



# Blockchain Venture Capital

**Interim Condensed Financial Statements**  
Unaudited - See Notice to Reader  
**June 30, 2024 and 2023**  
**(Presented in Canadian Dollars)**

# BLOCKCHAIN VENTURE CAPITAL INC.

June 30, 2024 and 2023

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## **NOTICE TO READER**

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Blockchain Venture Capital Inc. (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 interim condensed 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.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Interim Condensed Statement of Financial Position

Unaudited - See Notice to Reader

As at

(Presented in Canadian Dollars)

|  | Notes | June 30,<br>2024   | December 31,<br>2023 |
|--|-------|--------------------|----------------------|
| <b>ASSETS</b>                            |       |                    |                      |
| <b>Current Assets</b>                    |       |                    |                      |
| Cash                                     |       | \$ 13,139          | \$ 7,018             |
| Cash held in trust                       | 3     | 31,480             | -                    |
| Prepays and deposits                     |       | 24,055             | 21,772               |
| <b>Total Current Assets</b>              |       | <b>68,674</b>      | <b>28,790</b>        |
| <b>Non-Current Assets</b>                |       |                    |                      |
| Computer equipment                       |       | 4,440              | 2,966                |
| <b>Total Assets</b>                      |       | <b>\$ 73,114</b>   | <b>\$ 31,756</b>     |
| <b>LIABILITIES AND EQUITY</b>            |       |                    |                      |
| <b>Current Liabilities</b>               |       |                    |                      |
| Token liability                          | 3     | \$ 31,480          | \$ -                 |
| Accounts payable and accrued liabilities |       | 735,217            | 607,821              |
| Advances from shareholder                | 4     | 1,491,900          | 1,239,498            |
| Term loan payable                        | 5     | -                  | 750,000              |
| <b>Total Current Liabilities</b>         |       | <b>2,258,597</b>   | <b>2,597,319</b>     |
| <b>Non-Current Liabilities</b>           |       |                    |                      |
| Term loan payable                        | 5     | 497,463            | -                    |
| Government loan payable                  | 6     | 61,355             | 60,000               |
| <b>Total Non-Current Liabilities</b>     |       | <b>558,818</b>     | <b>60,000</b>        |
| <b>Total Liabilities</b>                 |       | <b>2,817,415</b>   | <b>2,657,319</b>     |
| <b>Equity</b>                            |       |                    |                      |
| Share capital                            | 7     | 13,248,529         | 12,443,529           |
| Shares to be issued                      | 7     | -                  | 350,000              |
| Reserves                                 | 7     | 1,753,973          | 853,475              |
| Deficit                                  |       | (17,746,803)       | (16,272,567)         |
| <b>Total Equity</b>                      |       | <b>(2,744,301)</b> | <b>(2,625,563)</b>   |
| <b>Total Liabilities and Equity</b>      |       | <b>\$ 73,114</b>   | <b>\$ 31,756</b>     |

Approved on Behalf of the Board

Signed - Xin Zhou  
Director

Signed - Steve Olsthoorn  
Director

The accompanying notes are an integral part of these interim condensed financial statements.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Interim Condensed Statement of Comprehensive Loss

Unaudited - See Notice to Reader

Three and Six Months Ended June 30, 2024 and 2023

(Presented in Canadian Dollars)

