



**Blackhawk Growth Corp.**

Consolidated Financial Statements of

**BLACKHAWK GROWTH CORP.**

For the Three and Six Months Ended December 31, 2022 and 2021

(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)

	December 31, 2022	(audited) June 30, 2022
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	141,155	437,434
Trade and other receivables (notes 11 and 12)	581,478	561,779
Prepaid expenses and deposits	137,543	225,536
Investments at fair value – equity (note 7 and 11)	27,954,218	28,200,218
<b>Total assets</b>	<b>28,814,394</b>	<b>29,424,967</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (notes 11 and 12)	266,435	91,299
	266,435	91,299
<b>Non-current liabilities</b>		
Convertible debt (note 9)	2,070,744	1,687,598
<b>Total liabilities</b>	<b>2,337,179</b>	<b>1,778,897</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	47,516,590	47,516,590
Subscription receivable	(50,000)	(50,000)
Contributed surplus (note 8)	4,807,969	4,807,969
Deficit	(25,797,344)	(24,628,489)
<b>Total shareholders' equity</b>	<b>26,477,215</b>	<b>27,646,070</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,814,394</b>	<b>29,424,967</b>

Going concern (note 3)

Subsequent events (note 15)

See accompanying notes to the consolidated financial statements

Approved for issuance by the Board of Directors on February 28, 2023

Signed "*Marc Lowenstein*"

Director

Signed "*Frederick Pels*"

Director

**BLACKHAWK GROWTH CORP.**

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Revenues</b>				
Net investment gains (losses)				
Net change in unrealized loss on investments (note 7)	(72,000)	(153,970)	(246,000)	(805,603)
Interest revenue (recovery)	(10,519)	9,909	474	19,527
<b>Total revenues</b>	<b>(82,519)</b>	<b>(144,061)</b>	<b>(245,526)</b>	<b>(786,076)</b>
<b>Expenses</b>				
General and administrative	39,376	111,465	171,727	150,610
Consulting (note 10)	113,452	665,667	216,871	759,349
Accretion and interest (note 9)	(136,959)	-	383,265	-
Professional fees	132,160	73,334	151,466	103,612
Share based compensation (note 8)	-	851,061	-	2,530,709
<b>Total expenses</b>	<b>(148,029)</b>	<b>(1,701,527)</b>	<b>(923,329)</b>	<b>(3,544,280)</b>
<b>Loss before other items</b>	<b>(230,548)</b>	<b>(1,845,588)</b>	<b>(1,168,855)</b>	<b>(4,330,356)</b>
<b>Other income</b>				
Other income	-	-	-	-
<b>Total other income</b>	<b>(230,548)</b>	<b>(1,845,588)</b>	<b>(1,168,855)</b>	<b>(4,330,356)</b>
<b>Net and comprehensive income (loss)</b>	<b>(230,548)</b>	<b>(1,845,588)</b>	<b>(1,168,855)</b>	<b>(4,330,356)</b>
Weighted average shares outstanding, basic and diluted	77,995,593	36,760,844	77,995,593	30,458,841
Net income (loss) per share basic and diluted	(0.01)	(0.05)	(0.00)	(0.14)

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, 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	34,379,658	18,696,637	-	-	-	18,696,637
Exercise of stock options	900,000	947,550	-	(452,550)	-	495,000
Exercise of warrants	1,000,000	600,000	-	-	-	600,000
Exercise of RSU options	100,000	70,000	-	(70,000)	-	-
Debt settlement	87,500	52,500	-	-	-	52,500
Convertible debt equity	-	-	-	124,396	-	124,396
Share subscriptions receivable	-	-	50,000	-	-	50,000
Share-based compensation	-	-	-	2,530,709	-	2,530,709
Net loss for the period	-	-	-	-	(4,330,356)	(4,330,356)
<b>Balance, December 31, 2021</b>	<b>61,719,733</b>	<b>40,598,795</b>	<b>-</b>	<b>3,900,818</b>	<b>(18,686,362)</b>	<b>25,813,251</b>
<b>Balance, June 30, 2022</b>	<b>77,995,593</b>	<b>47,516,590</b>	<b>(50,000)</b>	<b>4,807,969</b>	<b>(24,628,489)</b>	<b>27,646,070</b>
Net loss for the period	-	-	-	-	(1,168,855)	(1,168,855)
<b>Balance, December 31, 2022</b>	<b>77,995,593</b>	<b>47,516,590</b>	<b>(50,000)</b>	<b>4,807,969</b>	<b>(25,797,344)</b>	<b>26,477,215</b>

