

Q3 2024



**bluesky**  
DIGITAL ASSETS

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024**

(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)

NOVEMBER 29, 2024

[www.blueskydigitalassets.com](http://www.blueskydigitalassets.com)



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**Bluesky Digital Assets Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian Dollars)  
**Unaudited**

As at,	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,171	\$ 98,578
Other receivables (note 4)	193,455	208,476
Prepaid expenses	224,163	100,505
Investments (note 10)	25,122	50,241
Digital currencies (note 5)	1,474	1,474
<b>Total current assets</b>	<b>445,385</b>	459,274
<b>Non-current assets</b>		
Property, plant and equipment (note 6)	9,150	319,997
Intangible assets (note 7)	1,186,387	-
Right of use assets (note 8)	55,320	100,819
<b>Total assets</b>	<b>\$ 1,696,242</b>	<b>\$ 880,090</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 11)	\$ 634,927	\$ 543,697
Lease liability (note 9)	53,948	69,855
Loans payable (note 13)	111,344	60,000
<b>Total current liabilities</b>	<b>800,219</b>	673,552
<b>Non-current liabilities</b>		
Lease liability (note 9)	-	35,958
Warrant liability (note 12)	77,945	146,876
<b>Total liabilities</b>	<b>878,164</b>	856,386
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 14)	27,555,123	26,192,817
Contributed surplus (note 16)	9,534,509	6,005,652
Warrants (note 15)	614,874	4,016,491
Digital currency revaluation reserve	80,931	80,931
Deficit	(36,967,359)	(36,272,187)
<b>Total shareholders' equity</b>	<b>818,078</b>	23,704
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,696,242</b>	<b>\$ 880,090</b>

Description of business (note 1)  
Subsequent event (note 20)

"Frank Kordey", Director

"Ben Gelfand", Director

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

**Bluesky Digital Assets Corp.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

Unaudited

	Three months ended		Nine Months	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>Cost of revenue</b>				
Site operating costs	\$ (7,780)	\$ (13,782)	\$ (23,045)	\$ (49,425)
Depreciation	(15,166)	(15,166)	(45,499)	(89,040)
<b>Gross loss</b>	<b>(22,946)</b>	<b>(28,948)</b>	<b>(68,544)</b>	<b>(138,465)</b>
<b>Operating expenses</b>				
General and administration (note 17)	152,280	649,661	414,142	2,514,035
Share-based payments (notes 14 and 15)	127,240	-	127,240	266,875
<b>Total operating expenses</b>	<b>(279,520)</b>	<b>(649,661)</b>	<b>(541,382)</b>	<b>(2,780,910)</b>
<b>Net operating loss</b>	<b>(302,466)</b>	<b>(678,609)</b>	<b>(609,926)</b>	<b>(2,919,375)</b>
<b>Other items</b>				
Loss on investments	(36,354)	(7,759)	(25,119)	12,568
Foreign exchange loss	946	1,424	(1,174)	1,251
Accretion	-	-	-	(51,152)
Gain (loss) on disposal of assets	(140,792)	13,751	(125,348)	(40,153)
Loss on settlement of payables	-	59,325	-	(155,092)
(Loss) gain on accounts payable write down and deb	(2,536)	-	(2,536)	-
(Loss) gain on revaluation of warrant liability (note 12)	204,458	(74,424)	68,931	(90,964)
<b>Net loss for the period</b>	<b>\$ (276,744)</b>	<b>\$ (686,292)</b>	<b>\$ (695,172)</b>	<b>\$ (3,242,917)</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to income</b>				
Revaluation of digital currencies	-	-	-	486
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>486</b>
<b>Total loss and comprehensive loss for the period</b>	<b>\$ (276,744)</b>	<b>\$ (686,292)</b>	<b>\$ (695,172)</b>	<b>\$ (3,242,431)</b>
<b>Net loss and comprehensive loss per share</b>				
- basic and diluted (note 18)	\$ (0.01)	\$ (0.05)	\$ (0.03)	\$ (0.27)
<b>Weighted average number of common shares outstanding</b>				
- basic and diluted (note 18)	26,435,956	15,106,478	24,521,399	11,961,000

