344	923,344	15%
<b>Total Investments at Fair Value</b>	<b>\$6,349,349</b>	<b>\$ 1,509,470</b>	<b>\$ 56,377</b>	<b>\$ 4,752,988</b>	<b>\$ 6,318,835</b>	<b>100%</b>

**Gaia Grow Corp.**

The Company owns 30,000,000 common shares of Gaia Grow Corp. (“Gaia”). The shares of Gaia are included in Level 1 and had a fair value of \$900,000 at September 30, 2021 (June 30, 2021 - \$1,500,000). The Company recorded an unrealized loss of \$600,000 for its investment in Gaia during the three months ended September 30, 2021 (2020 - \$150,000). Gaia is a publicly traded Canadian corporation focused on farming Industrial Hemp for Medical Purposes whose shares are traded on the TSX-V under the symbol GAIA.

**Fantasy Aces Daily Fantasy Sports Corp.**

The Company owns 3,642,146 common shares of Fantasy Aces Daily Fantasy Sports Corp. (“Fantasy”) which is a publicly traded US corporation focused on providing fantasy sports games, social media, and advertising in the United States. The warrants of Fantasy are included in Level 1 and had a fair value of \$13,441 at September 30, 2021 (June 30, 2021 - \$9,470). The Company recorded an unrealized gain of \$3,970 for its investment in Fantasy during the three months ended September 30, 2021 (2020 - \$Nil).

**Noble Line Inc.**

The Company owns 100% of the common shares of Noble Line Inc. (“Noble”). As at September 30 2020 the Company owned 71,500 common shares of Noble with an initial cost of \$50,050 which represented approximately 10.6% of the common shares outstanding of Noble.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2021 and 2020

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### **6. Investments at fair value and financial instruments hierarchy (continued):**

On November 17, 2020, the Company acquired remaining balance or 89.4% of the outstanding share capital of Noble by issuing 2,131,738 common shares of the Company with a cost of \$532,934 (note 7). During the year ended June 30, 2021, the Company provided advances to Noble of \$368,211 recorded as an investment in Noble.

As at September 30, 2021 the fair market value of Noble was estimated to be \$986,800 (June 30, 2021 - \$901,145) and is included in Level 3. During the three months ended September 30, 2021 the Company provided advances to Noble of \$85,655 (2020 - \$nil) recorded as an investment in Noble.

Noble operates an on-line store with an array of CBD/hemp consumable and topical products. Manufacturing and fulfillment operations are based out of Colorado and California.

#### **Nu Wave Foods Inc.**

The Company owns 7,650 common shares of NuWave Foods Inc. (“NuWave”) with an initial cost of \$420,000 which represents 51% of the common shares outstanding in NuWave.

As at September 30, 2021 the fair market value of NuWave was estimated to be \$783,892 (June 30, 2021 - \$783,892) and is included in Level 3.

NuWave is a fully licensed commercial kitchen and baked goods manufacturer that is developing shelf-stable baked goods with no preservatives, solving a long-time issue in baked food.

#### **Sac Pharma Partners Inc.**

During the year ended June 30, 2021 the Company acquired 100% of the common shares of Sac Pharma Partners Inc. (“SAC Pharma”) by issuing 5,040,000 common shares of the Company with a cost of \$1,890,000 (note 8) and is included in Level 3.

As at September 30, 2021 the fair market value of Sac Pharma was estimated to be \$1,890,000 (June 30, 2021 - \$1,890,000) and is included in Level 3.

Sac Pharma, through its wholly-owned subsidiary, SAC Pharma Partners USA, Inc. operates a facility for the licensed production of cannabis in California. SAC Pharma became fully operational in the regulated cannabis business when commercial sales became legal in California on January 1, 2018.

#### **Trip Pharma Inc. – Operating as LeichtMind Clinics**

On October 13, 2020, the Company acquired 100% of the common shares of Trip Pharma Inc. (“LeichtMind”) by issuing 1,320,000 common shares of the Company with a cost of \$825,000 (note 7).

As at September 30, 2021 the fair market value of Trip Pharma was estimated to be \$997,644 (June 30, 2021 - \$923,344) and is included in Level 3.

