



BIGG DIGITAL ASSETS INC.

**Condensed Consolidated Interim Financial Statements
For the Nine Months ended September 30, 2023 and 2022**

(Expressed in Canadian dollars)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of BIGG Digital Assets Inc. for the three and nine month periods ended at September 30, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board, and are the responsibility of management.

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

BIGG DIGITAL ASSETS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian dollars



As at	Note	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
ASSETS			
Current			
Cash and cash equivalents		\$ 5,407,112	\$ 5,678,236
Restricted cash	5	6,140,083	5,741,137
Accounts and other receivables		960,896	2,206,486
Digital currency inventory	6	63,336,533	39,591,608
Prepays		990,634	666,196
Total current assets		76,835,258	53,883,663
Digital currencies	7	1,328,736	3,126,394
Investments	8	281,839	368,537
Investment in associate	9	-	7,143,760
Derivative financial asset	10	-	942,865
Investment tax credits receivable		175,325	175,325
Intangible assets	11	698,961	121,909
Goodwill	11	17,797,436	1,071,851
Right-of-use asset	12	13,134	23,685
Equipment	14	425,888	544,638
Total assets		\$ 97,556,577	\$ 67,402,627
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	15, 17	\$ 2,678,529	\$ 3,402,754
Income tax payable		162,606	153,410
Contract liability		353,202	409,543
Customer deposits – cash		6,071,895	5,658,637
Customer deposits – digital currency		56,236,033	34,622,369
Lease liability	13	14,669	28,644
Total current liabilities		65,516,934	44,275,357
Non-Current liabilities			
Lease liability	13	-	7,264
Total liabilities		65,516,934	44,282,621
Equity			
Share capital	16	113,187,278	98,784,811
Equity reserves	16	15,705,287	12,466,125
Accumulated other comprehensive income		1,423,055	66,085
Deficit		(98,275,977)	(88,197,015)
Total equity		32,039,643	23,120,006
Total liabilities and equity		\$ 97,556,577	\$ 67,402,627

Going Concern [note 1]

Contingent liability [note 20]

On behalf of the Board:

“Lance Morginn”

Director

“Kim Evans”

Director

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

BIGG DIGITAL ASSETS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS
(Unaudited)
Expressed in Canadian dollars



	Notes	Three months ended		Nine months ended	
		Sept 30, 2023	Sept 30, 2022	Sept 30, 2023	Sept 30, 2022
Revenue					
Subscription revenue		\$ 325,972	\$ 406,037	\$ 913,144	\$ 1,113,160
Service revenue		60,340	113,215	209,422	442,569
Transaction revenue	6	1,052,235	1,003,398	3,190,474	4,723,800
		1,438,547	1,522,650	4,313,040	6,279,529
Cost of sales					
		98,930	70,595	215,602	266,101
		1,339,617	1,452,055	4,097,438	6,013,428
Expenses					
Acquisition costs		135,917	-	135,917	-
Advertising and promotion		164,008	461,907	1,403,176	5,353,150
Amortization and depreciation	11, 12, 14	77,362	78,668	216,733	328,944
Bad debt		(1,874)	25,934	13,631	25,934
Business operations expense		507,154	113,039	553,440	1,812,441
Consulting		21,623	393,820	163,807	764,412
Director's fees	17	27,967	27,926	83,901	83,779
Office and administration		779,763	703,610	2,429,424	2,108,193
Professional fees		556,793	312,428	1,394,682	1,423,090
Regulatory and listing fees		28,834	23,846	72,303	60,933
Research and development		264,071	246,292	800,020	666,440
Share-based compensation	17	309,010	288,733	2,150,831	1,463,263
Shareholder communications		5,445	4,589	11,929	12,152
Travel		1,113	47,427	13,726	55,352
Wages and benefits	17	2,028,190	1,968,597	6,393,833	5,555,937
Loss from operating activities		(3,565,759)	(3,244,761)	(11,739,915)	(13,700,592)
Other Income (Expenses)					
Interest income		36,915	58,594	124,520	118,586
Foreign exchange (loss) gain		(154,320)	45,130	(357,117)	59,629
Gain on sale of investments	8	544,393	-	544,393	145,084
Loss on derivative financial asset		(523,435)	-	(523,435)	-
Gain (loss) on sale of digital currencies		(223,072)	2,426	244,890	2,281
Gain (loss) on sale of digital currency inventory		99,867	(213,055)	102,879	(2,906,498)
Unrealized (loss) gain on equity investments	8	32,202	(1,105,841)	(3,718)	(403,372)
Unrealized gain on digital currencies		60,900	-	81,988	-
Unrealized (loss) gain on digital currency inventory		(783,606)	3,121,824	2,862,251	(10,101,566)
Share of loss from investment in associate	9	(657,503)	(631,049)	(1,415,232)	(1,953,496)
Other		645	(1,381)	645	(1,381)
Loss before income taxes		\$ (5,132,773)	\$ (1,968,113)	\$ (10,077,851)	\$ (28,741,325)
Income tax expense		100	-	1,111	-
Net loss for the period		\$ (5,132,873)	\$ (1,968,113)	\$ (10,078,962)	\$ (28,741,325)
Basic and diluted loss per common share		\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.12)
Weighted average number of common shares outstanding		256,770,296	248,494,724	255,729,944	247,707,029

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

BIGG DIGITAL ASSETS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
Expressed in Canadian dollars



	Three months ended		Nine months ended	
	Sept 30, 2023	Sept 30, 2022	Sept 30, 2023	Sept 30, 2022
Net loss for the period	\$ (5,132,873)	\$ (1,968,113)	\$ (10,078,962)	\$ (28,741,325)
Other comprehensive income (loss)				
<i>Items that will not be reclassified to profit or loss</i>				
Unrealized gain (loss) on digital currencies	31,528	352,816	1,435,226	(9,150,441)
Unrealized gain (loss) on investment in associate	(56,054)	-	(57,459)	195,000
<i>Item that may be reclassified to profit or loss</i>				
Currency translation adjustment	14,253	(2,065)	(20,797)	(3,750)
Other comprehensive income (loss) for the period	(10,273)	350,751	1,356,970	(8,959,191)
Comprehensive loss for the period	\$ (5,143,146)	\$ (1,617,362)	\$ (8,721,992)	\$ (37,700,516)

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

BIGG DIGITAL ASSETS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
Expressed in Canadian dollars