See accompanying notes to the consolidated financial statement

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

Six months ended December 31,	2022	2021
Cash provided by (used in)	\$	\$
<b>Operations:</b>		
Net loss from operations	(1,168,855)	(4,330,356)
Items not affecting cash:		
Net change in unrealized loss on investments	246,000	805,603
Accrued interest income	383,146	(19,527)
Share based compensation	-	2,530,709
Change in operating working capital		
Trade and other receivables	(19,699)	(555,561)
Purchase of investments	-	(375,959)
Prepaid expenses and deposits	87,993	172,424
Trade and other payables	175,136	256,653
Cash used in continued operations	(296,279)	(1,516,014)
<b>Finance:</b>		
Exercise of stock options	-	495,000
Exercise of share warrants	-	600,000
Convertible credit facility	-	2,370,250
Cash provided by finance	-	3,465,250
Net change in cash and cash equivalents	(296,279)	1,949,236
Cash and cash equivalents, beginning of the period	437,434	419,617
Cash and cash equivalents, end of the period	141,155	2,368,853

See accompanying notes to the consolidated financial statements.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Six months ended December 31, 2022 and 2021

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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, 2022.

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, 2021. 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, 2022. 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, 2022.

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

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **3. Going concern:**

For the six months ended December 31, 2021, the Company reported a net and comprehensive loss of \$230,548 (2021 – \$1,845,588) and has an accumulated deficit of \$25,797,344 (June 30, 2022 - \$24,628,489). 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 December 31, 2022, the Company has \$141,155 (June 30, 2022 - \$437,434) 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.

The 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 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. Significant accounting policies**

These policies have been applied consistently for all periods presented in these consolidated financial statements.

#### **a.) Basis of consolidation**

These consolidated financial statements have been prepared in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"), and include the accounts of the Corporation and its former wholly owned consolidated subsidiary. As discussed under critical accounting estimates and judgements, the Company has determined it meets the definition of an investment entity.

#### **Consolidated subsidiary**

In accordance with IFRS 10, subsidiaries are those entities that provide investments-related services and that the Company controls by having the power to govern the financial and operating policies of the entity. Such entities would include those who incur management and consulting fees for the Company's day to day operations. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation. The Company's only consolidated entity was Blackhawk Resource Operating Corp., which was disposed of on January 31, 2019. The Company has a wholly owned subsidiary in Delaware, which is a consolidated entity that has been inactive throughout the six months ended December 31, 2022.



## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **4. Significant accounting policies (continued)**

#### **a.) Basis of consolidation (continued)**

##### **Interests in unconsolidated subsidiaries**

In accordance with the amendments for investment entities under IFRS 10, interests in subsidiaries other than those that provide investment related services are accounted for at fair value through profit or loss rather than consolidating them. As discussed under critical accounting estimates and judgements, management exercised judgement when determining whether subsidiaries are investment entities.

The entities, Noble Line Inc., Stable Foods Co., Sac Pharma Partners Inc., Trip Pharma Inc., MindBio Therapeutics, Terp Wholesale LLC., Digital Mind Technology Pty Ltd. and Blum Distributors Ltd. are significantly influenced or controlled by the Corporation either directly or indirectly and are held as investments.

#### **b.) Cash and cash equivalents**

Cash comprises cash on hand. Other investments (term deposits and certificates of deposit) with an original term to maturity at purchase of three months or less are reported as cash equivalents in the statement of financial position.

#### **c.) Foreign currency translation**

The Company's former and current consolidated subsidiaries had the same functional currency as that of the Company and translates foreign denominated monetary assets and liabilities at the exchange rate prevailing at period end; non-monetary assets, liabilities and related depreciation at historic rates; revenues and expenses at the average rate of exchange for the period; and any resulting foreign exchange gains or losses are included in the statement of comprehensive loss.

#### **d.) Taxes**

The Company follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered, or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

## **BLACKAWK GROWTH CORP.**

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### **4. Significant accounting policies (continued)**

#### **d.) Taxes (continued)**

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date.

Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

#### **e.) Revenue recognition**

Purchases and sales of investments are recognized on the trade date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition.

The Company recognizes interest income as the interest is earned using the accrual method.