During the three months ended September 30, 2021, the Company provided advances to LeichtMind of \$74,300 (2020 - \$nil) recorded as an investment in LeichtMind.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
Three months ended September 30, 2021 and 2020

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### **6. Investments at fair value and financial instruments hierarchy (continued):**

LeichtMind is a psychedelic development and wellness company based in Edmonton, Alberta. On January 21, 2021 LeichtMind opened the first LeichtMind Clinic, located in Edmonton. The clinic has begun seeing patients and will provide a supply of high-quality products for use in research and prescription for clinical patients. LeichtMind intends to conduct research in psilocybin producing mushrooms, is in the process of submitting an application for a Controlled Drugs and Substances Dealers License in Canada and is working to source a library of Psilocybin Cubensis genetics.

#### **Engine Media Holdings Inc.**

On January 22, 2021, the Company settled the loan balances and other receivables from UMG Media Corp. which was acquired by Engine Media Holdings Inc. (“Engine Media”) in exchange of 7,703 shares and 3,852 warrants of Engine Media resulting in a loss of settlement of \$15,317 during the year ended June 30, 2021.

7,703 shares of Engine Media were acquired with a cost of \$82,083 based on the quoted share price of Engine Media on January 22, 2021. In June 2021, the Company sold all shares of Engine Media for gross proceeds of \$103,439 and realized a gain of \$21,356 on its investment in Engine Media.

As at September 30, 2021 the Company owns 3,852 share purchase warrants of Engine Media. The fair value of the warrants was estimated to be \$41,043 using the Black-Scholes pricing model, taking into account the volatility of the trading price of Engine Media’s shares, the expected lives of the warrants, the fair value of Engine Media’s stock and the risk-free interest rate. At September 30, 2021 the fair value of warrants was estimated to be \$10,244 (June 30, 2021 - \$56,377) resulting in an unrealized loss of \$46,133 (2020 - \$nil) during the three months ended September 30, 2021.

#### **Spaced Food Inc.**

On January 23, 2020, the Company entered into a definitive share purchase agreement to acquire all of the outstanding shares of Spaced Food Inc. (“Spaced Food”). The consideration to acquire Spaced Food was up to 10,000,000 common shares of the Company and the number of common shares to be issued to Spaced Food was based on the “Gross Revenue” of Spaced Food up to March 31, 2021.

On January 26, 2021, the agreement was amended to extend the closing date to December 2021.

As at September 30, 2021 the fair market value of Spaced Food was estimated to be \$311,191 (June 30, 2021 - \$254,607) and is included in Level 3.

During the three months ended September 30, 2021, the Company provided advances to Spaced Food of \$56,584 (2020 - \$nil) recorded as an investment in Spaced Food.

## **BLACKAWK GROWTH CORP.**

### Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2021 and 2020

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#### **6. Investments at fair value and financial instruments hierarchy (continued):**

##### **MindBio Therapeutics**

On August 31, 2021, the Company entered into a share purchase agreement, to acquire all of the outstanding share capital of 1286409 B.C. Ltd. of which MindBio Therapeutics is a wholly-owned subsidiary. In consideration for the completion of the transaction, the Company issued 22,095,180 common shares to the existing shareholders of the 1286409 B.C. Ltd. The fair value of the shares was estimated at \$10,826,638. Half of these shares are subject to restrictions on resale for a period of four-months-and-one-day following issuance. No finders' fees or commissions were paid in connection with closing of the acquisition.

As at September 30, 2021 the fair market value of Mind Bio was estimated at \$10,825,638 based on the market price of the Company's shares issued and is included in Level 3.

##### **Short term loans**

Short term loan investments consist of the following:

	<b>September 30, 2021</b>		<b>June 30, 2021</b>
Short term loans	\$ 259,609	\$	259,609
<b>Total loan investments</b>	<b>\$ 259,609</b>	<b>\$</b>	<b>259,609</b>

The carrying value of the Company's short-term loans approximates their fair value due to the short-term nature of these loans and would be included in level 3 of the financial instruments' hierarchy.

As at September 30, 2021 and June 30, 2021, the Company's short-term loans included one related party loan for a total of \$259,609 (June 30, 2020 - \$259,609) (note 8).

During the three months ended September 30, 2021, the Company recorded interest income of \$9,618 (2020 - \$20,707) for the outstanding short-term loans. At September 30, 2021, interest receivable of \$66,306 (June 30, 2021 - \$56,688) is included in trade and other receivables.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **7. Share capital:**

#### **a) Authorized:**

Unlimited number of common voting shares and preferred shares

#### **b) Issued:**

##### Shares issued during the year ended September 30, 2021:

On September 2, 2021, the Company issued 22,095,180 common shares valued at \$10,826,638 for the purchase of 100% of the common shares of Mind Bio Therapeutics (note 6).