	Share capital		Equity Reserves	Revaluation Reserve	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount					
Balance at December 31, 2021	244,853,494	\$ 96,095,693	\$ 12,196,305	\$ 4,702,564	\$ (3,589)	\$ (44,043,833)	\$ 68,947,140
Shares issued on warrant exercises	1,202,100	374,327	(18,833)	-	-	-	355,494
Advance share subscriptions <i>[note 16]</i>	-	(4,000)	-	-	-	-	(4,000)
Shares issued on option exercises	2,868,108	959,069	(443,032)	-	-	-	516,037
Share issue costs	-	(8,024)	-	-	-	-	(8,024)
Share-based compensation	-	-	1,463,263	-	-	-	1,463,263
Loss for the year	-	-	-	-	-	(28,741,325)	(28,741,325)
Other comprehensive loss	-	-	-	(8,955,441)	(3,750)	-	(8,959,191)
Balance at September 30, 2022	248,923,702	\$ 97,417,065	\$ 13,197,703	\$ (4,252,877)	\$ (7,339)	\$ (72,785,158)	\$ 33,569,394
Balance at December 31, 2022	253,785,401	\$ 98,784,811	\$ 12,466,125	\$ 57,459	\$ 8,626	\$ (88,197,015)	\$ 23,120,006
Shares issued for TerraZero acquisition <i>[note 4]</i>	62,305,177	14,018,665	1,275,223	-	-	-	15,293,888
Shares issued on option exercises	1,925,000	388,892	(186,892)	-	-	-	202,000
Share issue costs	-	(5,090)	-	-	-	-	(5,090)
Share-based compensation	-	-	2,150,831	-	-	-	2,150,831
Loss for the period	-	-	-	-	-	(10,078,962)	(10,078,962)
Other comprehensive income (loss)	-	-	-	1,377,767	(20,797)	-	1,356,970
Balance at September 30, 2023	318,015,578	\$ 113,187,278	\$ 15,705,287	\$ 1,435,226	\$ (12,171)	\$ (98,275,977)	\$ 32,039,643

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

BIGG DIGITAL ASSETS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
Expressed in Canadian dollars



	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	\$ (10,078,962)	\$ (28,741,325)
Restricted cash	(398,946)	(396,412)
Items not involving cash		
Amortization and depreciation	216,733	328,944
Income tax expense	(9,196)	-
Share-based compensation	2,150,831	1,463,263
Foreign exchange loss	480	(20,580)
Gain on sale of digital currencies	(244,890)	(2,281)
Gain on sale of investments	-	(145,084)
Loss (gain) loss on the sale of digital currency inventory	(102,879)	2,906,498
Loss on derivative financial asset	523,435	-
Gain on investment in associate	(544,393)	-
Unrealized loss on equity investments	3,718	403,372
Unrealized gain on digital currencies	(81,988)	-
Unrealized loss (gain) on digital currency inventory	(2,862,251)	10,101,566
Share of loss from investment in associate	1,415,232	1,953,496
Other	1,888	5,128
Changes in non-cash working capital items:		
Accounts and other receivables	1,245,590	(557,558)
Prepays	(324,438)	170,823
Accounts payable and accrued liabilities	(724,225)	(356,431)
Contract liability	(56,341)	69,919
Customer deposits	22,026,922	(29,759,995)
Digital currency inventory	(20,406,850)	(12,034,993)
Net cash used in operating activities	(8,250,530)	(54,611,650)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	(57,105)	(294,704)
Purchase of investments	-	(2,070,543)
Purchase of digital currencies	(160,570)	(247,901)
Investment in associate	-	(9,882,500)
Proceeds from sale of investments	-	203,635
Proceeds from sale of digital currencies	3,720,331	126,136
Proceeds from sale of digital currency inventory	-	38,302,012
Cash and cash equivalents received on acquisition of TerraZero	4,303,109	-
Net cash from investing activities	7,805,765	26,136,135
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	202,000	871,531
Advance share subscriptions	-	(4,000)
Share issue costs	(5,090)	(8,024)
Lease payments	(23,127)	(22,765)
Net cash from financing activities	173,783	836,742
Change in cash for the period	(270,982)	(27,638,773)
Cash, beginning of period	5,678,236	31,846,032
Effect of foreign exchange on cash	(142)	24,423
Cash, end of period	\$ 5,407,112	\$ 4,231,682

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

1. NATURE OF OPERATIONS AND GOING CONCERN

BIGG Digital Assets Inc. (the “Company” or “BIGG”), was incorporated on October 17, 2014 under the *Business Corporations Act* (British Columbia). On November 30, 2017, the Company acquired Blockchain Technology Group Inc. (“BTGI”) through a reverse acquisition transaction. BTGI was incorporated under the *Business Corporations Act* (British Columbia) on May 31, 2010. On September 26, 2019, the Company changed its name to BIGG Digital Assets Inc. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BIGG”. The Company’s head office and principal place of business is Suite 1220 - 1130 West Pender Street, Vancouver, BC, Canada.

On August 1, 2023, the Company incorporated a new subsidiary entity, 1431224 B.C. Ltd. (“Subco”), to complete the acquisition of TerraZero Technologies Inc. and all of its subsidiaries (“TerraZero”). At closing of the acquisition on September 28, 2023, TerraZero was then immediately amalgamated into Subco, and the amalgamated entity adopted the name TerraZero Technologies Inc. (the “TerraZero Acquisition”, Note 4). TerraZero is a vertically integrated Metaverse development group and leading Web3 technology company specializing in helping brands create immersive experiences.

The Company’s principal business activity is investing in products and companies within the cryptocurrency industry. It has three operating divisions which provide blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally, brokerage and exchange software to make the purchase and sale of cryptocurrency easily accessible to the mass consumer and investor with a focus on compliance and safety, and immersive metaverse experiences.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. For the period ended September 30, 2023, the Company reports net loss of \$10,078,962, negative cash flow from operations of \$8,250,530 and an accumulated deficit of \$98,275,977.

The Company has incurred losses and has had negative cash flows from operations since inception that have primarily been funded through financing activities. The Company continues to rely on financing through equity raises or debt instruments to support its operations and expects to do so until the business operates with sufficient cash flows from operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive, or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing. These factors indicate a material uncertainty and may cast a significant doubt on the Company’s ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. As a result, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated annual financial statements for the year ended December 31, 2022. Changes to significant accounting policies have been described in Note 4 of these condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on November 28, 2023.

2. BASIS OF PRESENTATION (cont'd...)

b) Basis of Measurement

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Blockchain Technology Group Inc., 2140 Software Solutions Inc., BitRank Verification Services Inc., Dark Fibre Systems Inc., QLUÉ Forensic Systems Inc., CFC Digital Inc., BIG Blockchain Intelligence Group Inc. (Texas), 1208810 B.C. Ltd., Netcoins Inc., NTC Holdings Corp., Netcoins USA, Inc., TerraZero Technologies Inc., and TerraZero Technologies US Inc. The accounts of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies, critical accounting estimates and judgments adopted in the audited financial statements for the year ended December 31, 2022. Relevant changes to the Company's significant accounting principles and significant accounting judgments which occurred are as follows:

Cash and cash equivalents

Cash and cash equivalents consist of cash held with banks and highly liquid short-term investments in high interest saving accounts which can be withdrawn at any time, which, in the opinion of management, is subject to an insignificant risk of changes in value. As at September 30, 2023, the Company held cash and Guaranteed Investment Certificates ("GIC").