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

**Bluesky Digital Assets Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**Unaudited**

	<b>Nine Months September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Loss for the period	\$ (695,172)	\$ (3,242,917)
<i>Items not affecting cash:</i>		
Depreciation	45,499	89,040
Common shares issued for services and compensation (note 16)	-	1,448,845
Share-based payments	127,240	272,633
Loss on revaluation of warrant liability	(68,931)	90,964
Loss on investments	25,119	(12,568)
(Gain) loss on disposal of assets	125,348	40,153
Interest on loan	31,392	1,470
Accretion of interest	-	9,023
Loss on settlement of payables	-	155,092
<i>Changes in non-cash working capital items:</i>		
Other receivables	15,021	(217,180)
Prepaid expenses	36,942	81,280
Accounts payable and accrued liabilities	111,549	135,027
<b>Net cash used in operating activities</b>	<b>(245,993)</b>	<b>(1,149,138)</b>
<b>Financing activities</b>		
Lease payments paid	(56,913)	(56,913)
Proceeds from loans	150,000	219,749
Proceeds from issuance of common shares	-	630,550
<b>Net cash provided by financing activities</b>	<b>93,087</b>	<b>793,386</b>
<b>Investing activities</b>		
Proceeds from sale equipment	185,499	137,751
Intangible asset development	(130,000)	-
<b>Net cash provided by investing activities</b>	<b>55,499</b>	<b>137,751</b>
<b>Decrease in cash</b>	<b>(97,407)</b>	<b>(218,001)</b>
<b>Cash, beginning of period</b>	<b>98,578</b>	<b>231,711</b>
<b>Exchange differences on cash</b>	<b>-</b>	<b>24</b>
<b>Cash, end of period</b>	<b>\$ 1,171</b>	<b>\$ 13,734</b>

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

**Bluesky Digital Assets Corp.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**  
**Unaudited**

	Share capital				Contributed Surplus \$	Warrants \$	Digital Currency revaluation reserve \$	Deficit \$	Total \$
	Preferred shares \$	Preferred shares to be registered \$	Common shares \$	Total Share capital \$					
<b>Balance, December 31, 2022</b>	<b>2,054,685</b>	<b>(353,057)</b>	<b>21,341,453</b>	<b>23,043,081</b>	<b>5,686,009</b>	<b>3,957,626</b>	<b>80,445</b>	<b>(32,210,241)</b>	<b>556,920</b>
Issuance of Units (net of share issue costs of \$72,858)	-	-	590,892	590,892	-	-	-	-	590,892
Shares issued for services	-	-	1,700,143	1,700,143	-	-	-	-	1,700,143
Shares issued for debt and financing	-	-	398,527	398,527	-	-	-	-	398,527
Share-based compensation	-	-	-	-	-	272,633	-	-	272,633
Transactions with owners	2,054,685	(353,057)	24,031,015	25,732,643	5,686,009	4,230,259	80,445	(32,210,241)	3,519,115
Revaluation of digital currency net of tax	-	-	-	-	-	-	486	-	486
Net loss for the period	-	-	-	-	-	-	-	(3,242,917)	(3,242,917)
<b>Balance, September 30, 2023</b>	<b>2,054,685</b>	<b>(353,057)</b>	<b>24,031,015</b>	<b>25,732,643</b>	<b>5,686,009</b>	<b>4,230,259</b>	<b>80,931</b>	<b>(35,453,158)</b>	<b>276,684</b>
<b>Balance, December 31, 2023</b>	<b>2,054,685</b>	<b>(353,057)</b>	<b>24,491,189</b>	<b>26,192,817</b>	<b>6,005,652</b>	<b>4,016,491</b>	<b>80,931</b>	<b>(36,272,187)</b>	<b>23,704</b>
Share-based compensation	-	-	-	-	-	127,240	-	-	127,240
Shares issued for services	-	-	1,237,306	1,237,306	-	-	-	-	1,237,306
Shares issued for debt and financing	-	-	125,000	125,000	-	-	-	-	125,000
Warrant expiry	-	-	-	-	3,528,857	(3,528,857)	-	-	-
Transactions with owners	2,054,685	(353,057)	25,853,495	27,555,123	9,534,509	614,874	80,931	(36,272,187)	1,513,250
Net loss for the period	-	-	-	-	-	-	-	(695,172)	(695,172)
<b>Balance, September 30, 2024</b>	<b>2,054,685</b>	<b>(353,057)</b>	<b>25,853,495</b>	<b>27,555,123</b>	<b>9,534,509</b>	<b>614,874</b>	<b>80,931</b>	<b>(36,967,359)</b>	<b>818,078</b>

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

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**Bluesky Digital Assets Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2024**  
**(Expressed in Canadian Dollars)**  
**Unaudited**

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**1. Description of business, going concern**

Bluesky Digital Assets Corp. (or the "Company") is a reporting issuer in Ontario, Alberta and British Columbia. In Canada, the Company's common shares trade under the symbol "BTC" on the Canadian Securities Exchange and under the trading symbol "BTCWF" in the United States on the OTC Markets QB. The Company's "Class – A" preferred shares trades under the symbol "BTC.PR.A" on the Canadian Securities Exchange. The Company's corporate office and principal place of business is 100 King West, Suite 5700, Toronto, Ontario, Canada, M5X 1C9.

On June 7, 2024, the Company completed a 7:1 share consolidation of its common shares. All share quantities and share prices in these financial statements are stated based on their post-consolidation values, unless otherwise specified.

The Company business consist of conducting research & development of artificial intelligence to enhance the BlueskyINTEL platform. The Company previously was in the business of utilizing specialized equipment to solve complex computational problems to validate transactions on the bitcoin blockchain. The Company received bitcoin in return for successful service.

