METASPHERE LABS INC.

(FORMERLY LOOKING GLASS LABS LTD.)

Consolidated Financial Statements

Years ended July 31, 2024 and 2023

Expressed in Canadian Dollars

WDM CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of:
METASPHERE LABS INC.
(Formerly Looking Glass Labs Ltd.)

SERVICE

INTEGRITY

TRUST

Opinion

We have audited the consolidated financial statements of Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.) and its subsidiaries (collectively the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024, and 2023 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024, and 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $14,345 during the year ended July 31, 2024, and as of that date, had accumulated losses since inception of $25,226,127. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Revenue from Contracts with Customers and Deferred Revenue from NFT Sales

Key Audit Matter Description

The total revenues of the Company for the year ended July 31, 2024, amount to $2,195,913. The Company recognizes revenue from service contracts with customers and deferred revenue recognized from sales of Non-Fungible Tokens ("NFT's") and related royalties in accordance with IFRS 15 "Revenue from Contracts with Customers" as disclosed in Material Accounting Policies Note 2. This standard introduces a principles-based framework for recognizing revenue based on the transfer of control of promised goods or services. We considered this to be a key audit matter due to materiality and the judgments and estimates made by management in determining the timing of deferred revenue recognition.

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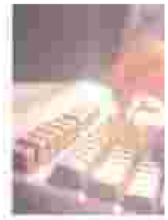


Further disclosure regarding the Company's revenue and deferred revenue is described in Notes 2 and 17 to the consolidated financial statements.

Audit Response
We responded to this matter by conducting a detailed assessment of the Company's revenue recognition process. Our audit work in relation to this included, but was not restricted to, the following:

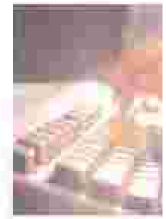
- Understanding of Contracts and Revenue Streams: We obtained an understanding of the Company's contracts with customers, including the Terms of Service Agreement, the Company's smart contract deployed on the blockchain related to prior year's NFT sales, and performed analysis to identify all revenue streams to determine timing of revenue recognition.
- Evaluation of Performance Obligations: We evaluated management's identification and separation of performance obligations in contracts, ensuring that obligations are appropriately accounted for.
- We performed testing of revenue recognized per revenue stream and obtained evidence of the respective performance obligation being fulfilled.
- Allocation of Transaction Price: We assessed the allocation of transaction price to performance obligations, including variable consideration and constraint assessment.
- Our testing included agreeing amounts to customer contracts, invoices and cash receipts, and verifying the timing of revenue recognition.
- We performed analytical review of deferred revenue recognized based on evidence obtained of performance obligations being fulfilled.
- Review of Disclosures: We scrutinized the completeness and accuracy of revenue-related disclosures, ensuring they meet the requirements of IFRS 15.

Evaluation of Indicators of Impairment of Intangible Assets
Key Audit Matter Description
The carrying value of intangible assets of the Company was $Nil as of July 31, 2024. The carrying value of intangible assets is tested annually for impairment and is material to the financial position of the Company. The carrying value of intangible assets are considered a key audit matter due to the significance of the carrying values and management judgment involved in assessing the recoverable value during impairment testing under IAS 36 Impairment of Assets. As such, a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment was required.

Further disclosure regarding the Company's intangible assets is described in Notes 2 and 8 to the consolidated financial statements.

Audit Response
We responded to this matter by assessing whether the Company should recognize any impairment to intangible assets, evaluating key assumptions in management's models and methodologies applied. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained understanding of the accounting policy in respect of impairment assessment of intangible assets and cash flow projections and assumptions used in the discounted cash flow model and reading the report of management's expert.
- Assessed for presence of impairment indicators.
- Confirmed the methodologies in models used were consistent with accepted valuation approaches.
- Evaluated and challenged management's key underlying assumptions and projections.
- Reperformed calculations within the valuation models and evaluated the resulting estimates.
- Scrutinized the appropriateness, accuracy and completeness of the disclosures ensuring that users of the consolidated financial statements are provided with reliable information in the notes to the consolidated financial statements.



Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

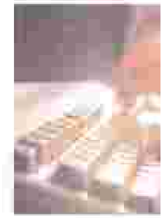
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C.
October 29, 2024

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Consolidated Statements of Financial Position
As at July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	2024 $	2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**899,817**	46,979
Accounts receivable		**101,396**	110,658
Digital assets	5	**-**	21,951
Prepaid expenses		**14,917**	73,790
		1,016,130	253,378
Non-current assets			
Right-of-use assets	9	**-**	226,754
Property and equipment	7	**-**	35,553
Deferred contract costs	17	**-**	321,240
Total assets		**1,016,130**	836,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	**1,216,105**	1,137,010
Due to related parties	13	**47,109**	14,233
Loans payable	11	**89,140**	1,374,415
Lease liabilities – current portion	9	**-**	176,065
		1,352,354	2,701,723
Non-current liabilities			
Lease liabilities	9	**-**	67,854
Deferred revenue	17	**-**	2,170,910
Total liabilities		**1,352,354**	4,940,487
SHAREHOLDERS’ DEFICIENCY			
Share capital	12	**21,405,173**	17,444,673
Reserve	12	**3,521,757**	3,720,574
Warrant reserve	12	**9,762**	9,762
Subscriptions received in advance	12	**20,000**	-
Accumulated other comprehensive loss		**(66,789)**	(66,789)
Deficit		**(25,226,127)**	(25,211,782)
Total shareholders’ deficiency		**(336,224)**	(4,103,562)
Total liabilities and shareholders’ deficiency		**1,016,130**	836,925

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 22)

Approved by the board of directors and authorized for issue on October 29, 2024:

“James Henning”	*“Kevin Cornish”*
James Henning, Director	Kevin Cornish, Director

