Consolidated Financial Statements of

BLACKHAWK GROWTH CORP.

For the nine months ended March 31, 2024 and 2023

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

	March 31, 2024	June 30, 2023
	$	$
ASSETS		
Current assets		
Cash and cash equivalents		
Trade and other receivables		
Investments at fair value – Short term loans (note 7)	-	1,900,000
Investments at fair value – Equity (note 7)	6,000	6,000
Total assets	**6,000**	1,906,000
LIABILITIES		
Current liabilities		
Bank indebtedness	8,073	8,073
Short term loan	0	-
Trade and other payables	211,108	171,438
Total current liabilities	219,181	179,511
Non-current liabilities		
Convertible debt (note 9)	2,207,500	2,549,659
Total liabilities	2,426,681	2,729,170
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 8)	40,113,420	40,113,420
Subscription receivable	(50,000)	(50,000)
Contributed surplus	4,807,969	4,807,969
Deficit	(47,292,070)	(45,694,559)
Total shareholders' equity (deficiency)	(2,420,681)	(823,170)
Total liabilities and shareholders' equity (deficiency)	6,000	1,906,000

Going concern (note 3)
Subsequent events (note 16)

See accompanying notes to the consolidated financial statements.

Approved for issuance by the Board of Directors on 13 May 2024

Signed Anoosh Manzoori Signed Justin Hanka

Director Director

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

	Three months ended	March 31,	Nine months ended	March 31,
	2024	2023	**2024**	2023
	$	$	$	$
Revenues				
Net investment gains (losses)				
Net change in unrealized loss on investments (note 11)	-	(36,000)	(1,495,341)	(282,000)
Interest revenue (recovery)	-	525	-	999
Total revenues	**-**	(35,475)	**(1,495,341)**	(281,001)
Expenses				
General and administrative	-	(27,215)	(39,670)	(198,942)
Consulting	-	(38,163)	-	(255,034)
Accretion and interest (note 9)	-	(223,338)	(62,500)	(606,034)
Professional fees	-	(39,868)		(191,334)
Share based compensation (note 8)	-	-	-	-
Total expenses		(328,584)	**(102,170)**	(1,251,913)
Loss before other items	-	(364,059)	(1,597,511)	(1,532,914)
Other income				
Other income	-	169,231	-	169,231
Total other income	**-**	169,231	**-**	169,231
Net and comprehensive income (loss)	**-**	(194,828)	**(1,597,511)**	(1,363,683)
Weighted average shares outstanding, basic and diluted	78,233,688	78,252,003	78,223,688	78,088,833
Net income (loss) per share basic and diluted	(0.0)	(0.00)	(0.02)	(0.02)

BLACKHAWK GROWTH CORP.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Number of shares	Amount	Subscriptions receivable	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance, June 30, 2022	**77,995,593**	**47,516,590**	**(50,000)**	**4,807,969**	**(24,628,489)**	**27,646,070**
Net loss for the quarter	-	-	-	-	(1,168,855)	(1,168,855)
Balance, December 31, 2022	**77,995,593**	**47,516,590**	**(50,000)**	**4,807,969**	**(25,797,344)**	26,477,215
Balance, June 30, 2023	**78,109,397**	**40,113,420**	**(50,000)**	**4,807,969**	**(45,694,559)**	**(823,170)**
Net loss for the half year					(1,597,511)	(1,597,511)
Balance, March 31, 2024	**78,109,397**	**40,113,420**	**(50,000)**	**4,807,969**	**(47,292,070)**	**(2,420,681)**

See accompanying notes to the consolidated financial statements

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

Nine months ended March 31,	**2024**	2023
	$	$
Cash provided by (used in)		
Operations:		
Net loss from operations	(1,597,511)	(1,363,683)
Items not affecting cash:		
Realized loss on investments	1,495,341	
Unrealized loss on investments		282,000
Accretion and interest	62,500	391,418
Accrued interest income		
Loan amendment and extension fees		
Share-based compensation		
Write-off of receivables		
Change in operating working capital		
Trade and other receivables		(23,647)
Purchase of investments		
Prepaid expenses and deposits		123,123
Trade and other payables	(113,688)	194,622
Accretion on Convertible debt		
Cash used for continued operations	(153,358)	(396,167)
Finance:		
Short term loan	153,358	
Exercise of stock options		
Exercise of warrants		
Debt settlement		30,769
Cash provided by finance	153,358	30,769
Net change in cash and cash equivalents	0	(365,398)
Cash and cash equivalents, beginning of the year	0	437,434
Cash and cash equivalents, end of the half year	0	72,036

See accompanying notes to the consolidated financial statements.