On September 28, 2021 the Company issued 900,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.55 for gross proceeds of \$495,000. The fair value of the options in the amount of \$452,550 was reclassified from contributed surplus to share capital.

##### Shares issued during the year ended June 30, 2021:

On July 28, 2020, the Company issued 5,040,000 common shares valued at \$1,890,000 for the purchase of 100% of the common shares of SAC Pharma (note 7).

On October 16, 2020 the Company issued 1,320,000 common shares valued at \$825,000 for the purchase of 100% of the common shares of LeichtMind (note 7).

On November 17, 2020 the Company issued 2,131,738 common shares valued at \$532,935 for the purchase of 89.4% of the common shares of the Noble (note 7).

During the year ended June 30, 2021 the Company issued a total of 1,052,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.25 for gross proceeds of \$263,000. The fair value of the options in the amount of \$200,649 was reclassified from contributed surplus to share capital.

During the year ended June 30, 2021, the Company issued a total of 3,349,136 common shares at a fair value of \$1,430,445 to settle outstanding balances of \$1,308,500 owing to its vendors, in connection with services previously provided to the Company. The Company recorded a loss on settlement of debt in the amount of \$121,945.

**BLACKAWK GROWTH CORP.**

## Notes to the Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2021 and 2020

**7. Share capital (continued):****b) Issued (continued):**

On March 31, 2021, the Company completed a private placement of 5,000,000 units at a price of \$0.50 per unit for gross proceeds of \$2,500,000. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.60 for a period of 24 months. The Company paid finders' fees of \$78,302 in cash and issued 154,970 warrants exercisable at \$0.60 for a period of 24 months to finders with a fair value of \$130,123. As at June 30, 2021, the Company has a subscription receivable of \$50,000 from its chief executive officer.

On June 30, 2021, the Company issued 397,000 common shares at a fair value of \$190,560 to settle outstanding balance of \$208,355 owing to one vendor, in connection with services previously provided to the Company. The Company recorded a gain on settlement of debt in the amount of \$17,795.

**c) Warrants:**

On March 31, 2021, the Company issued 5,000,000 warrants with an exercise price of \$0.60 per common share of the Company for a period of twenty-four months in connection of the private placement. The Company also issued 154,970 finders' warrants with an exercise price of \$0.60 per common share of the Company for a period of twenty-four months. The finders' warrants had a fair value of \$130,123 calculated using Black-Scholes Option Pricing Model using the following assumptions: stock price – \$0.95; exercise price – \$0.60; expected life – two years; volatility – 205%; dividend yield – \$Nil; and risk-free rate – 0.24%.

Warrants transactions and the number of warrants outstanding are summarized as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance at June 30, 2021	7,194,970	\$ 0.79
<b>Balance at September 30, 2021</b>	<b>7,194,970</b>	<b>\$ 0.79</b>

The following table summarizes information about warrants outstanding at September 30, 2021:

Outstanding	Remaining Life (years)	Exercise Price
1,840,000	3.22	\$ 1.25
200,000	0.56	\$ 1.50
5,154,970	1.50	\$ 0.60
<b>7,194,970</b>	<b>1.91</b>	<b>\$ 0.79</b>



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### **7. Share capital (continued):**

#### **d) Stock options:**

The Company has implemented a stock option plan for directors, officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen-month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 4,824,775 (June 30, 2021 – 2,525,258) common shares.

On September 7, 2021, the Company granted 2,349,252 stock options to certain employees and consultants of MindBio. The options vest on the date of issuance and are exercisable until September 7, 2023 at an exercise price of \$0.55 per share. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.595; exercise price – \$0.55; expected life – two years; volatility – 198%; dividend yield – \$Nil; and risk-free rate – 0.40%.

On March 1, 2021, the Company granted 450,000 stock options to directors, officers and consultants. The stock options have an exercise price of \$0.69 and expire on March 1, 2026. The stock options vest one third six months after the grant and one third every six months thereafter. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.70; exercise price – \$0.69; expected life – five years; volatility – 159%; dividend yield – \$nil; and risk-free rate – 0.85%.