Changes to segment information reporting

The Company has previously reported three business segments: Parent, Blockchain, and Netcoins. With the TerraZero acquisition (Note 4), the Company now has four business segments.

4. ACQUISITION OF TERRAZERO

On September 28, 2023, the Company completed the acquisition of TerraZero Technologies Inc. and its subsidiaries by purchasing all of the issued and outstanding shares of TerraZero not already owned by the Company. TerraZero is a leader in the Web3/Metaverse sector, developing metaverse projects for Fortune 500 brands across the industries of finance, beauty, consumer packaged goods, food and beverage, and others. The acquisition of TerraZero enhances the Company's position as a diversified digital assets company.

Pursuant to a definitive amalgamation agreement, the Company issued 62,305,177 common shares to TerraZero shareholders, based on an exchange ratio of 1.6886 BIGG share for each TerraZero share held (the "Exchange Ratio"). The BIGG shares were valued at the market price per common share at closing of the Acquisition. Certain of the BIGG shares are subject to escrow restrictions (Note 16). TerraZero was amalgamated with 1431224 B.C. Ltd., a newly incorporated subsidiary entity of the Company, and the amalgamated entity adopted the name TerraZero Technologies Inc.

The Acquisition has been accounted for as a business combination. The assets acquired and the liabilities assumed are to be recorded at their estimated fair value at the acquisition date, in accordance with IFRS 3, *Business Combinations*. IFRS 3 allows for a measurement period, which shall not exceed one year from the acquisition date, in which the Company may gather the information necessary to record the acquisition in accordance with IFRS 3. At September 28, 2023, the Company is still in the measurement phase. As management completes its assessment of the fair value of net assets acquired and liabilities assumed, there could be material adjustments to the assets and liabilities.

4. ACQUISITION OF TERRAZERO (cont'd...)

The preliminary allocation of purchase consideration is as follows:

	September 28, 2023
Fair value of assets and liabilities acquired:	
Cash and cash equivalents	\$ 4,303,109
Accounts and other receivables	258,401
Contract asset	45,780
Prepays	312,018
Equipment	3,184
Intangible assets	604,193
Accounts payable and accrued liabilities	(231,784)
Income tax payable	(9,193)
Contract liability	(12)
Identifiable net assets acquired	\$ 5,285,696
Consideration	\$ 22,011,281
Goodwill	\$ 16,725,585
The consideration consists of the following components:	
Fair value of previously held interest (i)	6,717,393
Share consideration	14,018,665
Stock options consideration	1,013,225
Warrants consideration	261,998
	\$ 22,011,281

- (i) Remeasurement at fair value of the Company's previously held interests in TerraZero resulted in the recognition of a \$654,391 loss in earnings, which is presented under the statement of comprehensive loss.

As part of the transaction, the Company replaced the existing stock options and warrants of TerraZero, after giving effect to the Exchange Ratio, with those of the Company. The fair value of the TerraZero options and warrants already vested as of the date of acquisition has been incorporated into the purchase price consideration.

The following assumptions were used in the calculation of the fair value of options per the Black-Scholes option pricing model:

Share price at measurement date	\$0.38
Risk-free interest rate	4.30%
Exercise Price	\$0.15 to \$0.70
Expected life of options	3.69 years
Expected volatility	100%
Dividend yield	Nil

The following assumptions were used in the calculation of the fair value of 965,952 warrants per the Black-Scholes option pricing model:

Share price at measurement date	\$0.38
Risk-free interest rate	4.68%
Exercise Price	\$0.70
Expected life of warrants	9.74 years
Expected volatility	100%
Dividend yield	Nil

4. ACQUISITION OF TERRAZERO (cont'd...)

The resulting goodwill is attributable to certain intangible assets, including synergies from combining operations, expected growth, value of its assembled workforce and the highly specialized nature of the acquired business, which do not qualify for separate recognition, and the fact that additional value is generated through the collective use of the acquired assets rather than individually. Goodwill is included in the business segment and is not expected to be deductible for tax purposes.

The Company applied a cost approach, specifically a historical cost approach, for measuring the fair value of the intangible assets. This valuation method used the historical costs, less impairment, of the digital land held by TerraZero,

Acquisition-related costs of \$135,917, recorded to professional fees, are not included as part of consideration transferred and have been recognized as an expense in the condensed consolidated interim statements of loss.

TerraZero has contributed \$Nil in revenue and incurred a loss of \$41,251 to total comprehensive loss since the acquisition date.

5. RESTRICTED CASH

	September 30, 2023	December 31, 2022
TD GIC – Visa credit lines	\$ 82,500	\$ 82,500
Customer cash deposits held in trust	6,057,583	5,658,637
	\$ 6,140,083	\$ 5,741,137

At September 30, 2023, the Company held restricted cash of:

- (a) \$82,500 (December 31, 2022 - \$82,500) in a Guaranteed Investment Certificate (GIC), at an interest rate of 4.76% with a maturity date of October 4, 2023, pursuant to a demand operating facility agreement with the Toronto-Dominion Bank, to support Visa credit lines of \$75,000; and,
- (b) \$6,057,583 (December 31, 2022 - \$5,658,637) in customer cash deposits which is held in trust and represents the aggregate customer cash holdings on deposit in the Netcoins App.

6. DIGITAL CURRENCY INVENTORY

The Company holds digital currencies as inventory as follows:

	September 30, 2023	December 31, 2022
Bitcoin	\$ 25,315,293	\$ 14,297,995
Ethereum	14,842,939	11,233,476
XRP	15,046,413	8,387,384
USDC	526,530	771,980
LTC	1,079,396	1,123,641
XLM	1,251,888	551,191
BCH	487,556	384,430
DOGE	432,152	350,304
SHIB	651,941	437,739
SOL	655,074	104,556
Other digital currencies	3,047,351	1,948,912
	\$ 63,336,533	\$ 39,591,608

During the period ended September 30, 2023 total proceeds from digital currency inventory sold were \$177,131,839 and the total cost of digital currency inventory sold was \$173,941,365 resulting in a net revenue from digital currency brokerage sales of \$3,190,474 (2022 - \$4,723,800).