#### **f.) Share based compensation**

The Company's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares in exchange for options surrendered. The Company records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the statement of comprehensive loss as share-based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Company's shares, the expected lives of the awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

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### **4. Significant accounting policies (continued)**

#### **g.) Financial instruments (investments at fair value)**

##### **Classification**

All investments at fair value are classified upon initial recognition and are designated as fair value through profit or loss with changes in fair value reported in the statement of loss and comprehensive loss.

##### **Recognition, derecognition and measurement**

Purchases and sales of investments are recognized on the trade date.

Equity investments and loan investments are designated at fair value through profit or loss are initially recognized at fair value. Investments are derecognized when the rights to receive cash flow from the investment has expired or the Company has transferred the financial asset and the transfer qualifies for derecognition.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the statement of loss and comprehensive loss within net change in unrealized and realized gains or losses on investments in the period in which they arise.

##### **Determination of fair values**

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements.

The Company is also required to disclose details of its investments within three hierarchy levels (Level 1, 2, or 3) as defined in Note 7, based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

##### **Equity investments**

Securities including shares, and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the statement of financial position date. These are included in Level 1 in Note 7.

For warrants not traded in an active market, no market value is readily available. When there are sufficient and reliable observable market inputs, the Black-Scholes valuation technique is used. These are included in Level 2 in Note 7. When no sufficient and reliable observable market inputs are available the warrants would be carried at a Nil value, until a market value can be determined or the Black Scholes technique can be used.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **4. Significant accounting policies (continued)**

#### **g.) Financial instruments (investments at fair value) (continued)**

##### **Equity investments (continued)**

The determinations of fair value of the Company's privately held investments are evaluated based on the financial information available from the private company, including financial statements, cash forecasts, and other completed private placements as well as comparative other companies in the same industry. These are included in Level 3 in Note 7.

##### **Loan investments**

When determining the fair value of short-term loans, the Company considers the nature and length of the loan, interest on the loan, business risk of the investee company and any other factors that may be relevant to the ongoing and realizable value of the loan investments. The short-term loans would be included in Level 3.

#### **h.) Financial instruments other than investments held at fair value**

The Company classifies its financial instruments into one of the following categories: fair value through profit or loss, and financial assets or liabilities measured at amortized cost. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in the statement of loss and comprehensive loss. Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method.

Cash and cash equivalents, and trade and other receivables and trade and other payables are classified as assets or liabilities measured at amortized cost. Investments are classified as assets measured at fair value through profit or loss.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized immediately in the statement of loss and comprehensive loss. Transaction costs in respect of financial instruments classified at amortized cost are included in the initial measurement of the financial instrument and amortized to the statement of loss and comprehensive loss using the effective interest method.

#### **i.) Per common share amounts**

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **5. Critical accounting estimates and judgments**

The Company has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the 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.

##### **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 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.”

## **BLACKAWK GROWTH CORP.**

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### **5. Critical accounting estimates and judgments (continued)**

#### **Accounting Judgments (continued)**

##### **b) Determination of investment entity (continued)**

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.

##### **c) 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.

### **6. 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 financial statements.

### **7. 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.

**BLACKAWK GROWTH CORP.**

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

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 December 31, 2022:

<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>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Noble Line Inc.	1,037,435	-	-	-	-	0.0%
Stable Foods Co.	2,430,620	-	-	2,430,620	2,430,620	8.7%
Gaia Grow Corp.	1,500,000	54,000	-	-	54,000	0.2%
Engine Media Holdings, Inc.	41,043	-	25	-	25	0.0%
SAC Pharma Partners Inc.	1,890,000	-	-	1,890,000	1,890,000	6.8%
Spaced Food Inc.	355,110	-	-	-	-	0.0%
Trip Pharma Inc.	1,120,478	-	-	-	-	0.0%
MindBio Therapeutics	11,826,638	-	-	11,826,638	11,826,638	42.3%
Fantasy Aces	455,268	-	-	-	-	0.0%
Terp Wholesale, LLC.	2,500,000	-	-	2,500,000	2,500,000	8.9%
Digital Mind Blum Distributors Ltd.	4,936,935	-	-	4,936,935	4,936,935	17.7%
	4,316,000	-	-	4,316,000	4,316,000	15.4%
<b>Total</b>	<b>32,409,527</b>	<b>54,000</b>	<b>25</b>	<b>27,900,193</b>	<b>27,954,218</b>	<b>100.0%</b>

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

Equity investments consist of the following as at June 30, 2022:

<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>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Noble Line Inc.	1,037,435	-	-	-	-	0.0%
Stable Foods Co.	2,430,620	-	-	2,430,620	2,430,620	8.6%
Gaia Grow Corp.	1,500,000	300,000	-	-	300,000	1.1%
Engine Media Holdings, Inc.	41,043	-	25	-	25	0.0%
SAC Pharma Partners Inc.	1,890,000	-	-	1,890,000	1,890,000	6.7%
Spaced Food Inc.	355,110	-	-	-	-	0.0%
Trip Pharma Inc.	1,120,478	-	-	-	-	0.0%
MindBio Therapeutics	11,826,638	-	-	11,826,638	11,826,638	41.9%
Fantasy Aces	455,268	-	-	-	-	0.0%
Terp Wholesale, LLC.	2,500,000	-	-	2,500,000	2,500,000	8.9%
Digital Mind Blum Distributors Ltd.	4,936,935	-	-	4,936,935	4,936,935	17.5%
	4,316,000	-	-	4,316,000	4,316,000	15.3%
<b>Total</b>	<b>32,409,527</b>	<b>300,000</b>	<b>25</b>	<b>27,900,193</b>	<b>28,200,218</b>	<b>100.0%</b>

**Noble Line Inc.**

The Company owns 100% of the common shares of Noble Line Inc. (“Noble”). As at June 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.

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.

As at December 31, 2022, the fair value of the investment is \$Nil (June 30, 2022 - \$Nil).



## **BLACKAWK GROWTH CORP.**

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

#### **Stable Foods Co. (Formerly Nu Wave Foods Inc.)**

The Company owns 100% of the common shares of Stable Foods Co. (Formerly Nu Wave Foods Inc) (“Stable Foods”). As at June 30, 2021, the Company owned 15,000 common shares of Noble with an initial cost of \$420,000 which represents 51% of the common shares outstanding in Stable Foods.

On March 2, 2022, the company acquired additional 7,350 common shares for the remaining 49-per-cent interest of Stable Foods and issued 3,200,000 million common shares to the existing shareholders at a deemed price of \$0.41 per share. A finder’s fee of 120,000 shares was paid to an arm’s-length third-party in connection with closing of the acquisition. The fair value of these share as of June 30, 2022 was estimated to be \$1,411,000.

As at December 31, 2022, the fair market value of Stable Foods was estimated to be \$2,430,620 (June 30, 2022 - \$2,430,620) and is included in Level 3.

Stable Foods 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.

#### **Gaia Grow Corp.**

The Company owns 1,200,000 post-consolidated common shares of Gaia Grow Corp. (“Gaia”). The shares of Gaia are included in Level 1 and had a fair value of \$54,000 as at December 31, 2022 (June 30, 2022 - \$300,000). The Company recorded an unrealized gain of \$246,000 for its investment in Gaia during the six months ended December 31, 2022 (2021 – unrealized loss of \$750,000). Gaia is a publicly traded Canadian corporation focused on farming Industrial Hemp for Medical Purposes whose shares are traded on the CSE under the symbol GAIA.

#### **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 December 31, 2022 the Company owns 3,852 share purchase warrants of Engine Media. The fair value of the warrants was estimated to be \$25 (June 30, 2022 - \$25) 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. The warrants will expire on January 22, 2024. During the six months ended December 31, 2022, the Company recognized an unrealized gain of \$Nil (2021 - \$46,133) for the value of the warrants.

## **BLACKAWK GROWTH CORP.**

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

#### **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 December 31, 2022 the value of SAC Pharma was estimated to be \$1,890,000 (June 30, 2022 - \$1,890,000) and is classified as 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.

#### **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 and has not been completed as at December 31, 2022.

As at December 31, 2022, the fair value of the investment is \$Nil (June 30, 2022 - \$Nil).

#### **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. As at December 31, 2022, the fair value of the investment is \$Nil (June 30, 2022 - \$Nil).

## **BLACKAWK GROWTH CORP.**

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

#### **MindBio Therapeutics**

In September 2021, the Company acquired 100% of the outstanding share capital of 1286409 B.C. Ltd., of which MindBio Therapeutics is a wholly owned subsidiary. In consideration for the acquisition, the Company issued 22,095,180 common shares to the existing shareholders of 1286409 B.C. Ltd. The fair value of the shares was estimated at \$10,826,638. 50% 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.

During the year ended June 30, 2022, the Company provided advances to MindBio of \$1,000,000 recorded as an additional investment in Mind Bio.