**Going concern**

The Company incurred a net loss during the nine months ended September 30, 2024 of \$695,172 (2023 - \$3,242,917) and had an accumulated deficit of \$36,967,359 (December 31, 2023 - \$36,272,187). As at September 30, 2024, the Company had a working capital deficit of \$354,834 (December 31, 2023 - \$214,278). These conditions indicate material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Given the volatility in the financial markets, it may be difficult to raise financing when needed. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed consolidated interim financial statements. Such adjustments could be material. The Company may periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

**2. Basis of presentation**

**Statement of compliance to international financial reporting standards**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by International Accounting Standards Boards ("IASB") and interpretations issued by IFRIC.

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**Bluesky Digital Assets Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2024**  
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**2. Basis of presentation (continued)**

**Statement of compliance to international financial reporting standards (continued)**

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS's issued and outstanding as of November 29, 2024, the date the Board of Directors approved the statements. Except as disclosed in note 3, the same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2023. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the period ending December 31, 2024 could result in restatement of these unaudited condensed consolidated interim financial statements.

**Basis of consolidation**

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The unaudited condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions.

The following companies have been consolidated within the consolidated financial statements:

<u>Company</u>	<u>Registered</u>	<u>Principle activity</u>
Bluesky Digital Assets Corp.	Canada	Parent Company
Bluesky Digital Assets Inc. <sup>(1)</sup>	Canada	Holding Company
MethodeVerte Inc. <sup>(1)</sup>	Canada	Holding Company
GP Self Storage Inc. <sup>(1)</sup>	Canada	Commercial Rental Company
GP Realty Inc. <sup>(1)</sup>	Canada	Holding Company
Bluesky Defi Inc. (formerly 63 Wellington Street Inc.) <sup>(2)</sup>	Canada	Inactive
Bluesky Intelligence Inc. (formerly 1Balfour Place Inc.) <sup>(2)</sup>	Canada	Inactive

<sup>(1)</sup> 100% owned by the Parent Company

<sup>(2)</sup> 100% owned by GP Realty Inc

**Basis of measurement**

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as explained in these unaudited condensed consolidated interim financial statements. These unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**3. Material accounting policies**

**New standards not yet adopted and interpretations issued but not yet effective**

At the date of authorization of these unaudited condensed consolidated interim financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the International Accounting Standards Boards ("IASB"). None of these standards or amendments to existing standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's unaudited condensed consolidated interim financial statements.

**Bluesky Digital Assets Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2024**  
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**4. Other receivables**

	<b>September 30, 2024</b>	December 31, 2023
Other receivables	\$ 1,287	\$ 1,286
Funds held in trust by related parties	192,168	207,190
<b>Total other receivable</b>	<b>\$ 193,455</b>	<b>\$ 208,476</b>

**5. Digital currencies**

The continuity of digital currencies was as follows:

	<b>Number of Ethereum</b>	<b>Amount</b>
<b>Balance, December 31, 2023 and September 30, 2024</b>	<b>1</b>	<b>\$ 1,474</b>

**6. Property, plant and equipment**

<b>Cost</b>	<b>Data miners</b>	<b>Equipment</b>	<b>Computers</b>	<b>Total</b>
<b>Balance, December 31, 2022</b>	<b>\$ 7,936,449</b>	<b>\$ 925,374</b>	<b>\$ 12,772</b>	<b>\$ 8,874,595</b>
Disposals	(3,467,408)	(79,629)	(6,225)	(3,553,262)
<b>Balance, December 31, 2023</b>	<b>4,469,041</b>	<b>845,745</b>	<b>6,547</b>	<b>5,321,333</b>
Disposals	(1,336,307)	(329,660)	-	(1,665,967)
<b>Balance, September 30, 2024</b>	<b>\$ 3,132,734</b>	<b>\$ 516,085</b>	<b>\$ 6,547</b>	<b>\$ 3,655,366</b>

<b>Accumulated depreciation</b>	<b>Data miners</b>	<b>Equipment</b>	<b>Computers</b>	<b>Total</b>
<b>Balance, December 31, 2022</b>	<b>\$ 7,343,421</b>	<b>\$ 238,790</b>	<b>\$ 11,932</b>	<b>\$ 7,594,143</b>
Additions	-	-	840	840
Disposals	(3,289,493)	(61,046)	(6,225)	(3,356,764)
Impairment	184,038	579,079	-	763,117
<b>Balance, December 31, 2023</b>	<b>4,237,966</b>	<b>756,823</b>	<b>6,547</b>	<b>5,001,336</b>
Disposals	(1,105,232)	(249,888)	-	(1,355,120)
<b>Balance, September 30, 2024</b>	<b>\$ 3,132,734</b>	<b>\$ 506,935</b>	<b>\$ 6,547</b>	<b>\$ 3,646,216</b>