On December 10, 2020, the Company granted 852,000 stock options to directors, officers and consultants. The stock options have an exercise price of \$0.25 and expire on December 10, 2021. The stock options vest immediately. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.25; exercise price – \$0.25; expected life – one year; volatility – 236%; dividend yield – \$Nil; and risk-free rate – 0.26%.

On December 8, 2020, the Company granted 200,000 stock options to directors, officers and consultants. The stock options have an exercise price of \$0.25 and expire on December 8, 2021. The stock options vest immediately. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.25; exercise price – \$0.25; expected life – one year; volatility – 236%; dividend yield – \$Nil; and risk-free rate – 0.26%.

On August 11, 2020, the Company granted 400,000 stock options to directors, officers and consultants. The stock options have an exercise price of \$1.25 and expire on August 11, 2022. The stock options vest quarterly over the next twelve months. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.625; exercise price – \$1.25; expected life – two years; volatility – 188%; dividend yield – \$Nil; and risk-free rate – 0.25%.

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**7. Share capital (continued):****d) Stock options (continued):**

The details of this stock options issued are as follows:

	Three months ended September 30, 2020		Year ended June 30, 2021	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Options outstanding, beginning of period	826,000	\$1.49	84,000	\$2.50
Issued	2,349,252	\$0.55	1,902,000	\$0.56
Expired	-	-	(20,000)	\$2.50
Exercised	(900,000)	\$0.55	(1,052,000)	\$0.25
Cancelled	-	\$2.50	(88,000)	\$1.36
<b>Options outstanding, end of period</b>	<b>2,275,252</b>	<b>\$2.50</b>	<b>826,000</b>	<b>\$1.03</b>
<b>Exercisable, end of period</b>	<b>1,975,252</b>	<b>\$0.72</b>	<b>296,000</b>	<b>\$1.49</b>

The following table summarizes information about stock options outstanding and exercisable at September 30, 2021:

Outstanding	Exercisable	Remaining Life (years)	Exercise Price
320,000	320,000	0.86	\$1.25
56,000	56,000	2.83	\$2.50
450,000	150,000	4.42	\$0.69
1,449,252	1,449,252	1.94	\$0.55
<b>2,275,252</b>	<b>1,975,252</b>	<b>2.30</b>	<b>\$0.72</b>

The following table summarizes information about stock options outstanding and exercisable at June 30, 2021:

Outstanding	Exercisable	Remaining Life (years)	Exercise Price
320,000	240,000	1.12	\$1.25
56,000	56,000	3.08	\$2.50
450,000	-	4.67	\$0.69
<b>826,000</b>	<b>296,000</b>	<b>3.19</b>	<b>\$1.49</b>

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### 8. Share capital (continued):

#### e) Restricted Share Units:

In January 2021 the Company implemented a restricted share unit (“RSU”) plan for directors, officers, employees, and consultants.

On September 7, 2021, the Company granted 2,000,000 restricted share units. The restricted share units vest and will convert into common shares on January 8, 2022, provided the holder remains involved with the Company at the time.

On March 1, 2021, the Company granted 950,000 restricted share units to directors, officers and consultants. The restricted share units vest on January 1, 2022 with immediate vesting on a change of control or end of involvement as a director or officer of the Company.

During the three months ended September 30, 2021 the Company recorded expense of \$420,282 (2020 - \$nil) related to the restricted share units.

The details of restricted share units issued are as follows:

	<b>Three months ended September 30, 2021</b>	<b>Year ended June 30, 2021</b>
		Number of RSU
RSU outstanding, beginning of period	950,000	-
Issued	2,000,000	950,000
<b>RSU outstanding, end of period</b>	<b>2,950,000</b>	<b>950,000</b>
<b>Exercisable, end of period</b>	<b>-</b>	<b>-</b>

As at September 30, 2021, the remaining life of the outstanding RSU is 0.27 (June 30, 2021 – 0.51) years.

### 9. Key management compensation and related party transactions:

Key management personnel are composed of the Company’s directors and officers.

For the three months ended September 30, 2021, the Company incurred consulting fees of \$12,000 (2020 – \$9,500) paid to companies which are controlled by key management of the Company. At September 30, 2021, \$nil (June 30, 2021 - \$1,489) remained payable to related parties.