BIGG DIGITAL ASSETS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Expressed in Canadian dollars
For the Nine Months ended September 30, 2023



7. DIGITAL CURRENCIES

The Company holds digital currencies as investments as follows:

		Digital currencies (units)									
		Bitcoin	Solarcoin	Bitcoin Cash	Bitcoin Gold	Bitcoin SV	Lumen	USDT	USDC	XDC	Other
Balance, December 31, 2021	\$ 16,758,928	282.79	25,916.45	21.53	25.20	52.88	529.93	93,434.84	-	519,740.67	14.77
Digital currencies purchased or received ⁽ⁱ⁾	268,169	2.66	-	-	-	-	-	14,789.36	13,512.21	1,860,569.00	4.12
Traded for cash or digital currencies ⁽ⁱⁱ⁾	(3,388,288)	(150.15)	-	-	-	(27.92)	(5.00)	(106,890.20)	(8,816.00)	(140,000.00)	(5.59)
Used for research and development ⁽ⁱⁱⁱ⁾	(3,392)	(0.08)	-	(0.05)	-	-	-	(635.00)	-	-	-
Gain on sale of digital currencies ^(iv)	(4,439,565)	-	-	-	-	-	-	-	-	-	-
Revaluation of digital currencies ^(iv)	(6,069,458)	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2022	\$ 3,126,394	135.22	25,916.45	21.48	25.20	24.96	524.93	699.00	4,696.21	2,240,309.67	13.30
Digital currencies purchased or received ⁽ⁱ⁾	246,855	0.83	-	-	-	-	-	-	98,440.14	2,240,300.00	-
Traded for cash or digital currencies ⁽ⁱⁱ⁾	(5,554,068)	(104.27)	-	(21.48)	-	-	(524.93)	(699.00)	(102,981.35)	(2,240,334.66)	(9.00)
Used for research and development ⁽ⁱⁱⁱ⁾	(3,052)	(0.06)	-	-	-	-	-	-	(155)	-	-
Loss on sale of digital currencies ^(iv)	244,889	-	-	-	-	-	-	-	-	-	-
Revaluation of digital currencies ^(iv)	3,267,718	-	-	-	-	-	-	-	-	-	-
Balance, September 30, 2023	\$ 1,328,736	31.72	25,916.45	-	25.20	24.96	-	-	-	2,240,275.00	4.30

- (i) During the period ended September 30, 2023, the Company purchased or received 0.83 Bitcoin valued at \$22,800 (2022 – 1.99 Bitcoin valued at \$85,170), 98,440.14 USDC valued at \$135,817 (2022 – 11,637.21 USDC valued at \$15,177) and 2,240,300.00 XDC valued at \$88,238 (2022 - 1,860,569 XDC valued at \$113,770). In the same period of the prior year, the Company received 14,090.36 USDT valued at \$17,550 and 4.12 ETH valued at \$16,234.
- (ii) During the period ended September 30, 2023, the Company exchanged digital currencies for cash and other services as follows: 104.27 Bitcoin valued at \$5,313,571, 21.48 Bitcoin Cash valued at \$9,352, 524.93 Lumen valued at \$85, 699.00 USDT valued at \$955, 102,981.35 USDC valued at \$141,868 and 2,240,300.00 XDC valued at \$88,238. In the same period of the prior year, the Company exchanged digital currencies for cash and other services as follows: 27.92 Bitcoin SV valued at \$6,719; 140,000.00 XDC valued at \$12,464 were exchanged for 7,404.81 USDT valued at \$7,414; 107,525.20 USDT for proceeds of \$137,949. As well, the Company wrote-off various digital currencies of 43.66 units valued at \$3 (2022 - \$145).
- (iii) During the period ended September 30, 2023, the Company used 0.06 BTC valued at \$2,879 and 155 USDC valued at \$173 for research and development purposes. In the prior year, the Company used 0.06 Bitcoin valued at \$2,494, 0.06 BCH valued at \$24, and 635 USDT valued at \$817 for research and development testing.
- (iv) Digital currencies held are revalued each reporting period based on the fair market value of the price of the digital currencies on the reporting date. As at September 30, 2023, a revaluation gain of \$1,403,698 (2022 – loss of \$9,138,371) was recorded to other comprehensive income. A gain of \$244,889 (2022 – loss of \$145) was realized on disposal of coins and an unrealized gain of \$81,988 (2022 - \$Nil) was recorded to the consolidated statement of comprehensive loss.

8. INVESTMENTS

At September 30, 2023 and December 31, 2022, the Company held the following equity investments:

	September 30, 2023				December 31, 2022			
	Shares #	Warrants #	Cost \$	Fair Value \$	Shares #	Warrants #	Cost \$	Fair Value \$
LQwD FinTech Corp.	28,600	14,300	100,100	11,440	28,600	14,300	100,100	15,158
TerraZero Technologies Inc.	-	-	-	-	1,650,000	-	82,500	82,500
ZenLedger Inc.	70,062	-	251,859	270,399	70,062	-	251,859	270,879
Luxxfolio Holdings Inc.	-	12,500,000	944,643	-	-	12,500,000	944,643	-
Totals	98,662	12,514,300	1,296,602	281,839	1,748,662	12,514,300	1,379,102	368,537

During the period ended September 30, 2023, the Company:

- held a total of 28,600 units of LQwD FinTech Corp. (“LQwD”) at a cost of \$100,100. On November 14, 2022, LQwD completed a 10:1 share consolidation which reduced the Company’s holdings to 28,600 common shares and 14,300 share purchase warrants. Each share purchase warrant entitles the Company to acquire an additional common share of LQwD at a price of \$5.00 until October 28, 2023. LQwD, a publicly traded company listed on the TSX Venture Exchange under the symbol LQWD, is Lightning Network, layer-two software developer. At September 30, 2023 and December 31, 2022, it was related via a director in common;
- a total of 1,650,000 preferred shares of TerraZero Technologies Inc. (“TerraZero”), acquired at a cost of \$82,500, were remeasured at fair value pursuant to the TerraZero Acquisition (Note 4). This previously held investment is considered part of what was given up by the Company to obtain control of TerraZero. Accordingly, the fair value of the investment is included in the determination of goodwill;
- held a total of 70,062 shares of Series A preferred stock in ZenLedger, Inc. (“ZenLedger”) at a cost of \$251,859 (USD\$199,999). The valuation of the ZenLedger securities, which are unlisted, has been measured using the market approach which was unchanged. During the period ended September 30, 2023, a foreign exchange loss of \$480 (2022 - gain of \$20,580) was recorded. ZenLedger, Inc., a US-based company, is a leading cryptocurrency tax platform; and,
- held 12,500,000 share purchase warrants of Luxxfolio Holdings Inc (“Luxxfolio”) which entitles it to acquire 12,500,000 common share of Luxxfolio at a price of \$0.21 until June 8, 2024; however, given that Luxxfolio has suspended its operations and is actively seeking to restructure and/or refinance the Company has written-down its investment to \$Nil. Luxxfolio, a publicly traded company listed on the Canadian Securities Exchange, operated an industrial scale cryptocurrency mining facility in the United States powered primarily by renewable energy, with a focus on Bitcoin mining and generating digital assets on the blockchain ecosystem.

The Company records its investments as FVTPL. During the period ended September 30, 2023, the Company recorded a loss of \$3,718 (2022 – loss of \$403,372) on revaluation of its securities to their fair market value.

9. INVESTMENT IN ASSOCIATE

At December 31, 2021, the Company held an aggregate 650,000 common shares of TerraZero at a cost of \$200,000 and fair value of \$260,000.