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

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	**2024** **$**	2023 $
Revenues			
NFT sales	17	2,170,465	434,093
Royalty income	17	448	5,534
Design services income	17	-	215,330
Services income	17	25,000	-
Total revenues		2,195,913	654,957
Cost of revenues		(351,949)	(109,884)
Gross profit		1,843,964	545,073
Expenses			
Amortization	8	72,937	106,830
Depreciation	7,9	39,254	195,147
Consulting fees	13	318,067	104,547
Corporate development fees	13	72,876	421,768
Development costs	18	27,442	140,034
Foreign exchange loss		-	1,942
Interest expense		54,211	138,163
Marketing	19	68,356	456,463
Office expenses		74,669	297,572
Professional fees	13	500,362	603,166
Stock-based compensation (recovery)	12,13	(8,817)	2,566,481
Transfer agent and filing fees		120,604	170,279
Wages and salaries		4,093	922,784
Operating expenses		**1,344,054**	**6,125,176**
Income (loss) before other items for the year		**499,910**	**(5,580,103)**
Other income (loss)			
Change in revaluation of digital assets	5	6,021	2,860
Impairment of goodwill	8	-	(3,323,409)
Impairment of intangible assets	8	(692,063)	-
Impairment losses	7,8	(10,471)	(3,277,799)
Interest income		-	24,516
Loss on use of digital assets	5	-	(7,650)
Gain on settlement of debt	10,11	200,343	220,500
Loss on control of subsidiary	4	-	(428,307)
Loss on termination of lease	9	(18,085)	-
Other loss		-	(14,815)
Loss from continuing operations		**(14,345)**	**(12,384,207)**
Loss from discontinued operations	4	**-**	**(161,705)**
Net loss for the year		**(14,345)**	**(12,545,912)**
Loss per share from:			
Continuing operations		(0.00)	(6.79)
Discontinued operations		-	(0.09)
Total loss per share, basic and diluted		**(0.00)**	**(6.88)**
Weighted average number of common shares outstanding:			
Basic and diluted		18,586,004	1,823,531

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Consolidated Statements of Loss and Comprehensive Loss
For the years ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	2024 $	2023 $
Net loss		**(14,345)**	**(12,545,912)**
Other comprehensive loss			
Exchange differences on translation of foreign operations from continuing operations		-	(41,402)
Net comprehensive loss for the year		**(14,345)**	**(12,587,314)**

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

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	Share capital Number of shares	Amount $	Reserve $	Warrant reserve $	Subscriptions received in advance $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, July 31, 2022	*	**1,545,450**	**13,339,178**	**2,830,107**	**9,762**	-	**(25,387)**	**(12,665,870)**	**3,487,790**
Shares issued to acquire Web 3.0	3	184,363	1,935,815	-	-	-	-	-	1,935,815
Shares issued to settle debt	12	98,000	147,000	-	-	-	-	-	147,000
Shares issued upon exercise of options	12	19,556	255,806	(109,140)	-	-	-	-	146,666
Shares issued upon exercise of warrants	12	26,667	200,000	-	-	-	-	-	200,000
RSU conversion	12	111,800	1,566,874	(1,566,874)	-	-	-	-	-
Share-based compensation	12	-	-	2,566,481	-	-	-	-	2,566,481
Net loss for the year		-	-	-	-	-	(41,402)	(12,545,912)	(12,587,314)
Balance, July 31, 2023		**1,985,836**	**17,444,673**	**3,720,574**	**9,762**	-	**(66,789)**	**(25,211,782)**	**(4,103,562)**
Share consolidation rounding	*	(80)	-	-	-	-	-	-	-
Shares issued for private placement	12	20,005,000	2,000,500	-	-	-	-	-	2,000,500
Shares issued upon exercise of warrants	12	10,050,000	1,005,000	-	-	-	-	-	1,005,000
RSU conversion	12	15,998	190,000	(190,000)	-	-	-	-	-
Shares issued for asset acquisition	3,8,12	3,060,000	765,000	-	-	-	-	-	765,000
Funds received in advance for subsequent warrant exercise	12	-	-	-	-	20,000	-	-	20,000
Share-based recovery	12	-	-	(8,817)	-	-	-	-	(8,817)
Net loss for the year		-	-	-	-	-	-	(14,345)	(14,345)
Balance, July 31, 2024		**35,116,754**	**21,405,173**	**3,521,757**	**9,762**	**20,000**	**(66,789)**	**(25,226,127)**	**(336,224)**

* On October 6, 2023, the Company completed a one-for-seventy-five common share consolidation. All share disclosures in these consolidated financial statements are presented on a post-consolidation basis.

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

METASPHERE LABS INC. (FORMERLY LOOKING GLASS LABS LTD.)
Consolidated Statements of Cash Flows
For the years ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)

	2024	2023
	$	$
Operating activities		
Net loss for the year	(14,345)	(12,545,912)
Adjustments for non-cash items:		
Interest expense	54,211	138,155
Digital assets converted to fiat currency	-	110,634
Digital assets received for sales	(4)	(5,534)
Digital assets disposed for Nil proceeds	27,976	22,907
Impairment of goodwill	-	3,323,409
Impairment of intangible assets	692,063	-
Impairment losses	10,471	3,277,799
Interest income	-	(24,516)
Amortization and depreciation	112,191	402,894
(Gain) loss on use of digital assets	(6,021)	7,650
Loss on loss of control of subsidiary	-	428,307
Change in revaluation of digital assets	-	(2,860)
Loss on termination of lease	18,085	-
Share-based compensation (recovery)	(8,817)	2,566,481
Gain on settlement of debts	(200,343)	(220,500)
Changes in non-cash working capital items:		
Amounts receivable	9,262	104,923
Prepaid expenses	58,873	261,425
Accounts payable and accrued liabilities	66,401	493,056
Due to related parties	32,876	-
Deferred revenue	(2,170,910)	(434,092)
Deferred contract costs	321,240	64,247
Net cash flows used in operating activities	(996,791)	(2,031,527)
Investing activities		
Additions of internally developed software	-	(451,339)
Cash received pursuant to acquisition of a subsidiary	-	804,460
Cash disposed on loss on control of a subsidiary	-	(268)
Net cash flows provided by investing activities	-	352,853
Financing activities		
Loans repaid, net	(175,871)	(193,750)
Lease payments	-	(112,895)
Loans received	-	1,419,000
Proceeds received in advance for subsequent warrant exercise	20,000	-
Proceeds from share issuances	1,000,500	-
Proceeds from exercise of warrants and options	1,005,000	346,666
Net cash flows provided by financing activities	1,849,629	1,459,021
Increase (decrease) in cash	852,838	(219,653)
Effects of foreign exchange on cash	-	(41,403)
Cash, beginning of the year	46,979	308,035
Cash, end of the year	**899,817**	**46,979**

	2024	2023
	$	$
Supplemental Cash Flow Information		
Common shares issued for asset acquisition	765,000	-
Common shares and warrants issued to settle loans payable	1,000,000	-
Other Supplementary Information		
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

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

1. Nature and Continuance of Operations

Metasphere Labs Inc. (formerly Looking Glass Labs Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On February 29, 2024, the Company changed its name from Looking Glass Labs Ltd. to Metasphere Labs Inc. The Company is focused on leveraging blockchain, metaverse, and AI technologies to drive innovation and sustainability. By doing so, the Company aims to push the boundaries of technology in the blockchain, metaverse, and AI spaces while promoting sustainability and user engagement. Further, the Company will continue to explore revenue generating activity with its developed Pocket Dimension Metaverse.