As at December 31, 2022 the fair market value of MindBio was estimated at \$11,826,638 (June 30, 2022 - \$11,826,638) based on the market price of the Company's shares issued and is included in Level 3.

#### **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.

As at December 31, 2022, the fair value of the investment is \$Nil (June 30, 2022 - \$Nil).

#### **Terp Wholesale, LLC.**

On December 6, 2021, the Company completed the acquisition of all the outstanding membership interests in Terp Wholesale, LLC ("TERP") by issuing 3,623,188 common shares at a deemed price of \$0.69 per share for a total consideration of \$2,500,000.

As at December 31, 2022 the value of TERP was estimated to be \$2,500,000 (June 30, 2022 - \$2,500,000) and is classified as Level 3.

#### **Digital Mind Technology Pty Ltd**

On December 6, 2021, the Company acquired 100% of the issued and outstanding share capital of Digital Mind Technology Pty. Ltd. ("Digital Mind"). In consideration for the acquisition, the Company issued 8,661,290 common shares to the existing shareholders of Digital Mind at a deemed price of \$0.57 per common share for a total consideration of \$4,936,935.

As at December 31, 2022 the value of Digital Mind was estimated to be \$4,936,935 (June 30, 2022 - \$4,936,935) and is classified as Level 3.

## **BLACKAWK GROWTH CORP.**

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

#### **Blum Distributors Ltd.**

On April 6, 2022, the Company acquired 100% of the issued and outstanding share capital of Blum distributors Ltd. ("Blum"). In consideration for the acquisition, the Company issued 9,650,000 shares to the existing shareholders of Blum. With the acquisition, Blum now forms part of the company's growing portfolio of investments in the life science and health care sectors. Blum's existing management team will continue to retain responsibility for overseeing day-to-day operations. A fee of 750,000 shares has also been paid to an arm's-length party for assistance with the transaction.

As at December 31, 2022 the value of Blum Distributors Ltd. was estimated to be \$4,316,000 (June 30, 2022 - \$4,316,000) and is classified as Level 3.

#### **Short term loans**

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.

During the year ended June 30, 2022, the Company decided that the short-term loan included one related party loan was impaired and wrote-off the short-term loan to \$Nil. As at December 31, 2022 the value of short-term loan was \$Nil.

### **8. Share capital**

#### **a) Authorized**

Unlimited number of common voting shares and preferred shares

#### **b) Issued**

As at December 31, 2022, the total shares outstanding were 77,995,593. There were no shares issued during the six months ended December 31, 2022.

#### **Shares issued during the year ended June 30, 2022**

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 7).

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 \$452,975 was reclassified from contributed surplus to share capital.

## **BLACKAWK GROWTH CORP.**

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

#### **b) Issued (continued)**

##### Shares issued during the year ended June 30, 2022 (continued)

The company also has entered into a debt settlement agreement with an arm's-length creditor to settle indebtedness totaling \$52,500 incurred in connection with services provided to the company. In final settlement and satisfaction of the debt on October 7, 2021, the Company has issued 87,500 common shares at a deemed issue price of \$0.60 per share.

On October 13, 2021, the Company issued 100,000 common shares pursuant to the exercise of RSU options at an exercise price of \$0.70 for gross proceeds of \$70,000. The fair value of the options in the amount of \$70,000 was reclassified from contributed surplus to share capital.

On December 6, 2021, the Company acquired all of the outstanding membership interests in TERP in consideration for \$2.5 million satisfied through the issuance of common shares (Note 7) to the existing members of TERP at a deemed price of \$0.69 per share. The Company issued a total of 3,623,188 shares in connection with completion of the acquisition.

On December 8, 2021, in connection with the acquisition of all of the outstanding share capital of Digital Mind Technology Pty. Ltd. (Note 7), the Company issued 8,661,290 common shares to the existing shareholders of Digital Mind. One-half of these shares will be subject to restrictions on resale for a period of four months and one day following issuance. No finders' fees or commissions are payable by Blackhawk in connection with the acquisition.

On December 31, 2021, the company issued 1,000,000 common share pursuant to the exercise of share warrants at an exercise price of \$0.60 for gross proceeds \$600,000.

On February 9, 2022, the Company issued 2,240,476 common shares pursuant to the exercise of RSU options at an exercise price of \$0.70 for 850,000 shares and an exercise price of \$0.595 for 1,390,576 shares, for gross proceeds of \$1,422,333. The fair value of the options in the amount of \$1,422,333 was reclassified from contributed surplus to share capital.