|  | Notes | Three Months<br>Ended<br>June 30, 2024 | Three Months<br>Ended<br>June 30, 2023 | Six Months<br>Ended<br>June 30, 2024 | Six Months<br>Ended<br>June 30, 2023 |
|--|-------|--|--|--------------------------------------|--------------------------------------|
| <b>Expenses</b>  |       |  |  |                                      |                                      |
| Professional fees  |       | \$ 243,838                             | \$ 126,056                             | \$ 572,741                           | \$ 241,588                           |
| Office and general                                       |       | 226,095                                | 600,884                                | 477,113                              | 1,612,348                            |
| Salaries and wages                                       |       | 111,786                                | 82,330                                 | 221,892                              | 205,826                              |
| Blockchain costs   |       | 98,058                                 | 82,889                                 | 194,015                              | 181,012                              |
| Trustee fees   |       | 70,342                                 | 70,343                                 | 140,685                              | 140,686                              |
| Interest expense   |       | 49,556                                 | 12,805                                 | 96,829                               | 19,435                               |
| Share-based payments                                     | 7 (d) | 4,058                                  | 160                                    | 13,498                               | 2,474                                |
| Accretion expense  | 5     | 10,901                                 | 16,959                                 | 10,901                               | 33,731                               |
| Blockchain service fees                                  |       | -                                      | -                                      | -                                    | 20,000                               |
| <b>Total Expenses</b>                                    |       | <b>814,634</b>                         | <b>992,426</b>                         | <b>1,727,674</b>                     | <b>2,457,100</b>                     |
| Gain on term loan extension                              | 5     | 253,438                                | -                                      | 253,438                              | -                                    |
| <b>Net Loss and<br/>Comprehensive Loss</b>               |       | <b>\$ (561,196)</b>                    | <b>\$ (992,426)</b>                    | <b>\$ (1,474,236)</b>                | <b>\$ (2,457,100)</b>                |
| <b>Weighted Average Number<br/>of Shares Outstanding</b> |       |  |  |                                      |                                      |
|  | 7 (g) | 31,529,778                             | 26,927,932                             | 30,857,998                           | 26,927,932                           |
| <b>Loss Per Share - Basic<br/>and Diluted</b>            |       |  |  |                                      |                                      |
|  | 7 (g) | \$ (0.02)                              | \$ (0.04)                              | \$ (0.05)                            | \$ (0.09)                            |

The accompanying notes are an integral part of these interim condensed financial statements.

## BLOCKCHAIN VENTURE CAPITAL INC.

### Interim Condensed Statement of Changes in Equity

Unaudited - See Notice to Reader

Six Months Ended June 30, 2024 and 2023

(Presented in Canadian Dollars)

|  | Notes | Number of<br>Common<br>Shares | Share<br>Capital | Shares to<br>be Issued | Reserves   | Deficit        | Total Equity  |
|--|-------|-------------------------------|------------------|------------------------|------------|----------------|---------------|
| <b>Balance as at December 31, 2022</b> |       | 26,552,219                    | \$ 9,696,689     | \$ -                   | \$ 556,339 | \$(11,844,593) | \$(1,591,565) |
| Private placements                     | 7     | 1,572,000                     | 1,797,600        | -                      | 167,400    | -              | 1,965,000     |
| Shares to be issued                    | 7     | -                             | -                | 61,000                 | -          | -              | 61,000        |
| Share-based payments                   |       | -                             | -                | -                      | 2,474      | -              | 2,474         |
| Net loss                               |       | -                             | -                | -                      | -          | (2,457,100)    | (2,457,100)   |
| <b>Balance as at June 30, 2023</b>     |       | 28,124,219                    | \$11,494,289     | \$ 61,000              | \$ 726,213 | \$(14,301,693) | \$(2,020,191) |

  

|  | Notes | Number of<br>Common<br>Shares | Share<br>Capital | Shares to<br>be Issued | Reserves     | Deficit        | Total Equity  |
|--|-------|-------------------------------|------------------|------------------------|--------------|----------------|---------------|
| <b>Balance as at December 31, 2023</b> |       | 30,186,219                    | \$12,443,529     | \$ 350,000             | \$ 853,475   | \$(16,272,567) | \$(2,625,563) |
| Private placements                     | 7     | 2,397,330                     | 911,000          | (350,000)              | 887,000      | -              | 1,448,000     |
| Share issuance costs                   | 7     | -                             | (106,000)        | -                      | -            | -              | (106,000)     |
| Share-based payments                   |       | -                             | -                | -                      | 13,498       | -              | 13,498        |
| Net loss                               |       | -                             | -                | -                      | -            | (1,474,236)    | (1,474,236)   |
| <b>Balance as at June 30, 2024</b>     |       | 32,583,549                    | \$13,248,529     | \$ -                   | \$ 1,753,973 | \$(17,746,803) | \$(2,744,301) |

The accompanying notes are an integral part of these interim condensed financial statements.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Interim Condensed Statement of Cash Flows