The head office, principal address, records office and registered address of the Company are located at 1890 – 1075 West Georgia Street, Vancouver BC, V6E 3C9.

Currently, based on its planned expenditures and expected cash flows, the Company will need to secure new sources of working capital to continue operations for the next twelve-month period. Management's plan is to actively secure sources of funds, including possible equity and debt financing options, while at the same time focus on exercising careful cost control to sustain operations and, if necessary, the Company will curtail spending.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the year ended July 31, 2024, the Company incurred a net comprehensive loss of $14,345 (2023 – $12,587,314), and had an accumulated deficit of $25,226,127 (2023 – $25,211,782) and a working capital deficiency of $336,224 as at July 31, 2024 (2023 – $2,448,345).

The Company's ability to continue as a going concern and meet its corporate objectives may require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

2. Statement of Compliance and Material Accounting Policies

These consolidated financial statements were approved and authorized for issue on October 29, 2024 by the directors of the Company.

Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The material accounting policies set out in Note 2 have been applied consistently to all periods presented.

2. Statement of Compliance and Material Accounting Policies (continued)

Basis of Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost, modified where applicable. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has the right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Name	Jurisdiction of Incorporation	Interest 2024	Interest 2023	Functional Currency
Genzeroes Productions Inc.	Canada	0%	100%	Canadian Dollars
HOK Vietnam Company Limited	Vietnam	0%	100%	Vietnamese Dong
Web 3.0 Holdings Corp. (inactive)	Canada	100%	100%	Canadian Dollars
HOK Technologies Inc.	Canada	100%	100%	Canadian Dollars
HOK BVI Technologies Inc.	British Virgin Islands	100%	100%	Canadian Dollars

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

During the year ended July 31, 2023, the Company disposed of Genzeroes Productions Inc. (Note 4) and HOK Vietnam Company Limited.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. Each entity determines its own functional currency, and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances in foreign currencies
Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized immediately in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign Operations
On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars from their functional currency at the exchange rate prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the exchange rates approximating those in effect on the date transactions occurred. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings as part of the gain or loss on disposal.

2. Statement of Compliance and Material Accounting Policies (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments and estimates in applying the Company's consolidated financial statements include the following:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgment of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Digital currency valuation
Digital assets consist of cryptocurrency denominated assets (Note 5). Digital assets are carried at their fair market value determined by the spot rate from www.finance.yahoo.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. 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 digital assets.

Stock-based compensation
The fair value of stock-based compensation requires estimates of assumptions that are used in the Black-Scholes option pricing model. The Company also uses judgment to estimate probability of achieving vesting conditions of restricted stock units ("RSUs").

Business combinations
Judgment is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

2. Statement of Compliance and Material Accounting Policies (continued)

Leases
Determining whether a lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
Long-lived assets are reviewed for impairment at each reporting date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess of recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgment in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15 - Revenue from Contracts with Customers ("IFRS 15").

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits that are redeemable or with original maturities of three months or less.

Leases

Leases are initially measured at cost and subsequently depreciated. Initial measurement of costs is determined by the amount of the initial measurement of the lease liability, less any lease inducements receivable and any lease payments made at or before the commencement date, plus any initial direct costs. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured using a constant periodic rate of interest on the remaining balance of the lease liability and is subsequently adjusted for interest and lease payments. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Statement of Compliance and Material Accounting Policies (continued)

Deferred Contract Costs

The Company defers contract costs that are direct and incremental to obtaining user contracts. Deferred contract costs consist of commissions paid for communication services provided in connection with the Company's virtual land Non-Fungible Token ("NFT") NFT sales. These fees for initial contracts are amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized. The Company classifies deferred contract costs as short-term or long-term based on when the Company expects to recognize the expense. Short-term and long-term deferred contract costs are included on the Company's consolidated statements of financial position. Deferred contract costs are periodically reviewed for impairment.

Financial Instruments

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of a debt instrument is driven by the Company's business model for managing its financial assets and their contractual cash flow characteristics. Equity instruments that are held-for trading are classified as at FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement
Financial assets and liabilities at amortized cost – Financial assets and liabilities classified as amortized cost include cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable. Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL - Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income ("FVTOCI") - Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

2. Statement of Compliance and Material Accounting Policies (continued)

Financial Instruments (continued)

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Fair value hierarchy
Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Equipment

Equipment consists of computer equipment and furniture and fixtures and is recorded at cost and depreciated annually at rates calculated to depreciate the assets over their estimated useful lives. Computer equipment and furniture and fixtures are depreciated over a useful life of 3 years.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization. The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a CGU level by comparing the carrying value to the recoverable amount, which is determined as the greater of fair value less costs of disposal and value in use. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the consolidated statements of loss and comprehensive loss. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

2. Statement of Compliance and Material Accounting Policies (continued)

Intangible Assets

The Company owns intangible assets consisting of an acquired NFT's intellectual property, an internally generated film series, acquired digital platforms as described in Note 3, and internally generated platforms. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with a business combination are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses.

Acquired NFTs consist of NFTs purchased by the Company from third parties which allows the Company to use their intellectual property for development purposes and are carried at cost.

Investment in a film series includes the unamortized costs of producing a live-action NFT based series produced by the Company. Projects in development are written off at the earlier of the date they are determined not to be recoverable or when abandoned.

The cost of the acquired digital platforms comprises of the purchase price and any directly attributable costs of preparing the asset for its intended use.

Intangible assets with finite lives are amortized over the lower of contractual period or useful economic life and assessed for impairment at each reporting date or whenever there is an indication that the intangible asset may be impaired.

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least quarterly. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives of 1-7 years.

Research and Development Costs

Certain costs incurred in connection with the development of internally generated digital platforms are capitalized to intangible assets as development costs. Intangible assets are recorded at cost, which consists of directly attributable costs necessary to create such intangible assets, less accumulated amortization and accumulated impairment losses, if any. The costs mainly include the compensation paid to the software developers.

Costs of producing a film series and costs to develop digital platforms are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product;
- it can be demonstrated how the product will generate future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the product during its development can be reliably measured.

The costs of auxiliary items and accessories that are not sold are expensed as these items are not expected to generate future economic benefits. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in operations as incurred.