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 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

2. **Basis of preparation**

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars, unless otherwise noted. The Company presents its financial position on a non-classified basis in order of liquidity.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in note 4. These financial statements have been prepared on a going concern basis.

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

3. **Going concern**

For the Nine months ended March 31, 2024, the Company reported a net and comprehensive loss of $1,597,511 (2023 $1,363,683) and has an accumulated deficit of $47,292,070 (2023 - $25,992,172). 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 March 31, 2024, the Company has cash of $ Nil (2023 - $72,036). The Company will manage its activity levels, expenditures and commitments based on the short-term loans that it has in place. Currently, the balance of these loans total $153,358. This loan is non-interest bearing and is repayable at call.
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.

4. **Significant accounting policies**

These general-purpose financial statements for the interim nine-month period ending March 31, 2024 have been prepared in accordance with International Accounting Standard IAS 134 'Interim Financial Reporting', as appropriate for-profit orientated entities.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the financial statements for the year ended June 30, 2023 of the Group and any public announcements made by the Group during the interim reporting period.

5. **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.

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 March 31, 2024:

Company	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total FV**	**% of total FV**
	$	**$**	**$**	**$**	**$**	**%**
Noble Line Inc.	1,037,435	-	-	-	-	0.0%
Stable Foods Co.	2,351,300	-	-	-	-	0.0%
Gaia Grow Corp.	1,050,000	6,000	-	-	6,000	100.0%
Engine Media Holdings, Inc.	41,043	-	-	-	-	0.0%
SAC Pharma Partners Inc.	1,890,000	-	-	-	-	0.0%
Spaced Food Inc.	355,110	-	-	-	-	0.0%
Trip Pharma Inc.	1,120,478	-	-	-	-	0.0%
Fantasy Aces	455,268	-	-	-	-	0.0%
Terp Wholesale, LLC.	2,500,000	-	-	-	-	0.0%
Blum Distributors Ltd.	4,316,000	-	-	-	-	0.0%
Total	**15,116,634**	**6,000**	**-**	**-**	**6,000**	**100.0%**

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

Equity investments consist of the following as at June 30, 2023:

Company	Cost	Level 1	Level 2	Level 3	Total FV	% of total FV
	$	$	$	$	$	%
Noble Line Inc.	1,037,435	-	-	-	-	0.0%
Stable Foods Co.	2,351,300	-	-	-	-	0.0%
Gaia Grow Corp.	1,050,000	6,000	-	-	6,000	100.0%
Engine Media Holdings, Inc.	41,043	-	-	-	-	0.0%
SAC Pharma Partners Inc.	1,890,000	-	-	-	-	0.0%
Spaced Food Inc.	355,110	-	-	-	-	0.0%
Trip Pharma Inc.	1,120,478	-	-	-	-	0.0%
Fantasy Aces	455,268	-	-	-	-	0.0%
Terp Wholesale, LLC.	2,500,000	-	-	-	-	0.0%
Blum Distributors Ltd.	4,316,000	-	-	-	-	0.0%
Total	**15,116,634**	**6,000**	**-**	**-**	**6,000**	**100.0%**

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 the 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.

During the year ended June 30, 2022, the Company recorded an unrealized loss of $987,385 related to Noble to a fair value of $Nil.

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 7,650 common shares of Stable with an initial cost of $420,000 which represented 51% of the common shares outstanding in Stable Foods.

Stable Foods Co. (Formerly Nu Wave Foods Inc.) (continued)

On March 2, 2022, the Company acquired the remaining 49% interest of Stable Foods and issued 3,200,000 common shares to the existing shareholders at a price of $0.425 per share. A finder's fee of 120,000 shares was paid to an arm's-length third-party in connection with the closing of the acquisition. The fair value of these share as of June 30, 2022 was estimated to be $1,411,000.