On February 9, 2022, the Company acquired an additional 14 million common shares and 2 million warrant exercisable at \$0.90 per warrant share for a period of five years (the “TerraZero Warrant”), at a cost of \$9,800,000, representing a 31.81% ownership interest in TerraZero. In connection with this transaction, the Company and TerraZero entered into an Investor Rights Agreement entitling the Company to propose one member of three of the TerraZero Board of Directors.

On September 7, 2022, the Company acquired 1,650,000 preferred shares at a cost of \$82,500, bringing the Company’s equity stake in TerraZero to 14,650,000 common shares, 2 million warrants and 1,650,000 preferred shares at an aggregate cost of \$10.08 million.

The Company applied equity accounting to the investment in the common shares of TerraZero as the Company had significant influence over TerraZero due to the Company’s share ownership and representation on TerraZero’s Board of Directors. As a result, the investment was recognized at cost with the carrying amount of the investment increasing or decreasing at each reporting period to recognize the Company’s share of the net income or loss of TerraZero for the particular period.

A gain or loss on the dilution of the Company’s investment in TerraZero is calculated as the difference between the Company’s ownership interest in the consideration received by the investee for the issuance of new shares and the reduction in ownership interest in the previous carrying amount.

TerraZero, a private company is a private Canadian company incorporated under the laws of British Columbia on May 28, 2021, is involved in developing, acquiring and financing entities, entrepreneurs and developers actively engaged in the Metaverse. No quoted market prices were available for its shares. It has a December 31 year-end, the same as the Company. There were no mutual transactions outside of the Company’s equity investment into TerraZero.

On completion of the TerraZero Acquisition (Note 4), the investment was remeasured at fair value and subsequently derecognized. This previously held investment is considered part of what was given up by the Company to obtain control of TerraZero. Accordingly, the fair value of the investment is included in the determination of goodwill.

The following table summarizes the Company’s investment accounted for using the equity method:

	September 30, 2023	September 30, 2022
Balance, beginning of year	\$ 7,143,761	\$ -
Additions		
Initial investment in TerraZero	-	9,347,072
Share of loss in investment accounted for using the equity method:		
Share of investee’s loss	(1,478,786)	(1,953,496)
Associate revaluations	6,095	-
Derecognition of investment on acquisition (Note 4)	(5,671,070)	-
Balance, end of period	\$ -	\$ 7,393,576

As at September 30, 2023, the Company’s percentage of ownership in TerraZero was 100% (September 30, 2022 – 30.49%).

9. INVESTMENT IN ASSOCIATE (cont'd...)

The following table summarizes the financial information of TerraZero as included in its own financial statements, adjusted for fair value adjustments at acquisition. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in TerraZero:

	September 30, 2022	December 31, 2022
Current assets	\$ 4,824,855	\$ 9,102,059
Non-current assets	607,359	536,682
Current liabilities	(209,853)	(706,274)
Net assets	\$ 5,222,361	\$ 8,932,467
	January 1 to September 30, 2023	Year ended December 31, 2022
Revenue	\$ 1,510,829	\$ 939,638
Net loss from continuing operations (100%)	\$ (4,905,520)	\$ (8,690,290)
Other comprehensive (loss) income (100%)	20,089	10,228
Total comprehensive loss (100%)	(4,885,431)	(8,680,062)
Company's share of total comprehensive loss	(1,478,786)	(2,178,270)
Opening balance	\$ 7,143,761	\$ -
Initial investment in TerraZero	-	455,000
Step up investment in TerraZero	-	8,809,572
Total investments in TerraZero	7,143,761	9,264,572
Share of loss in investment accounted for using the equity method:		
Share of investee's loss	(1,478,786)	(2,178,270)
Gain from dilution of interest in associate	-	54,356
Revaluation of assets	6,095	3,103
Derecognition of investment on acquisition of control (Note 4)	(5,671,070)	-
Carrying amount of investment in associate	\$ -	\$ 7,143,761
Company's share of:		
Net loss from continuing operations	\$ (1,478,786)	\$ (2,178,270)
Other comprehensive income	63,554	51,750
Total other comprehensive loss	\$ (1,415,232)	\$ (2,126,520)

10. DERIVATIVE FINANCIAL ASSET

The Company determined that the TerraZero Warrant is classified as a derivative financial instrument on the consolidated statements of financial position, fair valued using the Black-Scholes valuation model at initial recognition, and subsequently remeasured to fair value as at each reporting date. Any change in the fair value of the derivative is recognized to revaluation loss (gain) in the consolidated statements of comprehensive income (loss).

On completion of the TerraZero Acquisition (Note 4), the derivative financial instrument was remeasured at fair value and subsequently derecognized. This previously held investment is considered part of what was given up by the Company to obtain control of TerraZero. Accordingly, the fair value of the investment is included in the determination of goodwill.

10. DERIVATIVE FINANCIAL ASSET (cont'd...)

The following table summarizes the derivative financial asset for the nine months ended September 30, 2023 and year ended December 31, 2022:

	September 30, 2023	December 31, 2022
Balance, beginning of year	\$ 942,865	\$ -
Additions	-	990,428
Change in fair value due to revaluation of derivative financial asset	(523,435)	(47,563)
Derecognition of asset on acquisition of control (Note 4)	(419,430)	
Balance, end of period	\$ -	\$ 942,865

The Company used the Black-Scholes option pricing model to calculate the fair value of the warrants held in TerraZero. The Company used the following assumptions to fair value the warrants:

Share price at measurement date	\$0.70
Risk-free interest rate	4.30%
Exercise Price	\$0.90
Expected life of options	3.37 years
Expected volatility	115.62%
Dividend yield	Nil

11. GOODWILL & INTANGIBLE ASSETS

	LMS Platform	Netcoins App	Netcoins. com	TerraZero Metaverse Land	Subtotal – Intangible Assets	Goodwill	Total
Cost							
December 31, 2022 and 2021	\$ 129,972	\$ 882,000	\$ 181,464	\$ -	\$ 1,193,436	\$ 1,071,851	\$ 2,265,287
Additions	-	-	-	-	-	-	-
Additions through acquisition	-	-	-	604,193	604,193	16,725,585	17,329,778
September 30, 2023	129,972	882,000	181,464	604,193	1,797,629	17,797,436	19,595,065
Accumulated amortization							
December 31, 2021	129,972	710,500	23,265	-	863,737	-	863,737
Additions	-	171,500	36,290	-	207,790	-	207,790
December 31, 2022	129,972	882,000	59,555	-	1,071,527	-	1,071,527
Additions	-	-	27,141	-	27,141	-	27,141
September 30, 2023	129,972	882,000	86,696	-	1,098,668	-	1,098,668
December 31, 2022	\$ -	\$ -	\$ 121,909	\$ -	\$ 121,909	\$ 1,071,851	\$ 1,193,760
September 30, 2023	\$ -	\$ -	\$ 94,768	\$ 604,193	\$ 698,961	\$ 17,797,436	\$ 18,496,397

During the year ended December 31, 2021, the Company recognized \$181,464 as an intangible asset, comprising the Netcoins.com domain, acquired from a third-party, which is amortized on a straight-line basis over a period of five years representing the estimated useful life of the intangible asset.