2. Statement of Compliance and Material Accounting Policies (continued)

Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill and indefinite lived intangible assets.

Business Combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the consolidated statements of loss and comprehensive loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Capital Stock

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2. Statement of Compliance and Material Accounting Policies (continued)

Capital Stock (continued)

Unit Offerings

The Company records proceeds from unit offerings consisting of common shares and equity classified share purchase warrants as share capital. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrant reserve.

Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options granted to employees is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees, including finders' warrants, share-based payments are measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued.

Income Tax

(i) Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Income Tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Statement of Compliance and Material Accounting Policies (continued)

Loss per Share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on loss per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be antidilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Revenue Recognition

IFRS 15 provides revenue recognition requirements and established principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer.
2. Identifying the performance obligations within the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company's revenue recognition policies for its four streams of revenue are as follows:

1. For NFT sales, an assessment is made at the execution of each contract to determine whether:
   i) the performance obligations are satisfied over time, or
   ii) the performance obligations are satisfied at a point in time.

   For NFT sales for which the NFT represents the sole performance obligation, the Company recognizes its revenue at a point in time. The Company grants its NFT holders non-exclusive, non-sublicensable, non-transferrable, revocable, limited license to use its products. When performance obligations are satisfied at a point in time, revenue is recognized when all of the aforementioned recognition criteria are met.

   For NFT sales for which the NFT must be combined with additional promises to create a single performance obligation, the combined performance obligation is recognized over time as the Company transfers the benefits to the customer.

2. Royalty revenue is accrued for royalty streams when the amount of revenue can be reliably measured based on relevant agreements and statements received from third party agents, and the underlying sales activity generating the royalty revenue has occurred.

3. Revenue from design services is recognized over time as the Company fulfills all performance obligations related to the services provided.

4. Revenue from services represents the planting of trees on behalf of customers. Revenue is recognized at a point in time, when the Company fulfills the performance obligation of planting the trees. Cost of sales for this revenue stream represents costs incurred to plant the trees.

(Expressed in Canadian Dollars)

2. Statement of Compliance and Material Accounting Policies (continued)

Reclassifications

Certain items have been reclassified in the prior year financial statements to correct immaterial errors. A $25,000 loan facilitation fee has been reclassified from office expense to interest expense in the prior year consolidated statement of operations. The Company has also reclassified $100,000 from loans received and loans repaid to net against each other, and reclassified the facilitation fee from loans received to non-cash interest expense on the prior year consolidated statement of cash flows. These reclassifications had no effect on the Company's consolidated operating results, balance sheet or net cash flows.

New standards and interpretations adopted January 1, 2023

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2. The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies. The amendments include clarification on how an entity can determine material accounting policies by applying the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. The Company adopted the amendments effective August 1, 2023, with no material impact to the financial statements for 2023.

New Standards Adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Asset Acquisition

a) On August 9, 2022, the Company entered into a share purchase agreement to acquire all of the issued and outstanding securities of Web 3.0 Holdings Corp. ("Web 3.0"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments. Web 3.0 Holdings has aggregated a portfolio of retail-focused engagement and optimization assets, including crossover digital identity code scripts and digital distribution product frameworks (the "retail technology platform"). As consideration, the Company issued 184,363 common shares of the Company (each a "Consideration Share") on September 7, 2022, payable to the existing shareholders of Web 3.0 with a fair value of $1,935,815. The acquisition of Web 3.0 does not constitute a business combination because this entity does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the transaction has been measured at the fair value of equity consideration issued to acquire the entity.

The fair value of the consideration paid was determined based on the fair value of the assets received in accordance with IFRS 2 – Share Based Payments.

Purchase price:	$
184,363 common shares	1,935,815
Total consideration paid	1,935,815
Cash	804,460
Net assets assumed	804,460
Acquired retail technology platform	1,131,355
	1,935,815

On July 31, 2023, the Company recorded impairment of the retail technology platform of $1,131,355 as described in Note 8.

(Expressed in Canadian Dollars)

3. Asset Acquisition (continued)

b) On February 8, 2024, the Company acquired the Carbon.bot and Climate.bot digital platforms (the "Platforms") from Bot Media Corp. in exchange for the issuance of 3,060,000 common shares of the Company (Note 12). Once launched, the Platforms are intended to serve as a unique real time news aggregator in the environmental sustainability sector, utilizing large language models such as ChatGPT to summarize and present articles from its network. The transaction was accounted for as an acquisition of assets as it does not meet the definition of a business under IFRS 3 – Business Combinations. The transaction was recorded at the fair value of the consideration transferred of $765,000 in accordance with IFRS 2 – Share Based Payments.

On July 31, 2024, the Company recorded an impairment of the Climate.bot and Carbon.bot platforms of $692,063 as described in Note 8.

4. Disposal of GenZeroes and Discontinued Operations

On March 30, 2023, the Company completed the sale of its subsidiary, GenZeroes Productions Inc. ("GenZeroes"), the GenX smart contract and all associated intellectual property (the "Related IP") (collectively, the "Assets"), to GZU Entertainment Inc. (the "Purchaser"). The Company's former Chief Product Officer Neil Stevenson-Moore was part of the Purchaser's group and resigned from the Company following the completion of the sale.

As consideration for the Assets the Company received a promissory note (the "Note") for $800,000 bearing an interest rate of prime rate plus 1% and a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Company shall also retain a 50% royalty in perpetuity on all net proceeds from the content owned by the entity GenZeroes Productions Inc., which relates to the already completed first season of the GenZeroes series. The Note shall be secured against the shares of GenZeroes Productions Inc. and the Related IP. As a condition of closing the Transaction, the Purchaser has also granted to the Company a non-exclusive and royalty-free license (the "IP License") to use the GenX collection's intellectual property for its metaverse product branded as Pocket Dimension and video game branded as Overlords. The term of the IP License is for a period from the closing date until the Note is fully paid.

During the year ended July 31, 2023, the Company recorded a loss on the deconsolidation of GenZeroes of $428,307, which included $268 of cash held by GenZeroes.