As at June 30, 2023, the fair market value of Stable Foods was estimated to be $Nil (2022 - $2,430,620). The Company was unable to obtain any additional financial information, new management is not familiar with this investment, and the Company has not received any operational updates from the investee in recent periods. As a result, the fair value of the investment in Stable Foods was assessed as $Nil.

Gaia Grow Corp.

The Company owns 1,200,000 post-consolidated common shares of Gaia Grow Corp. ("Gaia"). 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. The shares of Gaia are included have been suspended on the CSE and the Company recorded an unrealized loss of $294,000 (2022 - $1,200,000) for its investment in Gaia during the year ended June 30, 2023. The shares of Gaia had a fair value of $6,000 (2022 - $300,000) as at June 30, 2023, and this has been maintained for March 2024.

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

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 June 30, 2023 the Company owns 3,852 share purchase warrants of Engine Media. The fair value of the warrants was estimated to be $Nil (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 year ended June 30, 2023, the Company recognized an unrealized loss of $25 (2022 - $56,352) for the value of the warrants.

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.

As at June 30, 2023 the value of SAC Pharma was estimated to be $Nil (2022 - $1,890,000). The Company was unable to obtain any additional financial information, new management is not familiar with this investment, and the Company has not received any operational updates from the investee in recent periods. As a result, the fair value of the investment in Sac Pharma was assessed as $Nil.

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 June 30, 2023.

During the year ended June 30, 2022, the Company reclassified a total of $100,503 from trade and other receivables to investments in Spaced Food and recorded an unrealized loss of $355,110 related to Spaced Food to a fair value of $Nil. For the nine months ended March 31, 2024, this carrying value has not been amended.

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.

During the year ended June 30, 2022, the Company fully impaired the carrying value of LeichtMind and this carrying value was not amended during the nine months ended March 31, 2024.

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

MindBio Therapeutics Corp.

In September 2021, the Company acquired 100% of the outstanding share capital of MindBio Therapeutics Corp. (originally named 1286409 B.C. Ltd.) ("MindBio"), of which MindBio Therapeutics Pty Ltd. 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 MindBio.

On May 5, 2023, MindBio was spun out of the Company and listed on the Canadian Securities Exchange ("CSE"). The carrying value of the investment was impaired in the amount of $4,463,016 to the fair value, and the resulting amount was spun out of the Company. The fair value of the MindBio was assessed at $7,433,940 at the date of this transaction. This was based on the number of shares of MindBio issued to the Company's shareholders and the value per share of the last placement which was completed on May 5, 2023 by MindBio at $0.095 per share.

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 $Nil at June 30, 2023 (2022 - $Nil). The Company recorded an unrealized loss of $Nil (2022 - $9,470) for its investment in Fantasy for the nine months ended March 31, 2024.

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 price of $0.69 per share for a total consideration of $2,500,000.

As at June 30, 2023 the value of TERP was estimated to be $Nil (2022 - $2,500,000). The Company was unable to obtain any additional financial information, new management is not familiar with this investment, and the Company has not received any operational updates from the investee in recent periods. As a result, the fair value of the investment in TERP was assessed as $Nil.

<u>Digital Mind Technology Pty Ltd.</u>

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

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

<u>Digital Mind Technology Pty Ltd. (continued)</u>

On May 5, 2023, as part of the MindBio spinout transaction, DMT was sold to MindBio. The fair value of DMT at the point of sale was assessed at $1,070,318, and so the carrying value of DMT was written down by $3,866,617.

<u>Blum Distributors Ltd.</u>

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 June 30, 2023 the value of Blum was estimated to be $Nil (2022 - $4,316,000).

As the directors are unable to obtain adequate financial information to properly determine a carrying value, it has been decided to fully impair the asset.

Investment at fair value – Short term loans

On January 31, 2022, the Company lent MindBio Therapeutics (NZ) Pty Ltd. the sum of $1,495,000. This loan is for a period of 24 months and is repayable on January 31, 2024. The loan is non-interest bearing, except if there is a default event and then interest will be charged at a rate of 12% per annum. A default event is the non-repayment of the loan when it is due.

On October 25, 2022, an amendment to the loan agreement was signed. This amendment extends the repayment date to March 31, 2024 and the Company incurred total loan fees of $405,000. bringing the total loan face value to $1,900,000. There is no interest charged on this loan.