Unaudited - See Notice to Reader

Six Months Ended June 30, 2024 and 2023

(Presented in Canadian Dollars)

|   | 2024               | 2023               |
|---|--------------------|--------------------|
| <b>Operating Activities</b>                   |                    |                    |
| Net loss                                      | \$ (1,474,236)     | \$ (2,457,100)     |
| <b>Items not requiring an outlay of cash:</b> |                    |                    |
| Accretion expense                             | 10,901             | 33,731             |
| Share-based payments                          | 13,498             | 2,474              |
| Depreciation expense                          | 1,209              | 369                |
| Interest accrued                              | 96,829             | 19,435             |
| Gain on term loan extension                   | (253,438)          | -                  |
| <b>Changes in non-cash working capital:</b>   |                    |                    |
| Prepays and deposits                          | (2,283)            | 63,366             |
| Accounts payable and accrued liabilities      | 127,396            | (180,464)          |
| <b>Cash Used In Operating Activities</b>      | <b>(1,480,124)</b> | <b>(2,518,189)</b> |
| <b>Financing Activities</b>                   |                    |                    |
| Proceeds from issuance of common shares       | 1,448,000          | 1,965,000          |
| Receipt of advances from shareholder          | 156,928            | 488,000            |
| Repayment of term loan payable                | (10,000)           | -                  |
| Share issuance costs                          | (106,000)          | -                  |
| Shares to be issued                           | -                  | 61,000             |
| <b>Cash Provided By Financing Activities</b>  | <b>1,488,928</b>   | <b>2,514,000</b>   |
| <b>Investing Activities</b>                   |                    |                    |
| Acquisition of computer equipment             | (2,683)            | -                  |
| <b>Net Increase (Decrease) in Cash</b>        | <b>6,121</b>       | <b>(4,189)</b>     |
| <b>Cash, Beginning of Period</b>              | <b>7,018</b>       | <b>48,512</b>      |
| <b>Cash, End of Period</b>                    | <b>\$ 13,139</b>   | <b>\$ 44,323</b>   |
| <b>Supplemental Cash Flow Information</b>     |                    |                    |
| Interest paid                                 | \$ -               | \$ -               |
| Income taxes paid                             | \$ -               | \$ -               |

The accompanying notes are an integral part of these interim condensed financial statements.

# **BLOCKCHAIN VENTURE CAPITAL INC.**

## **Notes to the Interim Condensed Financial Statements**

Unaudited - See Notice to Reader

**June 30, 2024 and 2023**

**(Presented in Canadian Dollars)**

### **1. NATURE OF THE BUSINESS AND GOING CONCERN**

Blockchain Venture Capital Inc. ("BVCI" or the "Company") is a proprietary blockchain platform and ledger technology company which owns a stablecoin CADT and related BvcPay applications. The Company was incorporated in Ontario on June 18, 2018 and performed a reverse takeover and amalgamation with Flexwork Properties Ltd. on August 3, 2022. BVCI is domiciled in the Province of Ontario and has its registered office at 100 King Street West, Suite 56093, Toronto, ON M5X 1C9. The Company is publicly-traded on the Canadian Securities Exchange ("CSE") under the ticker symbol "BVCI".

As at the date hereof, the Company is not currently offering its CADT stablecoin for sale or offering the use of applications such as BvcPay, as such services will require its registration as a securities dealer in accordance with applicable securities laws, and such registration has not yet been granted.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has no source of operating revenues and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. These financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue and therefore, be required to realize its assets and discharge its liabilities in a manner other than in the ordinary course of business. These circumstances create material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

The Board of Directors approved these interim financial statements for issue on August 23, 2024.

### **2. BASIS OF PREPARATION**

#### **Statement of Compliance**

These interim condensed financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS.

These interim condensed financial statements for the six months ended June 30, 2024 should be read together with the annual financial statements as at and for the year ended December 31, 2023. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements, as described in note 3 of the annual audited financial statements.

#### **Basis of Measurement**

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value.

#### **Functional and Presentation Currency**

The Company's functional and presentation currency is the Canadian dollar.



# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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(Presented in Canadian Dollars)

### 2. BASIS OF PREPARATION (Continued)

#### Critical Accounting Judgments, Estimates, and Assumptions

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates, and assumptions could result in material adjustment to the carrying amount of the asset or liability affected in future periods.

The judgments, estimates, and assumptions involved in preparing these interim condensed financial statements are the same as those disclosed in the annual audited financial statements.

### 3. CASH HELD IN TRUST AND TOKEN LIABILITY

The Company has issued CADT stablecoins which are exchangeable into Canadian dollars at any time for the fixed amount of 1 CADT for \$1. In order to settle its liabilities in respect of outstanding tokens, the Company holds Canadian dollars in trust equal to the amount of CADT outstanding. Funds are held in trust by Concentra Trust, a division of Equitable Bank.