During the year ended December 31, 2019, the Company recognized \$882,000 as an intangible asset comprising the Netcoins App upon the acquisition of Netcoins Inc. The Netcoins App was amortized on a straight-line basis over a period of three years representing the estimated useful life of the intangible asset.

Goodwill of \$1,071,851 was recorded in connection with the Netcoins acquisition, attributable to the workforce and the highly specialized nature of the acquired business, and is not deductible for tax purposes.

Goodwill of \$16,725,585 was recorded in connection with the TerraZero Acquisition (Note 4), attributable to the workforce and the highly specialized nature of the acquired business, and is not deductible for tax purposes.

Amortization of intangible assets for the period ended September 30, 2023 was \$27,141 (2022 - \$198,643).

12. RIGHT-OF-USE ASSET

At September 30, 2023, the right-of-use asset is an office lease entered into by the Company commencing March 1, 2021, which terminates on February 29, 2024. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

	Office Operating Lease
Balance at December 31, 2021	\$ 55,207
Additions	-
Depreciation	(31,522)
Balance at December 31, 2022	\$ 23,685
Depreciation	(10,551)
Balance at September 30, 2023	\$ 13,134

13. LEASE LIABILITIES

The lease liability is measured at the present value of the lease payments and discounted using the Company's incremental borrowing rate of 8%. Lease liabilities are recorded as follows:

	Office Operating Lease
Balance at December 31, 2021	\$ 61,559
Lease payments	(30,380)
Interest expense on lease liability	4,729
Balance at December 31, 2022	\$ 35,908
Lease payments	(23,127)
Interest expense on lease liability	1,888
Balance at September 30, 2023	\$ 14,669
Current	\$ 14,669

14. EQUIPMENT

Cost	Total
Balance at December 31, 2021	\$ 1,318,974
Additions	430,772
Disposals	(1,950)
Balance at December 31, 2022	\$ 1,747,796
Additions and reallocations	57,105
Additions through acquisition	7,100
Disposals	-
Balance at September 30, 2023	\$ 1,812,001
Accumulated depreciation	
Balance at December 31, 2021	\$ 1,061,172
Disposals	(569)
Depreciation for the period	142,555
Balance at December 31, 2022	\$ 1,203,158
Additions through acquisition	3,934
Disposals	-
Depreciation for the period	179,021
Balance at September 30, 2023	\$ 1,386,113
Carrying amounts	
At December 31, 2022	\$ 544,638
At September 30, 2023	\$ 425,888

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Accounts payable	\$ 1,142,174	\$ 2,114,268
Accrued liabilities	1,228,940	989,522
Payroll liabilities	307,415	298,964
	\$ 2,678,529	\$ 3,402,754

16. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares and preferred shares, without par value

Share Issuances

2023

During the period ended September 30, 2023, the Company:

- (i) issued an aggregate 1,925,000 common shares upon the exercise of options for gross proceeds of \$202,000; and
- (ii) issued a total of 62,305,177 common shares at a price of \$0.225 per share in connection with the TerraZero Acquisition (Note 4).

2022

During the period ended September 30, 2022, the Company:

- (i) issued an aggregate 2,868,108 common shares upon the exercise of options for gross proceeds of \$516,037, and recorded a reduction of \$4,000 in advance share subscriptions for stock options received in December 2021; and,
- (ii) issued an aggregate 1,202,100 common shares upon the exercise of share purchase warrants for gross proceeds of \$355,494.

Share purchase warrants

The Company may issue share purchase warrants to acquire its common shares either in combination with share offerings, or on a stand-alone basis to its consultants and advisors. The terms of warrants issued are determined by the Company's Board of Directors.

Share purchase warrant transactions are summarized for the nine months ended September 30, 2023 and year ended December 31, 2022.

	For the Nine Months Ended September 30, 2023		For the Year Ended December 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	9,988,550	\$ 2.07	12,094,656	\$ 1.76
TerraZero warrants (Note 4)	4,079,576	0.46	-	-
Exercised	-	-	(1,265,800)	0.30
Expired	(9,988,550)	2.07	(840,306)	-
Ending balance	4,079,576	\$ 0.46	9,988,550	\$ 2.07
Warrants exercisable	4,079,576	\$ 0.46	9,988,550	\$ 2.07

16. SHARE CAPITAL (cont'd...)

As at September 30, 2023 and December 31, 2022, the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	September 30, 2023		December 31, 2022		Weighted Average Remaining Contractual Life
			Number Outstanding	Number Exercisable	Number Outstanding	Number Exercisable	
Warrants	January 28, 2023	\$ 0.70	-	-	1,360,550	1,360,550	0.00 years
Warrants	February 5, 2023	\$ 0.70	-	-	1,800,000	1,800,000	0.00 years
Warrants	April 16, 2023	\$ 2.70	-	-	6,828,000	6,828,000	0.00 years
TerraZero warrants	February 8, 2025	\$ 0.53	1,688,600	1,688,600	-	-	1.36 years
TerraZero warrants	March 1, 2025	\$ 0.31	337,720	337,720	-	-	1.42 years
TerraZero warrants	October 31, 2025	\$ 0.41	422,150	422,150	-	-	2.09 years
TerraZero warrants	June 21, 2033	\$ 0.41	1,631,106	407,778	-	-	9.73 years
			4,079,576	2,856,248	9,988,550	9,988,550	

Performance-based share purchase warrants

Performance share purchase warrant transactions are summarized for the nine months ended September 30, 2023 and year ended December 31, 2022.

	For the Nine Months Ended September 30, 2023		For the Year Ended December 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	-	\$ -	4,777,750	\$ 0.05
Exercised	-	-	(4,442,875)	0.05
Expired	-	-	(334,875)	0.05
Ending balance	-	\$ -	-	\$ -
Performance Warrants exercisable	-	\$ -	-	\$ -

Stock options

The Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Stock option transactions are summarized for the nine months ended September 30, 2023 and year ended December 31, 2022.

	For the Nine Months Ended September 30, 2023		For the Year ended December 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	13,998,750	\$ 0.79	16,226,982	\$ 0.76
Granted	14,927,166	0.29	2,755,000	0.48
Exercised	(1,925,000)	0.10	(3,223,232)	0.19
Expired	(415,000)	1.22	(1,443,750)	1.11
Forfeited/cancelled	(309,019)	0.42	(316,250)	1.00
Ending balance	26,276,897	\$ 0.56	13,998,750	\$ 0.79
Options exercisable	23,262,316	\$ 0.57	11,421,250	\$ 0.80

16. SHARE CAPITAL (cont'd...)

Stock options (cont'd...)