On March 2, 2022, the Company acquired the remaining 49% of the outstanding share capital of Stable Foods Co. for a consideration for \$1,411,000 satisfied through the issuance of common shares (Note 7) to the existing shareholders of Stable Foods at a price of \$0.425 per share. The Company issued a total of 3,320,000 shares in connection with completion of the acquisition. A finders' fees of 120,000 shares were paid to an arm's-length third party in connection with closing of the acquisition.

## **BLACKAWK GROWTH CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **8. Share capital (continued):**

#### **b) Issued (continued)**

##### Shares issued during the year ended June 30, 2022 (continued)

On March 8, 2022, the Company issued 115,344 common shares pursuant to credit agreement of convertible credit facility (Note 9).

On March 30, 2022 the Company issued 200,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.40 for gross proceeds of \$80,000. The fair value of the options in the amount of \$46,101 was reclassified from contributed surplus to share capital.

On April 28 2022, the Company acquired all of the issued and outstanding share capital of Blum. In consideration for the acquisition, the Company issued 9,650,000 shares at a price of \$0.415 per share to the existing shareholders of Blum. A fee of 750,000 shares has also been paid to an arm's-length party for assistance with the transaction.

#### **c) Warrants**

On November 23, 2021, Blackhawk has issued 1,538,461 warrants to the investor whereby each warrant will entitle the investor to purchase one common share of the corporation at a price of \$0.91 per share until November 22, 2024. The warrants had a fair value of \$843,647 calculated using Black-Scholes Option Pricing Model using the following assumptions: stock price – \$0.63; exercise price – \$0.91; expected life – three years; volatility – 184%; dividend yield – \$Nil; and risk-free rate – 1.34%

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%.

**BLACKAWK GROWTH CORP.**

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**8. Share capital (continued)****c) Warrants (continued)**

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

	Six months ended December 31, 2022		Year ended June 30, 2022	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
		\$		\$
Warrants outstanding beginning of the year	7,533,431	0.82	7,194,970	0.79
Issued	-	-	1,538,461	0.91
Exercised	-	-	(1,000,000)	0.60
Expired	-	-	(200,000)	1.50
<b>Outstanding, end of year</b>	<b>7,533,431</b>	<b>0.82</b>	<b>7,533,431</b>	<b>0.82</b>

The following table summarizes information about warrants outstanding at December 31, 2022:

Grant Date	Expiry Date	Outstanding	Exercisable	Remaining Life (years)	Exercise Price
					\$
Dec 17, 2019	Dec 17, 2024	1,840,000	1,840,000	1.97	1.25
Mar 31, 2021	Mar 31, 2023	4,154,970	4,154,970	0.25	0.60
Nov 22, 2021	Nov 22, 2024	1,538,461	1,538,461	1.90	0.91
<b>Outstanding, end of year</b>		<b>7,533,431</b>	<b>7,533,431</b>	<b>1.01</b>	<b>0.82</b>

**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 common shares.

On March 23, 2022, the Company granted 200,000 stock options to certain consultant of the Company. The options vest on the date of issuance and are exercisable until March 22, 2024 at an exercise price of \$0.40 per share. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.30; exercise price – \$0.40; expected life – two years; volatility – 179%; dividend yield – \$Nil; and risk-free rate – 2.04%.

## **BLACKAWK GROWTH CORP.**

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### **8. Share capital (continued)**

#### **d) Stock options (continued)**

On September 7, 2021, the Company granted 4,500,000 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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**8. Share capital (continued)****d) Stock options (continued)**

The details of this stock options issued are as follows:

	Six months ended December 31, 2022		Year ended June 30, 2022	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Options outstanding, beginning of period	<b>4,318,000</b>	<b>\$0.63</b>	826,000	\$1.49
Issued	-	-	4,700,000	\$0.54
Expired	(340,000)	1.32	-	-
Exercised	-	-	(1,100,000)	\$0.52
Cancelled	-	-	(108,000)	\$0.82
<b>Options outstanding, end of period</b>	<b>3,978,000</b>	<b>\$0.57</b>	<b>4,318,000</b>	<b>\$0.63</b>
<b>Exercisable, end of period</b>	<b>3,978,000</b>	<b>\$0.57</b>	<b>4,201,333</b>	<b>\$0.63</b>

The following table summarizes information about stock options outstanding and exercisable at December 31, 2022:

Grant Date	Expiry Date	Outstanding	Exercisable	Remaining Life (years)	Exercise Price \$
Jul 19, 2019	Jul 24, 2024	28,000	48,000	1.58	2.50
Mar 1, 2021	Mar 1, 2026	350,000	350,000	3.17	0.69
Sep 7, 2021	Sep 7, 2023	3,600,000	3,600,000	0.69	0.55
<b>Outstanding, end of period</b>		<b>3,998,000</b>	<b>3,998,000</b>	<b>1.09</b>	<b>0.58</b>

## **BLACKAWK GROWTH CORP.**

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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 February 9, 2022, the Company issued 2,240,476 common shares respectively, pursuant to the exercise of RSUs. The fair values of the RSUs in the amount of \$1,422,333 were reclassified from contributed surplus to share capital.

On October 13, 2021, the Company issued 100,000 common shares pursuant to the exercise of RSUs. The fair value of the RSUs in the amount of \$70,000 was reclassified from contributed surplus to share capital.

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.

The details of restricted share units issued are as follows:

	<b>Six months ended December 31, 2022</b>	<b>Year ended June 30, 2022</b>
		Number of RSU
RSU outstanding, beginning of year	609,524	950,000
Issued	-	2,000,000
Exercised	-	(2,340,476)
Cancelled	-	-
<b>RSU outstanding, end of year</b>	<b>609,524</b>	<b>609,524</b>

#### **f) Convertible debt**

The equity component of the convertible credit facility at December 31, 2022 is \$137,302 (June 30, 2022 - \$137,302) (Note 9).

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### 9. Convertible credit facility

On November 22, 2021, the Company entered into a financing agreement for up to \$10,000,000 (the “Credit Facility”). The Credit Facility was arranged by RiverFort Global Capital Ltd (“RiverFort”). The Company intends to utilize the proceeds from the Credit Facility to support research undertaken in Trip Pharma as well as for general operations and working capital purposes.

Pursuant to the agreement, the Company agreed to draw down an initial tranche of \$2,500,000 maturing on November 22, 2023. Interest payable by the Company is equal to 10% per annum on the tranche. Any subsequent advances under the loan will be subject to interest payable at an equivalent rate to be applied to the term between the date of the relevant advance date and the maturity date. Drawdowns of each subsequent tranche of the credit facility will be subject to the satisfaction of customary closing conditions involving the Company and RiverFort, including any required regulatory approvals.

The loan provides for 40% warrant coverage for each advance or drawdown, determined as being 40% of the principal amount of the tranche divided by the corporation’s share price at the time of the advance. The exercise price of the warrants will be set at 140% of the corporation’s share price at the time of the advance and the warrants will expire three years after the date they are granted. In connection with the initial tranche, Blackhawk has issued 1,538,461 warrants to RiverFort whereby each warrant will entitle the warrant holder to purchase one common share of the corporation at a price of \$0.91 per share until November 22, 2024.

As part of the Credit Facility, RiverFort will have the option to convert up to 100% of the principal amount of the loan into shares at a fixed conversion price equal to 120% of the market price of the shares at the time of the applicable drawdown. The fixed conversion price for the initial tranche is \$0.78 per share. In addition, RiverFort may at its option, once every 30 days, request and require that the debt represented by the interest that has been deemed to accrue on the loan be converted into shares at a price equal to 90% of the last closing price of the shares on the day prior to the notice of such conversion.

On inception, the Company allocated the total proceeds received from the initial tranche between liability and equity component of the convertible debenture using the residual method, based on a discount rate of 12%.

Convertible debentures	Debtenture liability component	Debtenture equity component	Total
	\$	\$	\$
<b>Balance, June 30, 2021</b>	-	-	-
Opening balance	2,362,698	137,302	2,500,000
Transaction cost	(1,048,396)	-	(1,048,396)
Accretion and interest	373,296	-	373,296
<b>Balance, June 30, 2022</b>	<b>1,687,598</b>	<b>137,302</b>	<b>1,824,900</b>
Accretion and interest	383,146	-	383,146
<b>Balance, December 31, 2022</b>	<b>2,070,744</b>	<b>137,302</b>	<b>2,208,046</b>

**BLACKAWK GROWTH CORP.**

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**10. Key management compensation and related party transactions**

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

For the six months ended December 31, 2022, the Company incurred consulting fees of \$20,000 (2021 – \$74,841) paid to companies which are controlled by key management of the Company. At December 31, 2022, \$Nil (June 30, 2022 - \$Nil) remained payable to related parties.