On October 5, 2023 the Company entered into an agreement between Riverfort Global Opportunities PCC Ltd (Riverfort) and MindBio Therapeutics Pty Ltd (MindBio) to assign the loan of $1,900,000 that the Company has with Mindbio to Riverfort. This means that the repayment of that loan will be made to Riverfort, not the Company and as a result, the loan has been fully impaired in the books of the company.

8. Share capital

a) Authorized

Unlimited number of common voting shares and preferred shares

b) Issued

Shares issued during the Nine months ended March 31, 2024

As at March 31, 2024, the total shares outstanding were 78,252,003.

There were no shares issued during the nine months ended March 31, 2024.

Shares issued during the year ended 30 June, 2023

On January 20, 2023, the Company issued 256,410 common shares in settlement of outstanding indebtedness of $30,770 owing in pursuant to a financing agreement.

MindBio spin out transaction

As part of the MindBio spinout transaction, the issued capital as at May 5, 2023 of the Company was cancelled and replaced by Class A shares. There was no change in the value or the structure of the Company, but the Class A shares were issued as holders of Class A shares were eligible to receive 1 MindBio Therapeutics Incorporated share on listing on the CSE. Class A shares continue to trade under the existing CSE ticker "BLR".

c) Warrants

There were no new warrants issued during the nine months ended March 31, 2024.

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

	Nine months ended March 31, 2023		**Year ended June 30, 2023**	
	Number of Warrants	**Exercise Price**	**Number of Warrants**	**Exercise Price**
		$		$
Warrants outstanding beginning of the year	3,378,461	1.10	7,533,431	0.82
Issued			-	-
Exercised			-	-
Expired			(4,154,970)	0.60
Outstanding, end of year	**3,378,461**	**1.10**	**3,378,461**	**1.10**

8. **Share capital (continued)**

c) **Warrants (continued)**

The following table summarizes information about warrants outstanding at March 31, 2024:

Grant Date	Expiry Date	Outstanding	Exercisable	Remaining Life (years)	Exercise Price
					$
Dec 17, 2019	Dec 17, 2024	1,840,000	1,840,000	0.72	1.25
Nov 22, 2021	Nov 22, 2024	1,538,461	1,538,461	0.65	0.91
Outstanding, end of year		**3,378,461**	**3,378,461**	**0.68**	**1.10**

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 3,978,000 (2022 - 4,824,775) common shares.

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%.

In September 2023, 3,600,000 options expired.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2024:

Grant Date	Expiry Date	Outstanding	Exercisable	Remaining Life (years)	Exercise Price
					$
Jul 19, 2019	Jul 24, 2024	28,000	28,000	0.32	2.50
Mar 1, 2021	Mar 1, 2026	350,000	350,000	1.92	0.69
Outstanding, end of quarter		**378,000**	**378,000**	**1.799**	**0.59**

f) **Convertible debt**

The equity component of the convertible credit facility at March 31, 2024 is $693,155 (2022 - $137,302) (note 9).

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 Opportunities PCC 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, the Company 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.

9. Convertible credit facility (continued)

On October 5 2023, the Company and Riverfort renegotiated the loan amount outstanding. The amount was reduced to $2,207,500 and the term was extended to October 2026. In addition, this loan is now non-interest bearing. Riverfort have the right to convert this debt (in whole or in part) to shares in the Company at a discount to the market.

The loan movement for the current financial year is as follows:

Convertible debentures	Debenture liability component	Debenture equity component	Total
	$	**$**	$
Balance, June 30, 2022	**1,687,598**	**137,302**	**1,824,900**
Accretion and interest	892,831	-	892,831
Debt settlement	(30,770)	-	(30,770)
Balance, June 30, 2023	**2,549,659**	**137,302**	**2,686,961**
Accretion and interest to September 30	62,500	-	62,500
Reduction due to renegotiation of debt	(1,097,814)	555,853	(541,961)
Balance March 31, 2024	1,514,345	693,155	2,207,500

10. Key management compensation and related party transactions

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

There was no remuneration for the quarter

11. Financial instruments

The carrying values of the Company's financial instruments as at March 31, 2024 were as follows:

Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
	$	**$**	**$**
Investments at fair value – Equity	6,000	-	-
Investments at fair value – Short term loans	-	-	-
Bank indebtedness	-	-	(8,073)
Trade and other payables	-	-	(20,000)
Loan to Hardenbrook	-	-	(133,358)
Convertible debt – liability	-	-	(2,207,500)
	6,000	**-**	**(2,368,931)**

The carrying values of the Company's financial instruments as at June 30, 2023 were as follows:

Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
	$	**$**	**$**
Investments at fair value – Equity	6,000	-	-
Investments at fair value – Short term loans	1,900,000	-	-
Bank indebtedness	-	-	(8,073)
Trade and other payables	-	-	(171,438)
Convertible debt – liability	-	-	(2,549,659)
	1,906,000	**-**	**(2,729,170)**

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.

12. 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 de-posits 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.

The company also has a short-term loan from Hardenbrook Pty Ltd of $143,358 and Riverfort Global Capital Ltd of $10,000.

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 March 31, 2024, the Company had zero trade and other receivables, so no assessment was required.

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.

12. Risk management (continued)

Financial instruments risks (continued)

b) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities as at March 31, 2024:

Financial Liabilities	**< One Year**	**> One Year**
Bank indebtedness	$ 8,073	$ –
Loan from Hardenbrook	143,358	
Trade and other payables	$ 57,750	$ –
Loan from Riverfort	$ 10,000	
Total	**$219,181**	**$ –**

The following are the contractual maturities of financial liabilities as at June 30, 2023:

Financial Liabilities	**< One Year**	**> One Year**
Bank indebtedness	$ 8,073	$ –
Trade and other payables	$ 171,438	$ –

Total	**$**	**179,511**	**$**	**–**

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. The Company has not been able to obtain adequate financial information that it can rely on to make an adequate assessment as to the equity investment's carrying value.

None of the entities have undertaken a private placement or financing during the financial year. Given the market values of private and small cap public companies are material lower in the financial year and also the limited financial information available from each entity, the Directors are of the opinion that there are no reasonable expectations of recovering the expected cash flows of the Entities above and so, have decided to write these assets off.

13. Capital disclosures

As at March 31, 2024, in the definition of capital, the Company includes shareholders' deficiency of $2,420,681 (30 June, 2023 - $823,170). 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

On May 29, 2023 Blackhawk signed a share purchase agreement, subject to CSE and shareholder approval, to acquire 100% of Hardenbrook Pty Ltd., an investment company with a portfolio of several projects. There were a number of conditions to complete before the purchase can be finalized. As at March 31, 2024, these conditions have not been met and so the purchase is not complete. It is expected that the purchase will be finalized in the next quarter.

15. Income taxes

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net income (loss) before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

	Mar 31, 2024	**June 30, 2023**
	$	**$**
Loss from operations	(1,597,511)	(21,066,070)
Expected income tax recovery at 27%	(431,328)	(5,687,839)

Non-deductible expenses	-	2,249,106
Change in deferred tax assets not recognized	431,328	3,438,733
Total income taxes (recovery)	-	-

15. Income taxes (continued)

The components of the Corporation's unrecognized deductible temporary differences are as follows:

	Mar 31, 2024	**June 30, 2023**
	$	**$**
Petroleum and natural gas properties	47,409	47,409
Investments at fair value	16,561,826	16,561,826
Share issue costs	83,370	83,370
Capital losses available for future periods	714,630	714,630
Non-capital losses available for future periods	11,166,506	10,735,178
	28,573,741	28,142,413

A deferred tax asset has not been recognized as it is not probable that the assets will be realized.

15. Income taxes (continued)

As at March 31, 2024, the Company has not recognized a deferred tax asset in respect of non-capital losses and capital losses available to carry forward to future years. The net operating loss carryforwards reflected above expire as follows (capital losses do not expire):

Year of Expiry	**Total**
2043	1,426,410
2042	2,270,460
2041	2,600,808
2040	1,647,757
2039	91,455
2038	372,068
2037	49,406
2035	88,142
2034	74,889
2033	203,645
2032	272,478
2031	702,801
2030	238,668
2029	696,191
Total	**10,735,178**

16. Subsequent events

The Company is finalizing the acquisition of Hardenbrook which is expected to be completed in the September 30, 2024 quarter.