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$ 0.10	December 20, 2023	200,000	200,000	0.22 years
\$ 0.08	August 13, 2024	628,750	628,750	0.87 years
\$ 0.08	January 14, 2025	140,000	140,000	1.29 years
\$ 0.08	July 27, 2025	520,000	520,000	1.82 years
\$ 0.75	February 5, 2026	3,655,000	3,655,000	2.35 years
\$ 1.75	March 3, 2026	1,275,000	1,275,000	2.42 years
\$ 3.00	April 22, 2026	65,000	65,000	2.56 years
\$ 1.40	July 13, 2026	2,020,000	2,020,000	2.79 years
\$ 1.60	November 2, 2026	627,500	472,500	3.09 years
\$ 0.09	November 12, 2026	2,490,685	2,163,517	3.12 years
\$ 0.24	January 28, 2027	2,032,652	1,697,038	3.33 years
\$ 0.50	June 8, 2027	1,750,000	1,202,500	3.69 years
\$ 0.41	June 8, 2027	2,364,040	2,015,765	3.69 years
\$ 0.45	September 1, 2027	631,250	318,750	3.92 years
\$ 0.32	January 18, 2028	6,695,000	6,297,500	4.30 years
\$ 0.41	March 17, 2028	844,300	590,996	4.47 years
\$ 0.41	August 1, 2028	337,720	-	4.84 years
		26,276,897	23,262,316	

Share-based compensation

During the nine month period ended September 30, 2023, the Company recorded share-based compensation totaling \$2,150,831 (2022 - \$1,463,263) in relation to the stock options, which was expensed as share-based compensation in operations.

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Share price at measurement date	\$0.225 to \$0.31	\$0.38 to \$2.56
Risk-free interest rate	2.80 to 4.30%	0.48 to 3.37%
Exercise price	\$0.09 to \$0.32	\$0.45 to \$3.00
Expected life of options	3.31 to 5 years	2 to 5 years
Expected volatility	133 - 139%	138 - 143%
Forfeiture rate	12%	13%
Dividend yield	Nil	Nil

Escrowed shares

As of the date of the TerraZero Acquisition transaction (Note 4) that took place on September 28, 2023, 39,148,287 common shares of the Company were subject to an escrow and voting trust agreement dated August 25, 2023 pursuant to which 3,568,755 shares were released upon closing of the TerraZero Acquisition and the remaining escrowed shares will be released over a period of 24 months, as follows:

	2023			2024			2025	Total
	Oct 28	Nov 28	Dec 28	Jan 28	Mar 28	Sept 28	Mar 28	escrow
	2,077,160	2,077,160	2,077,160	2,077,161	7,936,415	7,936,422	5,699,027	35,579,532

At September 30, 2023, 35,579,532 common shares remain in escrow.

17. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	For the Nine Months Ended September 30,	
	2023	2022
Director's fees	\$ 83,901	\$ 83,779
Wages and benefits	1,278,424	724,589
Share-based compensation	1,571,179	629,878
Total	\$ 2,933,504	\$ 1,438,246
Accounts payable due to related parties	\$ 77,895	\$ 39,647

As at September 30, 2023 and 2022, the following deposits were held by key management personnel on the Netcoins App:

	For the Nine Months Ended September 30,	
	2023	2022
Deposits held on Netcoins App	\$ 307,358	\$ 228,267

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels in accordance with IFRS.

The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which an instrument is classified in its entirety is based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability; and;

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

The following table presents the fair value hierarchy for the Company's assets and liabilities measured at fair value by level as at September 30, 2023 and December 31, 2022:

	September 30, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Digital currency inventory	\$ -	\$ 63,336,533	\$ -	\$ -	\$ 39,591,608	\$ -
Digital currencies	-	1,328,736	-	-	3,126,394	-
Investments	11,440	-	270,399	15,158	-	353,379
Derivative financial asset	-	-	-	-	-	942,865
Total	\$ 11,440	\$ 64,665,269	\$ 270,399	\$ 15,158	\$ 42,718,002	\$ 1,296,244
Liabilities						
Customer deposits - digital currency	\$ -	\$ 56,236,033	\$ -	\$ -	\$ 34,662,369	\$ -

Valuation of Assets / Liabilities that use Level 1 Inputs ("Level 1 Assets / Liabilities"). Consists of the Company's investments which are valued at the public closing price in active markets.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Valuation of Assets / Liabilities that use Level 2 Inputs (“Level 2 Assets / Liabilities”). Consists of the Company’s inventory and digital currencies held, where quoted prices in active markets are available. For inventory and digital currencies, the fair value is determined by the volume-weighted average of prices across principal exchanges as of 12:00 am UTC.

Valuation of Assets / Liabilities that use Level 3 Inputs (“Level 3 Assets / Liabilities”). Consists of certain of the Company’s investments. Non-marketable equity investments in privately-held companies are generally accounted for under the measurement alternative, defined as cost, less impairments, adjusted for subsequent observable price changes and are periodically assessed for impairment when events or circumstances indicate that a decline in value may have occurred.

Level 3 Continuity

The following is a reconciliation of Level 3 assets for the nine months ended September 30, 2023 and December 31, 2022:

	Fair Value at December 31, 2022	Purchases	Sales	Net Realized Gain (Loss) on Investments	Net Unrealized Gain (Loss) on Investments	Transfers in/(out) of Level 3	Fair Value at September 30, 2023
Assets							
Investments	\$ 353,379	\$ -	\$ -	\$ 544,393	\$ (480)	\$ (626,893)	\$ 270,399
Derivative financial asset	942,865	-	-	(523,435)	-	(419,430)	-
	\$ 1,296,244	\$ -	\$ -	\$ 20,958	\$ (480)	\$(1,046,323)	\$ 270,399
	Fair Value at December 31, 2021	Purchases	Sales	Net Realized Gain (Loss) on Investments	Net Unrealized Gain (Loss) on Investments	Transfers in/(out) of Level 3	Fair Value at December 31, 2022
Assets							
Investments	\$ 513,559	\$ 82,500	\$ -	\$ -	\$ 212,320	\$ (455,000)	\$ 353,379
Derivative financial asset	-	990,428	-	-	(47,563)	-	942,865
	\$ 513,559	\$ 1,072,928	\$ -	\$ -	\$ 164,757	\$ (455,000)	\$ 1,296,244

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred.

	Fair value at September 30, 2023	Valuation technique	Unobservable input	Range (weighted average)
Private equity investments	\$ 270,399	Market comparable companies	Discount for lack of marketability ^(a) Control premium ^(a)	10-35% (10%) 10-50% (10%)
	Fair value at December 31, 2022	Valuation technique	Unobservable input	Range (weighted average)
Private equity investments	\$ 353,379	Market comparable companies	Discount for lack of marketability ^(a) Control premium ^(a)	10-35% (18%) 10-50% (22%)
Derivative financial asset	942,865	Option pricing model	Current stock price Historical price volatility	

(a) Represents amounts used when the Company has determined that market participants would take into account these discounts and premiums when pricing the investments.