As at June 30, 2024, the Company has recorded a token liability of \$31,480 representing 31,480 CADT tokens outstanding and holds \$31,480 in its trust account.

### 4. ADVANCES FROM SHAREHOLDER

The Company has received advances from its President for general working capital purposes. These advances are unsecured, interest-bearing at 15% per annum, and are due June 30, 2024.

The following is a continuity of advances from shareholder:

|                               | <b>2024</b>  |
|-------------------------------|--------------|
| Balance - beginning of period | \$ 1,239,498 |
| Advances received             | 670,589      |
| Advances repaid               | (513,661)    |
| Interest accrued              | 95,474       |
| Balance - end of period       | \$ 1,491,900 |

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 5. TERM LOAN PAYABLE

Term loan payable is due to Jiangsu Hengwell Information Technology Co., Ltd. ("Hengwell"), a blockchain development company located in Wuxi, China. The loan is unsecured, non-interest bearing and was originally due November 10, 2023. On May 9, 2024 the Company and Hengwell agreed to extend the term of the loan to December 31, 2026. A gain on the extension of the loan was recognized in the amount of \$253,438, to record the debt at its present value utilizing a discount rate of 15% per annum.

The following is a continuity of term loan payable:

|                               | 2024       |                |
|-------------------------------|------------|----------------|
|                               | Principal  | Carrying Value |
| Balance - beginning of period | \$ 750,000 | \$ 750,000     |
| Loan repayment                | (10,000)   | (10,000)       |
| Gain on term loan extension   | -          | (253,438)      |
| Accretion expense             | -          | 10,901         |
| Balance - end of period       | \$ 740,000 | \$ 497,463     |

### 6. GOVERNMENT LOAN PAYABLE

The Company received a loan of \$60,000 from the Government of Canada under the Canadian Emergency Business Account ("CEBA") program in response to the COVID-19 pandemic. Under the terms of the CEBA program, the loan was non-interest bearing and was due January 18, 2024. BVC1 did not repay the loan by the due date, and accordingly, the loan has renewed for a further two years to December 31, 2025 and has become interest-bearing at 5% per annum during the extended term.

### 7. EQUITY

#### (a) Authorized

Unlimited common shares, no par value

#### (b) Issued and Outstanding

During the six months ended June 30, 2023, the Company transacted in its issued and outstanding common shares as follows:

- (i) Issued 492,000 common shares at \$1.25 per share in private placements for gross proceeds of \$615,000.
- (ii) Issued 1,080,000 units at \$1.25 per unit in private placements for gross proceeds of \$1,350,000. Each unit is comprised of one common share and one-half warrant. Each warrant is exercisable at a price of \$1.50 per share for two years from the date of issuance.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

Unaudited - See Notice to Reader

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(Presented in Canadian Dollars)

### 7. EQUITY (Continued)

#### (b) Issued and Outstanding (Continued)

During the six months ended June 30, 2024, the Company transacted in its issued and outstanding common shares as follows:

- (i) Issued 2,397,330 units at \$0.75 per unit in private placements for gross proceeds of \$1,798,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable at a price of \$0.92 per share for two years from the date of issuance. Included in these share issuances were proceeds of \$350,000 that had been collected prior to December 31, 2023.
- (ii) Paid referral fees of \$106,000 which are categorized as share issuance costs.

#### (c) Shares in Escrow

In connection with the Company's listing on the CSE in August 2022, all common shares held by directors were placed into escrow and are to be released over 36 months. Of those shares, 10% were released on August 12, 2022 when the Company's shares began trading on the CSE, and 15% are to be released every six months thereafter.

As at June 30, 2024, there are 6,791,931 common shares remaining in escrow pursuant to this agreement.

#### (d) Stock Options

Stock options are awarded to directors and officers under an incentive stock option plan adopted on August 31, 2020. The maximum number of options that may be granted under the plan is limited to 10% of the total number of issued and outstanding common shares. The exercise prices of options are determined by the Board to be an amount greater than or equal to the fair market value of the underlying common shares on the grant date. Expiry dates and vesting conditions are determined by the Board on the grant date. Options belonging to former directors or officers are cancelled after 60 days from the date the individual ceases to provide services to the Company.