During the three months ended September 30, 2021 the Company recorded share based compensation expense for related parties stock options in the amount of \$19,097 (2020 - \$Nil) and restricted shares units for the value of \$176,944 (2020 - \$Nil).

As at September 30, 2021, the Company has a short-term loan included in investments (note 6) to company controlled by the Chief Executive Officer of the Company for a total of \$259,609 (2020 - \$259,609). As at September 30, 2021 interest in the amount of \$66,306 (June 30, 2021 - \$56,688) accrued on this loan and \$50,000 are included in receivables. During the three months ended September 30, 2021 \$9,618 (2020 - \$8,535) is recorded as interest revenue.

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**10. Financial instruments:**

The carrying values of the Company's financial instruments by category as at September 30, 2021 were as follows:

Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ —	\$ 689,231	\$ —
Trade and other receivables	—	237,040	—
Investments at fair value – Equity	16,719,849	—	—
Investments at fair value – Short term loans	259,609	—	—
Trade and other payables	—	—	(134,293)
	<b>\$ 16,979,459</b>	<b>\$ 926,271</b>	<b>\$ (134,293)</b>

The carrying values of the Company's financial instruments by category as at June 30, 2021 were as follows:

Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ —	\$ 419,617	\$ —
Trade and other receivables	—	175,012	—
Investments at fair value – Equity	6,318,835	—	—
Investments at fair value – Short term loans	259,609	—	—
Trade and other payables	—	—	(60,280)
	<b>\$ 6,578,444</b>	<b>\$ 594,629</b>	<b>\$ (60,280)</b>

**11. Risk Management:****Financial instruments risks:**

The use of financial instruments can expose the Company to several risks including credit, liquidity, and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

**a) Credit risk:**

The Company is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

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### **11. Risk Management (continued):**

#### **Financial instruments risks (continued):**

##### **a) Credit risk (continued):**

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Company manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

At June 30, 2021, the Company's trade and other receivables of \$237,040 (June 30, 2021 - \$175,012) consisted of \$120,733 (June 30, 2021 - \$118,324) due from the government in relation to GST returns, \$66,306 (June 30, 2021 - \$56,688) of interest receivable on short term loans and \$50,000 (June 30, 2021 - \$nil) in receivable from related party.

The Company's receivables are normally collected within a 60–90 day period. Management believes that the credit risk with respect to trade and other receivables is minimal.

After initial recognition, trade and other receivables are allocated to one of three stages of the expected credit loss model to determine the expected credit loss ("ECL") as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition
- Stage 2: Credit risk has increased significantly since initial recognition
- Stage 3: There is objective evidence of impairment as at the reporting date

As at September 30, 2021, the Company assessed its trade and other receivables for impairment. During the three months ended September 30, 2021, the Company recorded an allowance for doubtful amounts of \$nil (June 30, 2021 - \$nil) related to its trade receivables.

The Company manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management reviews the financial conditions of its investee companies regularly.

##### **b) Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Company's reputation.

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**11. Risk Management (continued):****Financial instruments risks (continued):****b) Liquidity risk (continued):**

The following are the contractual maturities of financial liabilities as at June 30, 2021:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$ 134,293	\$ –
<b>Total</b>	<b>\$ 134,293</b>	<b>\$ –</b>

The following are the contractual maturities of financial liabilities as at June 30, 2021:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$ 60,280	\$ –
<b>Total</b>	<b>\$ 60,280</b>	<b>\$ –</b>

**c) Market risk:**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

Additionally, the Company is required to fair value its equity investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company's financial position. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Company has a concentration of equity price risk due to one of its investments being worth a significant amount of its portfolio. The Company sets thresholds on purchases of investments over which approval of the Board of Directors is required. During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations. At September 30, 2021, a 5% change in the closing trade price of the Company's equity investments would result in approximately \$45,700 (June 30, 2021 - \$80,000) change in unrealized gain (loss) on investments.

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**12. Capital disclosures:**

As at September 30, 2021, in the definition of capital, the Company includes shareholders' equity of \$18,170,353 (June 30, 2021 - \$7,594,365). The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing. The Company is not exposed to externally imposed capital requirements.

**13. Subsequent events:**

Subsequent to the period ended September 23, 2021, the Company issued 87,500 common shares to settle debt of \$52,500, 100,000 shares pursuant to exercise of restricted share units, and 100,000 pursuant to the exercise of warrants.