<b>Carrying amount</b>	<b>Data miners</b>	<b>Equipment</b>	<b>Computers</b>	<b>Total</b>
<b>Balance, December 31, 2023</b>	<b>\$ 231,075</b>	<b>\$ 88,922</b>	<b>\$ -</b>	<b>\$ 319,997</b>
<b>Balance, September 30, 2024</b>	<b>\$ -</b>	<b>\$ 9,150</b>	<b>\$ -</b>	<b>\$ 9,150</b>

As a result of the decline in the Bitcoin price during the year, the Company performed an evaluation of the recoverable amount of its miners as at December 31, 2022. During fiscal 2023, the Company decided to exit the bitcoin market due to the depressed Bitcoin prices at the time, and the Company performed an evaluation of the recoverable amount of its miners as at December 31, 2023. The recoverable amount of the data miners was determined based on the higher of the value in the use and fair value less costs of disposal calculation, based on specific judgement and assumptions. The fair value less costs to sell determined the recoverable amount. As a result, the Company recorded an impairment charge over its miners and related electrical equipment of \$nil (year ended December 31, 2023 - \$763,117). The impairment was based on an assessment of the performance of the data miners in relation to prevailing replacement costs and the downturn of the prices of the Company's digital currencies and the fair value of the data miners was based on quote prices of global ASIC marketplace (level 2).



**Bluesky Digital Assets Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**7. Intangible assets**

The Company is currently developing an artificial intelligence to enhance the BlueskyINTEL platform.

<b>Cost</b>	<b>Under development</b>	<b>Total</b>
<b>Balance, December 31, 2023</b>	\$ -	\$ -
Additions	1,186,387	1,186,387
<b>Balance, September 30, 2024</b>	<b>\$ 1,186,387</b>	<b>\$ 1,186,387</b>

During the nine months ended September 30, 2024, officers and directors provided 463,287 (2023: \$nil) related to the development of the intangible asset.

**8. Right-of-use assets**

The Company's right-of-use asset includes a digital mining facility in Quebec, Canada.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Balance, beginning of period</b>	<b>\$ 100,819</b>	<b>\$ 161,485</b>
Depreciation	(45,499)	(60,666)
<b>Balance, end of period</b>	<b>\$ 55,320</b>	<b>\$ 100,819</b>

**9. Lease liabilities**

A reconciliation of the carrying amount of the lease liabilities is as follows:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Balance, beginning of period	\$ 105,813	\$ 170,313
Interest expense	5,048	11,384
Lease payments	(56,913)	(75,884)
<b>Balance, end of period</b>	<b>\$ 53,948</b>	<b>\$ 105,813</b>

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Short-term lease expense	\$ 53,948	\$ 69,855
Long-term leases liabilities	-	35,958
<b>Total</b>	<b>\$ 53,948</b>	<b>\$ 105,813</b>

	<b>Under 1 year</b>	<b>Between 1 - 2 years</b>	<b>Between 3 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Buildings	\$ 53,948	\$ -	\$ -	\$ -	\$ 53,948
<b>Total</b>	<b>\$ 53,948</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,948</b>

As at September 30, 2024, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liabilities over the remaining lease terms is \$56,913.

**Bluesky Digital Assets Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2024**  
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**Unaudited**

**10. Investments**

	September 30, 2024		December 31, 2023	
	Number of shares	Estimated fair market value	Number of shares	Estimated fair market value
Workspport Ltd.	13,561	\$ 7,817	13,561	\$ 26,724
Cheetah Canyon Resources Corp.	1,698,850	-	1,698,850	-
Chess Supersite Corp	300,000	850	300,000	714
Eastwest Bioscience Inc.	658,182	16,455	658,182	16,455
Astro Airspace Ltd	500,000	-	500,000	-
Hemp Inc.	24,000,000	-	24,000,000	6,348
<b>Total</b>		<b>\$ 25,122</b>		<b>\$ 50,241</b>

**Classification**

Short-term investments	\$ 25,122	\$ 50,241
Long-term investments	-	-
<b>Total</b>	<b>\$ 25,122</b>	<b>\$ 50,241</b>

**11. Accounts payable and accrued liabilities**

	September 30, 2024	December 31, 2023
Trade and other payables	\$ 188,585	\$ 97,605
Accrued liabilities	446,342	446,092
	<b>\$ 634,927</b>	<b>\$ 543,697</b>

**12. Warrant liability**

The Company has completed the following issuances of warrants:

Closing date	October 13, 2021
Warrants issued (note 14)	1,439,646
Warrants exercised	\$ 0.430
Fair value of warrants issued	\$ 0.270
Warrant term	60 months

Details related to the warrant liability are summarized below.