The assets, liabilities and gain on loss of control of GenZeroes after deconsolidation are presented below:

	$
Assets	
Cash	268
Accounts receivable	594
Prepaid expenses	35,000
Intangible asset	632,839
Total Assets	668,701
Liabilities	
Accounts payable	39,968
Intercompany payables	1,167,847
Total Liabilities	**1,207,815**
Net liabilities	(539,114)
Intercompany payables forgiven	1,167,847
Accounting fair value of promissory note received (Note 6)	(200,426)
Loss on deconsolidation	**428,307**

There were no assets and liabilities in the disposal group as at July 31, 2024 or 2023. The net loss from discontinued operations for the years ended July 31, 2024, and 2023 are presented below:

(Expressed in Canadian Dollars)

4. Disposal of GenZeroes and Discontinued Operations (continued)

	Year Ended July 31, 2024 $	July 31, 2023 $
Revenues	-	-
Expenses		
Amortization	-	100,916
Consulting fees	-	24,000
Marketing	-	16,151
Office expenses	-	13,128
Professional fees	-	7,510
Total expenses	-	**161,705**
Net loss from discontinued operations	-	**(161,705)**

The cash flows from the discontinued operations of GenZeroes for the years ended July 31, 2024 and 2023 are presented in the following table:

	Year ended July 31, 2024 $	July 31, 2023 $
Cash flows used in operating activities	-	(105,878)
Cash flows used in investing activities	-	(63,401)
Cash flows provided by investing activities	-	135,449
Decrease in cash	-	**(33,830)**

5. Digital Assets

Digital assets are recorded at their fair value on the acquisition date or when they are received as revenues, and are revalued to their current market value at each reporting date. The fair value is determined using the spot rate quoted on www.finance.yahoo.com on the date the tokens are received or recorded as a receivable.

Digital assets consist of Ethereum, Tether and USD Coin (collectively “USD-T/C” or “cryptocurrencies”). Ethereum and USD-T/C transactions during the years ended July 31, 2024 and 2023 were as follows:

	$	USD-T/C #	Ethereum #
Balance, July 31, 2022	**154,302**	**3,694.95**	**71.64**
Digital assets received for revenues	5,534	-	2.76
Digital assets received for deferred revenues	446	-	0.26
Digital assets traded for cash	(110,634)	-	(55.00)
Digital assets paid for expenses	(22,907)	-	(10.77)
Gain on sale of digital assets	(7,650)	-	-
Revaluation of digital assets	2,860	-	-
Balance, July 31, 2023	**21,951**	**3,694.95**	**8.89**
Digital assets received for revenues	4	-	0.01
Revaluation of digital assets	6,021	-	-
Digital assets disposed of for Nil proceeds	(27,976)	(3,694.95)	(8.90)
Balance, July 31, 2024	-	-	-

(Expressed in Canadian Dollars)

5. Digital Assets (continued)

i) During the year ended July 31, 2024, the Company exchanged its digital assets for cash, and other services totaling $Nil (2023 - $111,285) with a cost of $27,976 (2023 - $118,935), which resulted in a realized gain on sale of $Nil (2023 - $7,650).

ii) Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum and USD-T/C on the reporting date. As at July 31, 2024, the Company held no cryptocurrency. As at July 31, 2024, the price of Ethereum was $2,467 resulting in a revaluation gain of $6,021 (2023- $2,860).

6. Promissory Note Receivable

As part of the sale of GenZeroes Productions Inc., as described in Note 4, the Company received a Promissory Note Receivable (the "Note") for $800,000. The Note bears an interest rate of prime rate plus 1% and has a five-year term to maturity, with the option by the Purchaser to extend the term for an additional five years. The Note is secured against the shares of GenZeroes Productions Inc. and the Related IP.

The initial fair value of the Note on inception was determined to be $200,426. The fair value of the instrument was estimated using a discounted cash flow model using a discount rate of 39%. At July 31, 2023, the Company had recorded $23,522 of interest and carrying value of the Note was $223,948. The Company had recorded an impairment equal to the carrying value of the Note due to uncertain collectability and as at July 31, 2024, the Company deemed the expected credit loss to be unchanged.

7. Property and Equipment

	Computer Equipment $	Furniture and Fixtures $	Total $
Cost			
Balance, July 31, 2022 and 2023	**62,169**	**13,077**	**75,246**
Additions	-	-	-
Impairment	(62,169)	(13,077)	(75,246)
Balance, July 31, 2024	-	-	-
Accumulated depreciation			
Balance, July 31, 2022	**(12,793)**	**(1,817)**	**(14,610)**
Depreciation	(20,723)	(4,360)	(25,083)
Balance, July 31, 2023	**(33,516)**	**(6,177)**	**(39,693)**
Depreciation	(20,722)	(4,360)	(25,082)
Impairment	54,238	10,537	64,775
Balance, July 31, 2024	-	-	-
Net book values			
Balance, July 31, 2023	**28,653**	**6,900**	**35,553**
Balance, July 31, 2024	**-**	**-**	**-**

At July 31, 2024, the Company determined that the Company's computer equipment and furniture and fixtures were no longer expected to be utilized in the future and that this change in circumstances indicated that their carrying amount may not be recoverable. An impairment loss was recognized of $10,471. This is the amount by which the assets carrying amount exceeded its recoverable amount, which was determined to be $Nil given the lack of utilization and age of the assets.

(Expressed in Canadian Dollars)

8. Intangible Assets and Goodwill

As part of the acquisition of HOK Technologies Inc. (the "HOK") in fiscal 2022, the Company acquired a platform. HOK is creating a blockchain-based virtual world and metaverse to be utilized across environments as well as virtual reality social and gaming activities (the "Platform"). The Company had also capitalized costs related to the creation of a live-action NFT based series produced by the Company. Acquired NFTs represent NFTs purchased by the Company from third parties for development purposes.

On February 6, 2024, the Company acquired the Platforms as described in Note 3.

Intangible Assets

	Acquired NFTs $	Film Series $	Acquired Platforms $	Internally Generated Platforms $	Acquired IP $	Total $
Balance, July 31, 2022	**48,973**	**670,354**	**503,024**	**1,089,417**	**-**	**2,311,768**
Additions	-	63,401	-	387,912	1,131,355	1,582,668
Amortization	(48,973)	(100,916)	(57,857)	-	-	(207,746)
Disposals	-	(632,839)	-	-	-	(632,839)
Impairment	-	-	(445,167)	(1,477,329)	(1,131,355)	(3,053,851)
Balance, July 31, 2023	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	765,000	-	-	765,000
Amortization	-	-	(72,937)	-	-	(72,937)
Impairment	-	-	(692,063)	-	-	(692,063)
Balance, July 31, 2024	-	-	-	-	-	-

Goodwill

	$
July 31, 2021	**-**
Addition (Note 3)	3,323,409
July 31, 2022	**3,323,409**
Impairment	(3,323,409)
July 31, 2023 and 2024	**-**

The Company reviews the carrying values of its intangible assets at each reporting date for indicators of impairment.