The following table reflects the continuity of stock options:

|                                  | June 30, 2024     |                                 |
|----------------------------------|-------------------|---------------------------------|
|                                  | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning of period | 820,000           | \$ 0.88                         |
| Granted                          | -                 | -                               |
| Exercised                        | -                 | -                               |
| Expired                          | -                 | -                               |
| Outstanding, end of period       | 820,000           | \$ 0.88                         |
| Exercisable, end of period       | 820,000           | \$ 0.88                         |

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 7. EQUITY (Continued)

#### (d) Stock Options (Continued)

The Company had the following stock options outstanding as at June 30, 2024:

| Number of Options Outstanding | Number of Options Exercisable | Exercise Price | Expiry Date     | Weighted Average Remaining Contractual Life |
|-------------------------------|-------------------------------|----------------|-----------------|---|
| 520,000                       | 520,000                       | \$0.53         | October 1, 2025 | 1.25 years                                  |
| 300,000                       | 300,000                       | \$1.50         | June 30, 2025   | 1.00 years                                  |
| 820,000                       | 820,000                       |                |                 | 1.16 years                                  |

#### (e) Warrants

The following table reflects the continuity of warrants:

|                                  | June 30, 2024      |                                 |
|----------------------------------|--------------------|---------------------------------|
|                                  | Number of Warrants | Weighted Average Exercise Price |
| Outstanding, beginning of period | 1,493,858          | \$ 1.19                         |
| Issued (i)                       | 2,397,330          | 0.92                            |
| Exercised                        | -                  | -                               |
| Expired                          | -                  | -                               |
| Outstanding, end of period       | 3,891,188          | \$ 1.02                         |

- (i) On May 10, 2024, the Company issued 2,397,330 warrants in a unit private placement, which are exercisable at \$0.92 and expire May 10, 2026.

The fair value of warrants issued during the six months ended June 30, 2024 was calculated as \$0.37 per warrant, based on the Black-Scholes option pricing model. The value assigned to warrants issued during the six months ended June 30, 2024 was \$887,000 (2023 - \$167,400).

The fair value of the warrants issued was estimated at the issue date using the following weighted average assumptions:

|                         | 2024    | 2023    |
|-------------------------|---------|---------|
| Share price             | \$ 0.75 | \$ 0.79 |
| Expected volatility     | 100%    | 100%    |
| Dividend yield          | 0%      | 0%      |
| Risk-free interest rate | 4.39%   | 4.22%   |
| Expected life           | 2 years | 2 years |

The expected volatility is based on management's estimate of the volatility in the Company's share price over the life of the warrants, based on a comparison with other similar entities. The Company has not paid any cash dividends historically and does not have any plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian benchmark bonds with an equivalent term to maturity. The expected life of the warrants is based on management's estimate of the time that the warrants will be outstanding.

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 7. EQUITY (Continued)

#### (e) Warrants (Continued)

The Company had the following warrants outstanding as at June 30, 2024:

| Number of Warrants Outstanding | Exercise Price | Expiry Date       | Weighted Average Remaining Contractual Life |
|--------------------------------|----------------|-------------------|---|
| 100,000                        | \$1.50         | November 16, 2026 | 2.38 years                                  |
| 57,143                         | \$2.00         | July 15, 2024     | 0.04 years                                  |
| 85,715                         | \$2.00         | July 27, 2024     | 0.07 years                                  |
| 540,000                        | \$1.50         | May 25, 2025      | 0.90 years                                  |
| 711,000                        | \$0.75         | December 5, 2025  | 1.43 years                                  |
| 2,397,330                      | \$0.92         | May 10, 2026      | 1.86 years                                  |
| 3,891,188                      |                |                   | 1.60 years                                  |

#### (f) Reserves

Reserves are comprised of the initial fair value of stock options granted and warrants issued.

#### (g) Maximum Share Dilution

The following table presents the maximum number of common shares that would be outstanding if all dilutive instruments were exercised:

|   | June 30, 2024 | June 30, 2023 |
|---|---------------|---------------|
| Common shares outstanding               | 32,583,549    | 28,124,219    |
| Stock options outstanding               | 820,000       | 645,880       |
| Warrants outstanding                    | 3,891,188     | 782,858       |
| Fully diluted common shares outstanding | 37,294,737    | 29,552,957    |

# BLOCKCHAIN VENTURE CAPITAL INC.

## Notes to the Interim Condensed Financial Statements

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### 8. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations. The Company's related party transactions are as follows:

- (a) Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Company. BVCI considers its President to be the sole member of key management. The President is also a significant shareholder and is a director of the Company. Compensation paid to key management was expensed as follows in the statement of comprehensive loss:

|                       | 2024      | 2023      |
|-----------------------|-----------|-----------|
| Salaries and benefits | \$ 72,000 | \$ 72,000 |

- (b) Advances from the President of the Company are described in note 4. Interest incurred on these advances totaled \$95,474 for the six months ended June 30, 2024 (2023 - \$19,435).
- (c) During the six months ended June 30, 2024, the Company incurred advertising expenses of \$Nil (2023 - \$10,000) to The Justin Poy Agency, which is a company controlled by a director.
- (d) During the six months ended June 30, 2024, the Company incurred anti-money laundering consulting fees of \$Nil (2023 - \$15,571) to The AML Shop, which is a company controlled by a former director.

### 9. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

|                     | June 30,<br>2024 | December 31,<br>2023 |
|---------------------|------------------|----------------------|
| Share capital       | \$ 13,248,529    | \$ 12,443,529        |
| Shares to be issued | -                | 350,000              |
| Reserves            | 1,753,973        | 853,475              |
| Deficit             | (17,746,803)     | (16,272,567)         |
|                     | \$ (2,744,301)   | \$ (2,625,563)       |

The Company's objectives in managing capital are to:

- (a) Ensure the Company maintains the minimum level of capital required to effectively operate its business;
- (b) Ensure the Company's ability to provide capital growth to its shareholders; and
- (c) Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

To maintain its capital structure, the Company keeps all of its assets in very liquid form. The Company's primary sources of capital were proceeds from the issuance of shares. There were no changes in the Company's approach to capital management during the periods presented. The Company are not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

# BLOCKCHAIN VENTURE CAPITAL INC.

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Unaudited - See Notice to Reader

June 30, 2024 and 2023

(Presented in Canadian Dollars)

### 10. FINANCIAL RISK MANAGEMENT

#### Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, advances from shareholder, government loan payable, and term loan payable. The fair values of these instruments, except for the government loan payable and term loan payable, approximate their carrying values due to the short-term nature of these instruments. The government loan payable and term loan payable are carried at their present value, which is the discounted value of the cash flows required to settle the obligations.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at June 30, 2024, the Company has liabilities of \$2,258,597 due within twelve months and has cash of \$13,139 to meet its current obligations (December 31, 2023 - current liabilities of \$2,597,319 and cash of \$7,018). The company is a pre-revenue business and is dependent on raising money through equity financing to continue as a going concern. As a result, management has judged liquidity risk to be high.

Excluded from the below table is the Company's token liability of \$31,480 as at June 30, 2024, for which there is a separate trust account having a balance of \$31,480, which is to be used to settle this liability.

The following are the Company's financial obligations based on their due dates:

|                         | Payments due by period |                   |                | Total               |
|-------------------------|------------------------|-------------------|----------------|---------------------|
|                         | Less than<br>1 year    | 1 - 3<br>years    | 4 - 5<br>years |                     |
| June 30, 2024           |                        |                   |                |                     |
| Accounts payable        | \$ 735,217             | \$ -              | \$ -           | \$ 735,217          |
| Advances to shareholder | 1,491,900              | -                 | -              | 1,491,900           |
| Government loan payable | -                      | 61,355            | -              | 61,355              |
| Term loan payable       | -                      | 740,000           | -              | 740,000             |
|                         | <b>\$ 2,227,117</b>    | <b>\$ 801,355</b> | <b>\$ -</b>    | <b>\$ 3,028,472</b> |
| December 31, 2023       |                        |                   |                |                     |
| Accounts payable        | \$ 607,821             | \$ -              | \$ -           | \$ 607,821          |
| Advances to shareholder | 1,239,498              | -                 | -              | 1,239,498           |
| Government loan payable | 60,000                 | -                 | -              | 60,000              |
| Term loan payable       | 750,000                | -                 | -              | 750,000             |
|                         | <b>\$ 2,657,319</b>    | <b>\$ -</b>       | <b>\$ -</b>    | <b>\$ 2,657,319</b> |

#### Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. As at June 30, 2024, the Company's maximum exposure to credit risk is \$13,139 and is comprised of cash (December 31, 2023 - \$7,018). All of the Company's cash is held at a chartered bank in Canada. Management has judged credit risk to be low.