	Number of warrants	Amount
<b>Balance, December 31, 2022</b> (note 1 and 14)	<b>1,439,650</b>	<b>\$ 162,156</b>
Fair value adjustment	-	(15,280)
<b>Balance, December 31, 2023</b> (note 1)	<b>1,439,650</b>	<b>146,876</b>
Fair value adjustment	-	(68,931)
<b>Balance, September 30, 2024</b>	<b>1,439,650</b>	<b>\$ 77,945</b>

**Bluesky Digital Assets Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2024**  
**(Expressed in Canadian Dollars)**  
**Unaudited**

**12. Warrant liability (continued)**

The Black-Scholes model and the inputs used in determining the values of the warrants as at September 30, 2024 and December 31, 2023 are as follows:

	<b>September 30, 2024</b>	December 31, 2023
Common share market price	\$ 0.040	\$ 0.210
Weighted average risk free interest rate	2.910 %	3.670 %
Estimated common share weighted average price volatility	171.20 %	156.80 %
Expected dividend yield	nil %	nil %
Estimated weighted average life in years	2.04	2.79

**13. Loans payable**

	<b>September 30, 2024</b>	December 31, 2023
<b>Balance, beginning of year</b>	<b>\$ 60,000</b>	\$ 94,962
Proceeds from loans payable	150,000	225,000
Equity component of convertible loans payable	-	(35,431)
Interest on loan	26,344	1,572
Repayment - other loans	(125,000)	(228,625)
Accretion	-	2,522
<b>Balance, end of period</b>	<b>\$ 111,344</b>	\$ 60,000

<b>Classification</b>	<b>September 30, 2024</b>	December 31, 2023
Short-term loans payable	\$ 111,344	\$ 60,000
Long-term loans payable	-	-
<b>Total loans payable</b>	<b>\$ 111,344</b>	\$ 60,000

**Canada Emergency Business Account (CEBA) loan**

During the year ended December 31, 2020, the Company received in Canada Emergency Business Account (CEBA), funded by the Federal Government. Starting January 18, 2024, the loan will be automatically renewed until December 31, 2026 at an interest rate of 5%.

**Other loans payable**

On December 12, 2022, the Company borrowed \$50,000 from two unrelated parties. The loans bears interest of 15% per annum and has a maturity of December 12, 2025 and is unsecured. The Company has the option to pay off the loan by issuing common stock based on the current market of the stock, but not the interest. The Company agreed to pay interest of \$312.50 per month.

Upon the receipt of the loan amount, the Company issued 238,095 common shares (Note 14). The Company used the residual value method to allocate the principal amount of the loans payable between the liability and the equity component. Under this method, an amount of \$15,038 to the equity issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of \$34,962 was computed as the present value of future principal and interests, discounted at a rate of 35%.

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**13. Loans payable (continued)**

**Other loans payable (continued)**

During the year ended December 31, 2023, the Company settled the loans in cash of \$1,750 and by issuing 230,026 shares for the remaining amount of \$48,398.

On January 25, 2023, the Company borrowed \$50,000 from two unrelated party. The loans bears interest of 15% per annum and has a maturity of January 25, 2026 and is unsecured. The Company has the option to pay off the loan by issuing common stock based on the current market of the stock, but not the interest. The Company agreed to pay interest of \$312.50 per month.

Upon the receipt of the loan amount, the Company issue 238,095 common shares (Note 14). The Company used the residual value method to allocate the principal amount of the loans payable between the liability and the equity component. Under this method, an amount of \$15,038 to the equity issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of \$34,962 was computed as the present value of future principal and interests, discounted at a rate of 35%.

During the year ended December 31, 2023, the Company repaid \$2,625 in cash on the loans and settled the remaining amount of \$48,398 by issuing 230,026 shares.

On March 15, 2023, the Company borrowed \$25,000 from an unrelated party. The loans bears interest of 15% per annum and has a maturity of March 15, 2026 and is unsecured. The Company has the option to pay off the loan by issuing common stock based on the current market of the stock, but not the interest. The Company agreed to pay interest of \$312.50 per month.

Upon the receipt of the loan amount, the Company issued 119,048 common shares (Note 14). The Company used the residual value method to allocate the principal amount of the loans payable between the liability and the equity component. Under this method, an amount of \$7,519 to the equity issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of \$17,481 was computed as the present value of future principal and interests, discounted at a rate of 35%.

During the year ended December 31, 2023, the Company settled the loans by issuing 119,048 shares for the outstanding amount of \$25,000.

During the year ended December 31, 2023, the Company borrowed \$150,000 from an unrelated party. The loans bears interest of 15% per annum. The Company has the option to pay off the loan by issuing common stock based on the current market of the stock, but not the interest. The Company agreed to pay interest of \$4,750 per month.

Upon the receipt of the loan amount, the Company issued 782,857 common shares (Note 14). The Company used the residual value method to allocate the principal amount of the loan payable between the liability and the equity component. Under this method, an amount of \$12,874 to the equity issued were recorded in consolidated statements of changes in equity. The fair value of the liability component of \$137,126 was computed as the present value of future principal and interests, discounted at a rate of 35%.

During the year ended December 31, 2023, the Company settled the loans by issuing 428,571 shares for the outstanding amount of \$150,000.