As at July 31, 2024, the Company recorded impairment of the Climate.bot and Carbon.bot platforms of $692,063, as the Company's technology is currently not yet projected to be economical. The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth of the acquired platform as a result of material uncertainties with respect to the Company's ability to raise capital for further business development and a change in business models and implementation strategies. The recoverable amount of the operating unit is determined based upon updated cash flow projections. The Company used a discount rate of 40% for the current and previous value in use calculations.

As at July 31, 2023, the Company recorded impairment of goodwill of $3,323,409 and impairment of intangibles of $3,036,077. The events and circumstances that led to the recognition of the impairment losses included a decrease in forecasted growth as a result of material uncertainties with respect to the Company's ability to raise capital for further development, decreased revenue projections as a result of a general downturn in the metaverse and blockchain industries. The recoverable amount of the operating unit is determined based upon updated cash flow projections. The Company used a discount rate of 39% for the current and previous value in use calculations.

(Expressed in Canadian Dollars)

9. Right-of-Use Assets and Lease Liabilities

The Company's primary lease consisted of office space. On August 28, 2023, the primary lease was terminated in consideration for a payment of $60,000 to the lender which resulted in a loss on termination of $18,085. Upon termination the respective right-of-use asset balance of $212,582 and the right-of-use liability of $229,554 was derecognized. The following is a continuity schedule of right-of-use assets for the years ended July 31, 2024 and 2023:

Right-of-use assets	Office Lease $
Balance, July 31, 2022	**396,819**
Depreciation	(170,065)
Balance, July 31, 2023	**226,754**
Depreciation	(14,172)
Termination of lease	(212,582)
Balance, July 31, 2024	**-**

The following is a continuity schedule of lease liabilities for the years ended July 31, 2024 and 2023:

Lease liabilities	Office Lease $
Balance, July 31, 2022	**408,463**
Interest	28,990
Payments	(193,534)
Balance, July 31, 2023	**243,919**
Interest	1,762
Payments	(16,127)
Termination of lease	(229,554)
Balance, July 31, 2024	**-**

10. Accounts Payable and Accrued Liabilities

	2024 **$**	2023 $
Accounts payable	**556,414**	541,074
Accrued liabilities	**659,691**	595,936
	1,216,105	1,137,010

During the year ended July 31, 2024, $38,494 of accounts payable was forgiven and the Company recorded a gain on settlement of debt of $38,494.

11. Loans Payable

On November 23, 2023, the Company issued 10,000,000 units to convert $1,000,000 of loans payable from debt to equity to certain loan holders who agreed to participate in the non-brokered private placement described in Note 12. Each unit consist of one common share and one common share purchase warrant exercisable for a period of two years at an exercise price of $0.10.

11. Loans Payable (continued)

During the year ended July 31, 2024, the Company received $Nil (2023 - $1,419,000) in loans from arm's-length parties, repaid $175,871 (2023 - $193,750) to loan holders, and a balance of $161,849 (2023 - $Nil) was forgiven and recorded as a gain on settlement of debt.

As at July 31, 2024, the Company had a balance of $89,140 (2023 - $1,374,415) of loans payable, including $7,140 (2023 - $84,165) in accrued interest. The loans are unsecured, bear interest at 10% per annum and are due on demand.

12. Share Capital

Authorized share capital and share consolidation

Unlimited number of common shares without par value.

On October 6, 2023, the Company consolidated all of its issued and outstanding common shares on the basis of one new common share for every seventy-five old common shares. Unless otherwise noted, all share, option, loss per share and warrant information have been retroactively adjusted to reflect this consolidation.

Issued share capital

At July 31, 2024, there were 35,116,754 (2023 – 1,985,836) issued and fully paid common shares outstanding.

For the year ended July 31, 2024

On November 23, 2023, the Company closed a non-brokered private placement offering and issued 20,005,000 units at a price of $0.10 per unit, for total consideration of $2,000,500. The Company received gross cash proceeds of $1,000,500 and $1,000,000 was converted from debt into equity as certain loan holders participated in the offering (Note 11). Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company for a period of two years at an exercise price of $0.10.

On February 8, 2024, the Company issued 3,060,000 common shares pursuant to an Asset Purchase Agreement with Bot Media Corp. to acquire the Platforms (Notes 3 and 8).

During the year ended July 31, 2024, the Company issued 10,050,000 common shares upon the exercise of 10,050,000 warrants for total proceeds of $1,005,000.

During the year ended July 31, 2024, the Company issued 15,998 common shares upon the conversion of 15,998 RSUs and the Company transferred $190,000 from reserve to share capital.

(Expressed in Canadian Dollars)

12. Share Capital (continued)

During the year ended July 31, 2024, the Company received proceeds in advance of $20,000 pursuant to the subsequent exercise of warrants (Note 22).

For the year ended July 31, 2023

On September 7, 2022, the Company issued 184,363 common shares with a fair value of $1,935,815 pursuant to the acquisition of Web 3.0 as described in Note 3.

On June 1, 2023, the Company issued 98,000 common shares with a fair value of $147,000 to settle $367,500 of accounts payable. The Company recorded a gain on settlement of debt of $220,500.

During the year ended July 31, 2023, the Company issued 19,556 common shares upon the exercise of 19,556 stock options for total proceeds of $146,667 and the Company transferred $109,140 from reserve to share capital.

During the year ended July 31, 2023, the Company issued 26,667 common shares upon the exercise of 26,667 warrants for total proceeds of $200,000.

During the year ended July 31, 2023, the Company issued 111,800 common shares upon the conversion of 111,800 RSUs and the Company transferred $1,566,874 from reserve to share capital.

Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, July 31, 2022	160,381	43.50
Rounding from reverse stock split	29	
Exercised	(26,667)	7.50
Balance, July 31, 2023	133,743	51.00
Issued	20,005,000	0.10
Exercised	(10,050,000)	(0.10)
Balance, July 31, 2024	10,088,743	51.00

Details of warrants outstanding as of July 31, 2024 are as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
November 23, 2025	9,955,000	0.10
September 15, 2026	66,664	7.50
November 10, 2026	67,079	93.75
	10,088,743	

12. Share Capital (continued)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants to acquire up to 20% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years prior to listing on an exchange, and 10 years after being listed on an exchange. Vesting periods are determined by the Board of Directors.