During the six months ended December 31, 2022, the Company recorded share-based compensation expense for related parties stock options in the amount of \$Nil (2021 - \$19,097) and restricted shares units for the value of \$Nil (2021- \$176,944).

**11. Financial instruments**

The carrying values of the Company's financial instruments as at December 31, 2022 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	-	141,155	-
Trade and other receivables	-	581,478	-
Investments at fair value – Equity	27,954,218	-	-
Trade and other payables	-	-	(266,435)
Convertible debt – liability	-	-	(2,070,744)
	27,954,218	722,633	(2,337,179)

The carrying values of the Company's financial instruments as at June 30, 2022 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	-	437,434	-
Trade and other receivables	-	561,779	-
Investments at fair value – Equity	28,200,218	-	-
Trade and other payables	-	-	(91,299)
Convertible debt – liability	-	-	(1,687,598)
	28,200,218	999,213	(1,778,897)

## **BLACKAWK GROWTH CORP.**

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### **12. 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.

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.

As at December 31, 2022, the Company's trade and other receivables of \$581,478 (June 30, 2022 - \$561,779) consisted of \$562,787 (June 30, 2022 - \$561,779) due from several investment companies.

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 December 31, 2022, the Company assessed its trade and other receivables for impairment. During the year ended December 31, 2022, the Company recorded an allowance for doubtful amounts of \$Nil (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.

## BLACKAWK GROWTH CORP.

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### 12. Risk management (continued)

#### Financial instruments risks (continued)

##### 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.

The following are the contractual maturities of financial liabilities as at December 31, 2022:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$ 266,435	\$ —
<b>Total</b>	<b>\$ 266,435</b>	<b>\$ —</b>

The following are the contractual maturities of financial liabilities as at June 30, 2022:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$ 91,299	\$ —
<b>Total</b>	<b>\$ 91,299</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 December 31, 2022, a 5% change in the closing trade price of the Company's equity investments would result in approximately \$51,300 (June 30, 2022 - \$165,000) change in unrealized gain (loss) on investments.

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### **13. Capital disclosures**

As at December 31, 2022, in the definition of capital, the Company includes shareholders' equity of \$26,477,215 (June 30, 2022 - \$27,646,070). 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.

### **14. Contingencies and commitments**

The Company received a notice that a civil claim has been filed against the Company, certain officers and directors of the Company. The plaintiffs are seeking damages for various possible causes of action, including misconduct and misrepresentation. The Company is of the view that the allegations contained in the claim are without merit and intends to vigorously defend its position.

### **15. Subsequent events**

On January 3, 2023, the Company's shareholders voted in support of the proposed plan of arrangement involving Blackhawk and 1286409 B.C. Ltd. (SpinCo), a wholly owned subsidiary of Blackhawk, and two of the company's wholly owned subsidiaries, MindBio and Digital Media whereby SpinCo will become an independent company focused on the psychedelics and mental health technologies business, in which MindBio and Digital will be wholly owned subsidiaries of SpinCo. In connection with the arrangement, the shares of Digital will be transferred from Blackhawk to SpinCo, and the SpinCo shares will be spun out to Blackhawk shareholders as of the arrangement record date and in accordance with the terms and conditions of the plan of arrangement entered into between the company and SpinCo. SpinCo will therefore become the parent company of both MindBio and Digital, and will be renamed MindBio Therapeutics Corp.

Pursuant to the completion of the arrangement, Blackhawk shareholders will be entitled to receive one SpinCo share and one Class A common share of Blackhawk (the new Blackhawk share) for each common share of Blackhawk held as of the arrangement record date. Upon the setting of the arrangement record date, the transfer agent of the company will mail out to the applicable Blackhawk shareholders a letter of transmittal in which each Blackhawk shareholder will be able to exchange their current Blackhawk shares for one new Blackhawk share and one SpinCo share -- the issuance of the SpinCo share and new Blackhawk share will take place upon the closing date of the arrangement.

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**15. Subsequent events (continued)**

The new Blackhawk shares will be listed on the CSE and Blackhawk will continue to be a reporting issuer listed on the CSE. The new Blackhawk shares shall have identical features and rights as the Blackhawk shares. Other than returning the letter of transmittal, no further action will need to be taken by the Blackhawk shareholders to receive their respective SpinCo shares and new Blackhawk shares.

On January 20, 2023, the Company issued 256,410 shares in consideration for the reprofiling its existing financing agreement to provide a convertible loan facility in the principal amount of \$10 million, announced on October 28, 2022.