On February 16, 2024, the company entered into a loan agreement whereby it can borrow up to \$300,000 in multiple tranches. The lending rate for any funds drawn from the facility has been set to 15% per annum with the repayment to occur within 24 months after any funds have been drawn upon. In accordance with the loan agreement the Company withdrew the first tranche of \$100,000, and on May 17, 2024, the Company withdrew an additional \$50,000.

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**13. Loans payable (continued)**

**Other loans payable (continued)**

During the nine months ended September 30, 2024, the Company settled the first tranche of \$100,000 by issuing 714,286 common shares with a fair value of \$125,000 on the date of settlement for the principal and interest (note 14(b)(iii)).

**14. Share capital**

As at September 30, 2024, the Company's authorized share capital consists of unlimited number of voting common shares, 941,594 non-voting, cumulative, "Class – A" preferred shares and "Class – B" preferred shares that are redeemable at the option of the Company at fair value.

On June 7, 2024, the Company completed a 7:1 share consolidation on its common shares. All share quantities and share prices in these financial statements are stated based on their post-consolidation values, unless otherwise specified.

a) Preferred shares

<b>Class A</b>	<b>Number of preferred shares</b>	<b>Amount</b>
<b>Balance, December 31, 2022, September 30, 2023, December 31, 2023 and September 30, 2024</b>	<b>493,020</b>	<b>\$ 2,042,185</b>

**Preferred shares to be registered**

During the year ended December 31, 2020, the Company repurchased its own Class – A preferred shares from a related party through a series of multiple transactions. As at December 31, 2018 the Company had paid \$52,567 to be applied to preferred shares, which was included in other receivables. During fiscal 2020, an additional \$24,000 in cash was paid, along with issuance of 513,400 common shares with a value of \$51,330, and forgave the balance of a note receivable from an entity controlled by the related party in the amount of \$225,160. In exchange for all of these amounts, the Company received 26,500 preferred shares, with a value of \$353,057. The preferred shares certificates have been physically received but had not yet been registered back into the Company's name and are therefore held in a separate account within equity at September 30, 2024.

<b>Class B</b>	<b>Number of shares</b>	<b>Amount</b>
<b>Balance, December 31, 2022, September 30, 2023, December 31, 2023 and September 30, 2024</b>	<b>1,250</b>	<b>\$ 12,500</b>

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**14. Share capital (continued)**

b) Common shares

	Number of common shares	Amount
<b>Balance, December 31, 2022</b>	<b>9,608,354</b>	<b>\$ 21,341,453</b>
Common shares issued (i)	2,107,143	663,750
Cost of issue	-	(72,858)
Common shares issued for debt (ii) and note 13	6,754,045	1,824,170
<b>Balance, September 30, 2023</b>	<b>18,469,542</b>	<b>\$ 23,756,515</b>
<b>Balance, December 31, 2023</b>	<b>20,878,450</b>	<b>\$ 24,491,189</b>
Common shares issued for debt (iii) and note 13	11,814,256	1,362,306
<b>Balance, September 30, 2024</b>	<b>32,692,706</b>	<b>\$ 25,853,495</b>

(i) Common shares issued - 2023

During the nine months ended September 30, 2023, the Company closed a non-brokered private placement of 2,107,143 Units at a price of \$0.32 per Unit for aggregate gross proceeds of \$663,750. Each Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant (each a "Warrant"). Each Warrant entitles its holder to purchase one additional Common Share at an exercise price of \$0.46 per Common Share for a period of 24 months from the date of issue ("Closing Date"). In the event that, during the period following 24 months from the Closing Date, the volume-weighted average trading price of the Common Shares exceeds \$0.91 per Common Share for any period of 10 consecutive trading days, the Company may, at its option, following such 10-day period, accelerate the expiry date of the Warrants by issuing a press release (a "Warrant Acceleration Press Release"), and, in such case, the expiry date of the Warrants shall be deemed on the 30th day following the date of issuance of the Warrant Acceleration Press Release.

In connection with the financing, the Company paid a cash commission of \$10,260, and paid legal and other fees of \$56,840. The Company issued 21,143 warrants to brokers. Each Warrant entitling the holder thereof the ability to purchase one additional Common Share of the Company at an exercise price of \$0.46 using the Black-Scholes option pricing model with the following assumptions: expected volatility between 153%; a risk-free interest rate between 3.73%; share price at the date of the grant was between \$0.39; an expected dividend yield of Nil%; and 24 months expected term.

(ii) Common shares issued for debt - 2023

The Company issued 5,422,519 common shares, as per agreements for the total accounts payable for services and compensation for the total debt \$1,601,913 related parties. The shares closing price on the date of issuance was \$0.21 to \$0.28 per share. Therefore, the fair value of the transaction recorded in equity is \$1,700,143 and a loss on shares of \$98,230 was recorded in the unaudited condensed consolidated interim statements of loss.