On October 14, 2021, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 80,000 common shares at an exercise price of $7.50 per common share for up to five years. The options vest 1/3 on April 14, 2022, 1/3 on October 14, 2022 and 1/3 on April 14, 2023. The grant date fair value of the options was measured at $446,482. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $7.50; exercise price - $7.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 1.18%.

On February 7, 2022, the Company granted an aggregate of 66,667 incentive share purchase options to its directors, officers, employees and consultants. Each share purchase option is exercisable for a period of five years at an exercise price of $48.75 per common share of the Company. The options vest over a period of 18 months, in one-third tranches of equal size, after the passing of each successive six-month period. The grant date fair value of the options was measured at $2,428,863. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $48.75; exercise price - $48.75; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 1.68%.

On March 16, 2022, the Company granted an aggregate of 667 incentive share purchase options to a consultant. Each share purchase option is exercisable for a period of five years at an exercise price of $60.00 per common share of the Company. The options vest over a period of 4 months. The grant date fair value of the options was measured at $29,980. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $60.00; exercise price - $60.00; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.02%.

On April 11, 2022, the Company granted an aggregate of 1,333 incentive share purchase options to two consultants. Each share purchase option is exercisable for a period of two years at an exercise price of $56.25per common share of the Company. The options vest over a period of 4 months. The grant date fair value of the options was measured at $37,670. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $54.00; exercise price - $56.25; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.62%.

On April 13, 2022, the Company granted an aggregate of 3,333 incentive share purchase options to two consultants. Each share purchase option is exercisable for a period of five years at an exercise price of $56.25 per common share of the Company. The options vest 667 options over a period of 4 months. The grant date fair value of the options was measured at $130,153. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $52.50; exercise price - $56.25; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.51%.

On June 1, 2022, the Company granted an aggregate of 667 incentive share purchase options to a consultant. Each share purchase option is exercisable for a period of two years at an exercise price of $18.75 per common share of the Company. The options vest 4 months after the grant date. The grant date fair value of the options was measured at $5,534. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $16.50; exercise price - $18.75; expected life – 2 years; volatility – 100%; dividend yield – $0; and risk-free rate – 2.79%.

(Expressed in Canadian Dollars)

12. Share Capital (continued)

On September 13, 2022, the Company granted incentive stock options to its officers and consultants to purchase an aggregate of 129,250 common shares at an exercise price of $10.50 per common share for up to five years. The options vest 1/8 every three months over 24 months. The total grant date fair value of the options was measured at $1,374,038. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: Stock price - $13.50; exercise price - $10.50; expected life – 5 years; volatility – 100%; dividend yield – $0; and risk-free rate – 3.23%.

During the year ended July 31, 2024, the Company recorded a recovery of share-based compensation of $8,817 (2023 - share-based compensation of $2,566,481) related to the issuance of options. The following is a summary of the Company's option activity for the years ended July 31, 2024 and 2023:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2022	151,333	27.75
Rounding from reverse stock split	(227)	
Granted	129,250	10.50
Cancelled	(94,583)	(12.75)
Exercised	(19,556)	(7.50)
Balance, July 31, 2023	166,217	24.75
Cancelled	(42,666)	(16.11)
Expired	(4,667)	(34.82)
Balance, July 31, 2024	118,884	27.76
Exercisable, July 31, 2024	110,551	29.06

Details of options outstanding and exercisable as at July 31, 2024 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
October 14, 2026	29,884	29,884	7.50
February 7, 2027	54,333	54,333	48.75
March 16, 2027	667	667	60.00
April 13, 2027	667	667	56.25
September 13, 2027	33,333	25,000	10.50
	118,884	110,551	

Restricted Stock Units ("RSUs")

The Company has adopted a Restricted Stock Unit ("RSU") plan ("RSU Plan"). The purpose of the RSU Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by certain directors, officers, other key employees and consultants of the Company ("Participants") who, in the judgment of the Board, will be responsible for its future growth and success. RSUs granted pursuant to this RSU Plan will be used to compensate Eligible Persons who have forgone salary to assist the Company in cash management in exchange for the grant of RSUs and incentive stock options under the Company's stock option plan.

12. Share Capital (continued)

Under the terms of the plan, RSUs are granted to Participants and the RSUs expire at the earlier of 5 years from the date of vesting of the RSU and 10 years from the grant date. Each RSU gives the Participant the right to receive one common share of the Company. The aggregate number of common shares that may be reserved for issuance, at any time, under this Plan and under any other share compensation arrangement adopted by the Company, including the Company's incentive stock option plan, shall not exceed up to a maximum of 20% of the issued and outstanding Shares at the time of grant pursuant to awards granted under all share compensation plans.

For the year ended July 31, 2024

During the year ended July 31, 2024, the Company recorded $Nil (July 31, 2023- $52,501) of stock-based compensation relating to the number of vested RSUs.

During the year ended July 31, 2024, the Company issued 15,998 common shares upon the conversion of 15,998 RSUs and the Company transferred $190,000 from reserve to share capital.

As at July 31, 2024, 14,665 (July 31, 2023 – 30,667) restricted stock units were outstanding under the RSU plan.

For the year ended July 31, 2023

During the year ended July 31, 2023, the Company issued 111,800 common shares upon the exercise of 111,800 restricted stock units. Upon exercise the Company reclassified the grant date fair value of the RSUs of $1,566,874 from reserves, as per below:

On November 25, 2022, 20,000 RSUs outstanding under the RSU plan were converted to common shares.

On December 14, 2022, 14,667 RSUs outstanding under the RSU plan were converted to common shares.

On December 21, 2022, 1,778 RSUs outstanding under the RSU plan were converted to common shares.

On December 30, 2022, 222 RSUs outstanding under the RSU plan were converted to common shares.

On January 3, 2023, 68,333 RSUs outstanding under the RSU plan were converted to common shares.

On January 27, 2023, 6,800 RSUs outstanding under the RSU plan were converted to common shares.

On January 26, 2023, pursuant to its shareholder approved RSU plan, the Company has granted 40,133 RSUs to directors, officers and consultants of the Company. 33,333 RSUs are subject to vesting four months from the grant date with 6,800 RSUs vesting immediately. The RSUs had a fair value of $150,500, based on the closing price of the Company's common shares on the date of grant. During the year ended July 31, 2023, the Company recorded $150,500 of stock-based compensation relating to the number of vested RSUs.

On December 29, 2022, pursuant to its shareholder approved RSU plan, the Company has granted 68,333 RSUs to consultants of the Company, vesting immediately. The RSUs had a fair value of $384,375, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation during the year ended July 31, 2023.