The fair value of Level 3 assets and liabilities is inherently subjective. Specifically, because of the uncertainty of determining the fair value of investments that do not have readily ascertainable market values, the Company’s conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

As at September 30, 2023 and December 31, 2022, the fair value of cash and cash equivalents, restricted cash and customer deposits-cash held by the Company approximates carrying value and was based on level 1 of the fair value hierarchy. Investments, where quoted prices in active markets are available, are level 1 assets. The carrying values of accounts and other receivables, accounts payable and accrued liabilities and other current assets and liabilities are based on level 2 inputs and approximate fair value due to their short-term maturities. The carrying value of the Company's lease liability is measured as the present value of the discounted future cash flows.

Risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, restricted cash and accounts receivable. Credit risk associated with digital currencies proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 to 15 days. The Company's credit risk has not changed significantly from the prior year.

The Company also utilizes third-party liquidity providers in the execution of customer trades. Trade execution and settlement is typically completed within milliseconds of the customer's execution of a trade order; however, there is credit risk that a liquidity provider will not fulfill its obligation or be delayed in fulfilling its obligation. Management believes the credit risk with respect to its use of liquidity partners to be remote. In the remote case of a liquidity partner not fulfilling its obligation, the Company expects to use its cash and/or digital currencies to complete the trade.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through public equity offerings and private placements.

Accounts payable and accrued liabilities, other than accrued compensation, generally have maturities of 30 days or less or are due on demand.

Commitments - operational	2023	2024
Lease payments	\$ 14,669	\$ 7,264
Accounts payable	1,142,174	-
Accrued liabilities	1,228,940	-
Total contractual obligations	\$ 2,385,783	\$ 7,264

Market risk

Market risk is the risk the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as commodity and equity price risk.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Market risk (cont'd...)

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has investment assets, some liabilities and revenue or expenses denominated in a foreign currency, so is exposed to foreign currency risk. The Company does not currently hedge its exposure to foreign currency cash flows as management has determined that currency risk is not significant. The Company's main risk is associated with fluctuations in US dollars. The following amounts are presented in to demonstrate the effect on net income or loss of changes in foreign exchange rates:

		September 30, 2023	December 31, 2022
Cash held	USD	\$ 217,518	\$ 793,156
Accounts and other receivables	USD	296,849	1,637,618
Accounts payable	USD	197,397	445,259
Effect of +/- 5% change in exchange rate		\$ 47,955	\$ 193,982

iii. Commodity and equity price risk

Commodity and equity price risk arises from market fluctuations in commodity and equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk includes declines in the values and volumes of (i) its own equity shares which could impede its ability to raise additional funds when required and (ii) its investment in various marketable securities.

All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. At September 30, 2023, management's estimate of the effect on equity to a +/- 5% change in its investments is +/- \$14,092 (December 31, 2022 - \$14,300).

Digital currencies risk

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Further, digital currencies have no underlying backing or contracts to enforce recovery of invested amounts.

At September 30, 2023, the Company held with reputable custodians and liquidity providers digital currency inventory valued at \$63,336,533 (December 31, 2022 - \$39,591,608) and digital currency investments of \$1,328,736 (December 31, 2022 - \$3,126,394). At September 30, 2023, had the market price of the Company's digital currency assets changed by 10% with all other variables remaining constant, the corresponding digital asset value change would be approximately \$6,466,527 (December 31, 2022 - \$4,271,800).

The profitability of the Company is directly related to the current and future market price of digital assets. In addition, the Company may not be able liquidate its digital currency inventory at its desired price if required. Investing in digital currencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets. Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance.

19. CAPITAL MANAGEMENT

The Company includes all components of equity in the definition of capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its blockchain technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash and investments on hand. The Company is not currently subject to any externally imposed capital requirements.

The Company has been dependent upon external financings to fund activities. Until such time as it begins to generate revenue, in order to carry out planned expenditures and pay for administrative costs the Company will spend its existing working capital and may seek to raise additional funds as needed.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts. Some cash is kept on deposit with fiat to cryptocurrency exchanges in order to facilitate the Company's business. There have been no significant changes to the Company's approach to capital management during the period ended September 30, 2023.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

20. CONTINGENT LIABILITY

On October 28, 2019, the Company received Notice of Civil Claim in the Supreme Court of British Columbia by a former employee, alleging constructive dismissal. The claimant has claimed \$450,000 in damages. The claim is being contested by the Company. The Company believes the claim has no merit and will vigorously defend against the claim. No provision has been recognized in respect to this claim as there is no present obligation and the probability of settlement cannot be determined.

As at September 30, 2023 and December 31, 2022, the Company has considered contingent liabilities arising from its operations, as well as potential penalties, and determined that no amount need be accrued in respect of such amounts.

21. SEGMENTED INFORMATION

The Company operates three business segments: blockchain technology development, digital currency sales via the Netcoins App and immersive metaverse experiences. The parent entity manages the business segments and activities associated with the Company being a public company.

The summarized financial information for the Company's business segments is as follows:

	For the Nine Months ended September 30, 2023				
	Parent	Blockchain	Netcoins	TerraZero	Total
Total assets	\$ 21,027,752	\$ 2,444,894	\$ 68,651,717	\$ 5,432,214	\$ 97,556,577
Total liabilities	971,504	629,700	63,705,878	209,852	65,516,934
Total revenue	-	1,122,566	3,190,474	-	4,313,040
Net (loss) income	(5,131,341)	(2,895,568)	(2,010,802)	(41,251)	(10,078,962)

	For the Nine Months ended September 30, 2022				
	Parent	Blockchain	Netcoins	TerraZero	Total
Total assets	\$ 19,193,991	\$ 3,349,723	\$ 66,410,467	\$ 66,410,467	\$ 88,954,181
Total liabilities	621,715	621,793	54,141,279	54,141,279	55,384,787
Total revenue	-	1,555,729	4,723,800	4,723,800	6,279,529
Net (loss) income	(6,048,860)	(2,013,278)	(20,679,187)	(20,679,187)	(28,741,325)

21. SEGMENTED INFORMATION (cont'd...)

Revenues from external customers are attributed to geographic areas based on the location of the contracting customers. The following table sets forth external revenue by geographic areas:

	September 30, 2023		September 30, 2022	
	Revenues	Non-current Assets	Revenues	Non-current Assets
Canada	\$ 3,333,346	\$ 20,450,920	\$ 4,845,090	\$ 19,720,192
USA	487,264	270,399	680,525	274,139
Europe	203,224	-	289,758	-
Other	289,206	-	464,156	-
	\$ 4,313,040	\$ 20,721,319	\$ 6,279,529	\$ 19,994,331