The Company issued 1,010,384 common shares, for settlement of \$272,335 as per loan agreements (note 13(i)). The shares closing price on the date of issuance was \$0.21 to \$0.35 per share. Therefore, the fair value of the transaction recorded in equity is \$329,196 and a loss on shares of \$56,861 was recorded in the unaudited condensed consolidated interim statements of loss.

The Company issued an aggregate of 539,405 common shares with an estimated fair value of \$454,900 to compensate for services provided by a consultant, a former consultant, a former officer, a former director and officers of the Company.

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**14. Share capital (continued)**

(iii) Common shares issued for debt - 2024

The Company issued 10,829,970 common shares, as per agreements for the total accounts payable for services and compensation for the total debt \$1,237,306. The shares closing price on the date of issuance was \$0.05 to \$0.35 per share.

The Company issued 714,286 common shares, for settlement of \$125,000 of interest and principal (note 13). The shares closing price on the date of issuance was \$0.18 per share. Therefore, the fair value of the transaction recorded in equity is \$329,196 and a loss on shares of \$56,861 was recorded in the unaudited condensed consolidated interim statements of loss.

**15. Warrant reserve**

	Number of warrants	Fair value of warrants	Weighted average exercise price
<b>Balance, December 31, 2022</b>	<b>4,452,211</b>	<b>\$ 3,957,626</b>	<b>\$ 2.52</b>
Issued (notes 14 and (i))	3,378,286	272,633	0.42
<b>Balance, September 30, 2023</b>	<b>7,830,497</b>	<b>\$ 4,230,259</b>	<b>\$ 1.75</b>
<b>Balance, December 31, 2023</b>	<b>6,780,100</b>	<b>\$ 4,016,491</b>	<b>\$ 1.75</b>
Issued (notes 15(ii))	3,250,000	127,240	0.05
Expired	(2,748,843)	(3,528,857)	(4.61)
<b>Balance, September 30, 2024</b>	<b>7,281,257</b>	<b>\$ 614,874</b>	<b>\$ 0.89</b>

(i) On June 23, 2023, the Company granted 1,250,000 bonus warrants to officers and consultants at an exercise price of \$0.35 for a period of 3 years from the date of issuance. The estimated fair value of the warrants at the grant date was \$372,750 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model were as follows: dividend yield 0%, expected annual volatility of 163%, risk free rate of return of 4.25% and an expected life of 3 years. Share price at the date of the grant was \$0.35.

(ii) On July 12, 2024, the Company granted 3,250,000 bonus warrants to officers and consultants at an exercise price of \$0.05 for a period of 3 years from the date of issuance. The estimated fair value of the warrants at the grant date was \$127,240 using the Black-Scholes option pricing model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model were as follows: dividend yield 0%, expected annual volatility of 171%, risk free rate of return of 3.82% and an expected life of 2 years. Share price at the date of the grant was \$0.05.

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**15. Warrants reserve (continued)**

The following table reflects the warrants issued and outstanding as of September 30, 2024:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Remaining Contractual Life (years)</b>	<b>Number of Warrants Outstanding</b>	<b>Grant date Fair Value (\$)</b>
December 30, 2024	2.800	0.25	329,714	-
January 7, 2025	2.800	0.27	739,371	183,492
January 10, 2025	2.800	0.28	142,857	10,000
January 11, 2025	2.800	0.28	288,571	-
January 18, 2025	2.800	0.30	271,857	63,246
February 1, 2025	2.800	0.34	15,429	4,900
April 24, 2025	0.455	0.56	301,143	5,758
May 25, 2025	0.455	0.65	1,827,143	-
July 12, 2026	0.050	1.78	3,250,000	127,240
September 29, 2026	2.821	2.00	115,172	220,238
	<b>0.887</b>	<b>1.08</b>	<b>7,281,257</b>	<b>614,874</b>

**16. Contributed surplus**

Employee share option plan

The shareholders of the Company approved the Company's existing stock option plan, the "Plan", to be administered by the directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases.

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Company grants all employee stock options with an exercise price equal to or greater than the market value of the underlying common shares on the date of grant.

	<b>Number of stock options</b>	<b>Fair value of stock options</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2022 and September 30, 2023</b>	<b>694,167</b>	<b>\$ 2,648,042</b>	<b>\$ 2.31</b>
<b>Balance, December 31, 2023</b>	<b>651,309</b>	<b>\$ 2,611,042</b>	<b>\$ 2.03</b>
Expired	(629,761)	(2,484,639)	(1.38)
<b>Balance, September 30, 2024</b>	<b>21,548</b>	<b>\$ 126,403</b>	<b>\$ 6.10</b>



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**16. Contributed surplus (continued)**

The following table reflects the stock options issued and outstanding as of September 30, 2024:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding and Exercisable</b>	<b>Estimated fair value at grant date</b>
October 18, 2024	1.05	0.05	9,048	12,743
May 5, 2026	10.08	1.59	10,119	98,160
June 19, 2027	8.40	2.72	2,381	15,500
	<b>6.10</b>	<b>1.07</b>	<b>21,548</b>	<b>126,403</b>