On September 13, 2022, pursuant to its shareholder approved RSU plan, the Company has granted 20,000 RSUs to a consultant of the Company, vesting immediately. The RSUs had a fair value of $270,000, based on the closing price of the Company's common shares on the date of grant which the Company recorded as stock-based compensation during the year ended July 31, 2023.

(Expressed in Canadian Dollars)

12. Share Capital (continued)

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options, warrants or RSUs are exercised, at which time the corresponding amount will be transferred to share capital.

13. Related Parties

Related party balances

Amounts due to related parties:
The following amounts due to related parties are included in trade payables and accrued liabilities:

	2024 **$**	2023 $
Amounts owed to directors of the Company	32,876	89,808
	32,876	89,808

Related party transactions

During the year ended July 31, 2024, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $186,390 (2023 - $286,167) to the Company's key management.

During the year ended July 31, 2024, the Company also incurred stock-based compensation to key management personnel related to the grant of options of $3,732 (2023 - $241,085).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

14. Financial Risk and Capital Management

(a) Fair value measurements:

Financial hierarchy:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly from observable market data; and

Level 3: Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at July 31, 2024 and 2023:

(Expressed in Canadian Dollars)

14. Financial Risk and Capital Management (continued)

	As at July 31, 2024		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	899,817	-	-

	As at July 31, 2023		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash and cash equivalents	46,979	-	
Digital assets	-	21,951	-

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from www.finance.yahoo.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. 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 relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently consist solely of Ethereum. As of July 31, 2024, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $Nil (2023 - $2,195).

(b) Financial risk management:

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

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

(Expressed in Canadian Dollars)

14. Financial Risk and Capital Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at July 31, 2024, the Company has cash of $899,817 (2023 - $46,979) available to apply against short-term business requirements and current liabilities of $1,352,354 (2023 - $2,701,723).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. As at July 31, 2024, it is management's conclusion that the exposure to market risk is not material.

15. Segmented Information

At July 31, 2024, the Company operated in one geographic area and one operating segment. During the year ended July 31, 2023, Company operated within two geographic areas, Canada and Vietnam and had one operating segment, which is the design, development, and sale of exclusive Non-Fungible Tokens ("NFTs").

	Canada $	Vietnam $	Total $
Year ended July 31, 2024			
Revenue	2,195,913	-	2,195,913
Net Loss	(14,345)	-	(14,345)
Year ended July 31, 2023			
Revenue	654,957	-	654,957
Net Loss	(11,889,286)	(656,626)	(12,545,912)
As at July 31, 2024			
Total non-current assets	-	-	-
As at July 31, 2023			
Total non-current assets	583,547	-	583,547

16. Capital Management

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

(Expressed in Canadian Dollars)

16. Capital Management (continued)

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year ended July 31, 2024.

The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

17. Revenues

The Company's main source of revenue is the sale of digital goods to customers. The following is a break-down of revenues earned:

	Year ended July 31,	
	2024	2023
	$	$
NFT sales	**2,170,465**	434,093
Royalty income	**448**	5,534
Design services income	**-**	215,330
Services income	**25,000**	-
	2,195,913	654,957

Deferred Revenue

The Company receives payments based on the payment terms established in its contracts. Such payments are initially recorded to deferred revenue and are recognized into revenue as the Company satisfies its performance obligations. Deferred revenue consists of payments received from the Company's virtual land NFT sales in advance of revenue recognition. As of July 31, 2024, the aggregate amount of revenue allocated to unsatisfied performance obligations of $Nil (2023 - $2,170,910) is included in deferred revenue.

Deferred Contract Costs

The Company defers contract costs that are direct and incremental to obtaining user contracts. These costs are amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized.

Upon the launch of the virtual land platform, the Company commenced amortization of the related contract costs over the estimated service life of the virtual land of one year. During the year ended July 31, 2024, the Company amortized $321,240 (2023 - $64,247). At July 31, 2024, the Company had deferred $Nil (2023 - $321,241) of contract costs consisting of commissions paid for communication services provided in connection with the Company's virtual land NFT sales.

18. Development Costs

During the year ended July 31, 2024, the Company incurred $27,442 (2023 - $140,034) of development costs which consist primarily of platform development costs which were expensed as incurred as they did not meet the criteria for capitalization. During the year ended July 31, 2023, the Company capitalized software and platform development costs incurred for items to be sold, leased or otherwise marketed after technological feasibility of the software was established or for development costs that have alternative future uses.

(Expressed in Canadian Dollars)

19. Marketing Expenses

During the year ended July 31, 2024, the Company incurred $68,356 (2023 - $456,463) of marketing and sales expenses which consist of advertising, marketing and promotional expenses. These costs consist mainly of digital advertising and promotion designed to raise awareness and interest in the Company's projects.

20. Contingencies

During the year ended July 31, 2023, a claim was commenced against the Company by Thanh Khiet Nguyen (the "Plaintiff"). The claim is brought against the Company, its directors and former directors, and third parties for conspiracy to extract all of the value out of the Plaintiff's former company and is brought under section 227 of the BC Business Corporations Act.

The Company filed a response to the civil claim on December 14, 2023. As set out in the Company's response to the civil claim, it believes that the allegations are without merit. The Company intends to vigorously defend itself against the claim made.

21. Income Taxes

A reconciliation of income taxes at statutory tax rates is as follows:

		2024		2023
Net loss for the year	$	(14,345)	$	(12,545,912)
Statutory tax rate		27%		27%
Expected income taxes (recovery)		(3,873)		(3,387,396)
Impact on the difference between statutory tax rate and foreign tax rate		(516,334)		(32,487)
Permanent differences		(2,381)		2,604,265
Change in benefit not recognized		522,588		815,618
Deferred income tax recovery	$	-	$	-

The Company has approximately $6,473,930 of non-capital losses available, which begin to expire through to 2044 and may be applied against future taxable income. The Company also has approximately $992,849 of capital losses that may be carried forward and applied against future capital gains. At July 31, 2024, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in future years. The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2024		2023
Non-capital and capital losses	$	7,466,779	$	6,323,642

22. Subsequent Events

Subsequent to July 31, 2024, the Company issued 4,070,000 common shares upon the exercise of 4,070,000 warrants for total proceeds of $407,000.

Subsequent to July 31, 2024, the Company recorded $20,000 in revenue pursuant to the completion of the development of Pure Sky Registry LLC's blockchain-based carbon credit registry as per the definitive agreement dated May 12, 2024.