**17. General and administrative**

	<b>Three months ended September 30, 2024</b>		<b>Nine Months ended September 30, 2023</b>	
<b>Other items</b>				
Management fees (note 19)	\$ 84,122	\$ 203,585	\$ 172,779	\$ 468,004
Loan interest and fees	1,715	2,689	31,392	10,924
Consulting and other professional fees (note 19)	14,978	54,824	57,106	161,170
General and administration	3,701	13,506	11,541	25,791
Marketing and investor relations	1,805	277,604	49,177	1,263,552
Travel and accommodations	-	335	-	335
Legal and audit	30,825	67,780	43,325	344,335
Transfer agent and filing fees	15,134	11,641	48,822	46,974
Non-recoverable input tax credits	-	17,697	-	192,950
<b>Total general and administrative</b>	<b>\$ 152,280</b>	<b>\$ 649,661</b>	<b>\$ 414,142</b>	<b>\$ 2,514,035</b>

**18. Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2024, was based on the loss attributable to common shareholders of \$276,744 and \$695,172, respectively (three and nine months ended September 30, 2023 - \$686,292 and \$3,242,917, respectively) and the weighted average number of common shares outstanding of 26,435,956 and 24,521,399, respectively (three and nine months ended September 30, 2023 - 15,106,478 and 11,961,000, respectively). Diluted loss per share did not include the effect of 7,281,257 warrants or 21,548 stock options for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 - 7,830,497 warrants or 694,167 stock options) as their effect is anti-dilutive.

**19. Related party transactions**

Key management personnel includes the Board of Directors of the Company, officers, and close family members and enterprises which are controlled by these individuals, as well as certain persons performing similar functions.

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**19. Related party transactions (continued)**

Remuneration of directors and key management personnel, other than consulting fees, of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Management and intangible asset consulting	\$ 253,623	\$ 182,585	\$ 636,066	\$ 375,504
Consulting and other professional fees	8,342	11,695	57,026	57,941
Share-based payments	127,240	-	127,240	266,875
	<b>\$ 389,205</b>	<b>\$ 194,280</b>	<b>\$ 820,332</b>	<b>\$ 700,320</b>

**20. Subsequent event**

On October 28, 2024, the Corporation settled \$210,000 CAD in debt owed to two creditors via the issuance of 3,500,000 Common Shares issued at a price of \$0.06 CAD per Common Share.

On November 5, 2024, the Corporation raised \$200,000 CAD via the sale of 4,000,000 Units at a price of \$0.05 CAD per Unit. The Units contained 1 Common Share and 1 Warrant entitling the holder of the Warrant to purchase 1 additional Common Share at a price of \$0.065 CAD for 24 months.

On November 7, 2024, the Corporation settled \$150,000 CAD in debt owed to one creditor via the issuance of 3,000,000 Common Shares issued at a price of \$0.05 CAD per Common Share.

On November 7, 2024, the Corporation raised \$35,000 CAD via the sale of 700,000 Units at a price of \$0.05 CAD per Unit. The Units contained 1 Common Share and 1 Warrant entitling the holder of the Warrant to purchase 1 additional Common Share at a price of \$0.065 CAD for 24 months.

On November 13, 2024, the Corporation raised \$55,250 CAD via an exercise of 850,000 Warrants. The Warrants were exercised at a price of \$0.065 CAD per Warrant.

On November 13, 2024, the Corporation raised \$4,550 CAD via an exercise of 70,000 Broker Warrants. The Broker Warrants were exercised at a price of \$0.065 CAD per Broker Warrant.

On November 18, 2024, the Corporation raised \$260,000 CAD via an exercise of 4,000,000 Warrants. The Warrants were exercised at a price of \$0.065 CAD per Warrant.

On November 25, 2024, the Corporation raised \$100,000 CAD via an exercise of 2,000,000 Performance Warrants. The Performance Warrants were exercised at a price of \$0.05 CAD per Performance Warrant.

On November 26, 2024, the Corporation raised \$5,200 CAD via an exercise of 11,428 Broker Warrants. The Broker Warrants were exercised at a price of \$0.455 CAD per Broker Warrant.

On November 26, 2024, the Corporation raised \$383,174 CAD via an exercise of 842,142 Warrants. The Warrants were exercised at a price of \$0.455 CAD per Warrant.

On November 29, 2024, the Corporation raised \$383,174 CAD via an exercise of 842,142 Warrants. The Warrants were exercised at a price of \$0.455 CAD per Warrant.

On November 29, 2024, the Corporation raised \$62,500 CAD via an exercise of 1,250,000 Performance Warrants. The Performance Warrants were exercised at a price of \$0.05 CAD per Performance Warrant.

Bluesky Digital Assets Corp.  
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