eXeBlock Technology Corporation

Consolidated Financial Statements

For the years ended August 31, 2024 and 2023

(Expressed in Canadian Dollars)

December 13, 2024

Management’s Responsibility for Financial Reporting

The accompanying consolidated financial statements of eXeBlock Technology Corporation (the “Company") were prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) “*Ian Klassen*”
President and Chief Executive Officer
Vancouver, British Columbia

(signed) “*Robert Randall*”
Chief Financial Officer
Halifax, Nova Scotia

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of eXeBlock Technology Corporation.

Opinion

We have audited the consolidated financial statements of eXeBlock Technology Corporation and its subsidiary (the "Company") which comprise:

- the consolidated statements of financial position as at August 31, 2024 and 2023;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 August 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do 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.

If, based on the work we have performed on this other information, 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 Accounting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors’ report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 13, 2024

eXeBlock Technology Corporation
Consolidated Statements of Financial Position
Expressed in Canadian dollars
As at August 31, 2024 and August 31, 2023

	2024 $	2023 $
Assets		
Current assets		
Cash and cash equivalents	**353,445**	505,696
Sales taxes recoverable	**8,375**	16,773
	361,820	522,469
Investment (note 4)	**192,500**	192,500
Total assets	**554,320**	714,969
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	**67,626**	78,388
Equity		
Common stock (note 5)	**6,898,973**	6,898,973
Deficit	**(6,412,279)**	(6,262,392)
Deficit	**486,694**	636,581
Total liabilities and equity	**554,320**	714,969

Nature of operations and going concern (note 1)
Commitments and contingencies (note 9)

Approved on behalf of the Board of Directors on December 13, 2024.

"Paul Thomson"
Paul Thomson, Director

"Ian Klassen"
Ian Klassen, Director

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

eXeBlock Technology Corporation
Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars
For the years ended August 31, 2024 and 2023

	2024	2023
	$	$
Expenses		
Professional and consulting fees (note 7)	**122,545**	198,158
Rent and administrative costs (note 7)	**31,732**	36,165
Securities and regulatory fees	**14,917**	9,643
Market development and advertising	**486**	3,616
Loss before interest income and income taxes	**169,680**	247,582
Interest income	**19,793**	24,548
Net and comprehensive loss for the year	**149,887**	223,034
Loss per share – basic and diluted	**0.003**	0.004
Weighted-average number of common shares outstanding	**53,539,031**	53,539,031

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

eXeBlock Technology Corporation
Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
For the years ended August 31, 2024 and 2023

	Number of Common Shares	Common Shares (note 5)	Contributed Surplus	Deficit	Total
	#	$	$	$	$
Balance, August 31, 2022	**53,539,031**	**6,898,973**	**-**	**(6,039,358)**	**859,615**
Net loss for the year	-	-	-	(223,034)	(223,034)
Balance, August 31, 2023	**53,539,031**	**6,898,973**	**-**	**(6,262,392)**	**636,581**
Net loss for the year	-	-	-	(149,887)	(149,887)
Balance, August 31, 2024	**53,539,031**	**6,898,973**	**-**	**(6,412,279)**	**486,694**

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

eXeBlock Technology Corporation
Consolidated Statements of Cash Flows
Expressed in Canadian dollars
For the years ended August 31, 2024 and 2023

	2024	2023
	$	**$**
Operating activities		
Net loss for the year	**(149,887)**	(223,034)
Changes in non-cash working capital		
Decrease in sales tax recoverable	**8,398**	13,658
Increase (decrease) in accounts payable and accrued liabilities	**(10,762)**	25,499
Net cash used in operating activities	**(152,251)**	(183,877)
Decrease in cash and cash equivalents during the year	**(152,251)**	(183,877)
Cash and cash equivalents, beginning of year	**505,696**	689,573
Cash and cash equivalents, end of year	**353,445**	505,696

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

1. NATRUE OF OPERATIONS AND GOING CONCERN

eXeBlock Technology Corporation (formerly 1040433 B.C. Ltd.) (the "Company"), was incorporated pursuant to the British Columbia Business Corporations Act on June 19, 2015. On August 18, 2017, the Company and eXeBlock Technology Inc. ("eXeBlock Inc.") entered a Share Exchange Agreement (the "SEA") under which the transaction was completed and the Company effected a change in directors, management and business. eXeBlock Inc., which was federally incorporated pursuant to the Canada Business Corporations Act on July 11, 2017, was deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included.

With the termination of the Company's merger agreement with Nodalblock Canada Holdings Inc. ("Nodalblock"), the CSE has determined that the Issuer has not met the continued listing requirements as set out in CSE Policy and deemed the Company to be inactive. Pursuant to CSE Policy, the Company may not rely on confidential price protection, nor may the Company complete any financing without prior CSE approval. An ".X" extension is added to the listed securities of the Company.

The Company's corporate office address is suite 1050, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 and its registered office is located at Suite 3200, 650 West Georgia Street, Vancouver, BC, Canada, V6B 4P7. The Company's administrative office is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3R7.

These consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the year ended August 31, 2024, the Company incurred net loss of $149,887 (2023 – $223,034).

The Company has no revenue from operations. The Company must manage its working capital requirements to maintain sufficient funding to identify and evaluate new business opportunities and fund its general operating costs. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for capital expenditures, which are adjusted as input variables change. These variables include, but are not limited to, the ability of the Company to generate revenue from current and prospective customers, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there can be no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

2. BASIS OF PRESENTATION

Basis of presentation
These consolidated financial statements have been prepared under a historical cost basis. All amounts are expressed in Canadian dollars, the Company's functional currency, unless otherwise noted.

Basis of consolidation

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements include assets, liabilities and results of operations of the Company, including its wholly owned subsidiary eXeBlock Technology Inc. a Canadian corporation. The Company consolidates the wholly owned subsidiary on the basis that it controls the subsidiary through its ability to govern their financial and operating policies. All intercompany transactions and balances have been eliminated on consolidation of the accounts.

3. ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Board of Directors approved these consolidated financial statements for issue on December 13, 2024.

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to require companies to disclose their "material" accounting policy information rather than their "significant" accounting policies. Effective January 1, 2023, the Company adopted these amendments which did not result in any changes in the disclosure of the Company's accounting policies.

Critical accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are outlined below.

Going Concern
The assessment of the Company's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Company's ability to generate adequate financing. Significant judgements are used in the Company's assessment of its ability to continue as a going concern.

Fair Value of Investment in Securities Not Quoted in an Active Market
Where the fair values of financial assets and financial liabilities recorded on the statements of financial position, including equities and warrants, cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible; where observable market data is not available, Management's judgment is required to establish fair values.

Share-based payments
The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

3. ACCOUNTING POLICIES (continued)

Critical accounting judgments and estimates (continued)

Income Taxes and Recovery of Deferred Tax Assets and Liabilities
The measurement of income taxes payable and deferred tax assets and liabilities requires Management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on the fair value of goods or services rendered.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Income taxes

Current income taxes
Current income tax assets and liabilities 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 equity is recognized in the statements of changes in equity and not in the statements of loss and comprehensive 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. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

Deferred income taxes
Deferred income taxes are calculated using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

3. ACCOUNTING POLICIES (continued)

Income taxes (continued)

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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, at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, current operating bank accounts and guaranteed investment certificates.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the consolidated statements of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured as follows:

Financial instrument	IFRS 9
Cash and cash equivalents	FVTPL
Investments	FVTPL
Accounts payable	Amortized cost

Impairment of financial assets at amortized cost
The Company recognizes an allowance using the expected credit loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all accounts receivable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the consolidated statements of loss and comprehensive loss.

3. ACCOUNTING POLICIES (continued)

Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the year.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the consolidated financial statements as at August 31, 2024.

4. INVESTMENT

Termination of Agreement to acquire Nodalblock Canada Holdings Inc.

On August 18, 2022, the Company agreed with Nodalblock Canada Holdings Inc. ("Nodalblock") to mutually terminate their proposed amalgamation, originally announced on December 7, 2020.

In consideration of the early termination of the merger agreement, Nodalblock issued to the Company 350,000 common shares. The Company has recorded these shares at $0.55 per share, the issue price of the last arms-length financing completed by Nodalblock, resulting in a fair value of $192,500 for the Company’s investment in its shares of Nodalblock.

5. SHARE CAPITAL

a) Common shares

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

b) Stock based compensation

The Company has a stock option plan, a restricted share unit plan and a deferred share unit plan. (collectively the "Plans") for directors, officers, employees and consultants of the Company. The Board of Directors have the authority to issue up to 10% of the issued and outstanding common shares of the Company under the Plans. The options can have up to a ten-year life and the vesting period is set by the Board of Directors. Options are granted at a price no lower than the market price of the common shares on the date issued. The performance criteria and performance period of the restricted share units are determined by the Board of Directors. Any deferred share units shall be granted on terms determined by the Board of Directors in accordance with the deferred share unit plan.

The estimated fair value of options recognized is estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company’s stock options.

There was no stock based compensation issued during the years ended August 31, 2024 and August 31, 2023. There are no options, restricted share units or deferred share units outstanding as at August 31, 2024 and August 31, 2023.

Expressed in Canadian dollars

5. SHARE CAPITAL (continued)

c) Warrants

There are no warrants outstanding as at August 31, 2024 and August 31, 2023.

Warrant pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models may not necessarily provide a reliable estimate of the fair value of the Company's warrants.

6. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the applicable income tax rates to the net loss before tax provision due to the following:

	2024	2023
	$	$
Loss before income taxes	(149,887)	(223,034)
Statutory rate	29%	27%
Tax recovery at statutory rate	(43,467)	(60,219)
Tax recovery on losses and deductible temporary differences not recognized in the current year	43,467	60,219
Income tax recovery	-	-

At August 31, 2024, the Company has unused non-capital losses in Canada of $6,850,000 available for carry-forward purposes which expire from 2036 to 2044.

At August 31, 2024 the Company has $6,850,000 of deductible temporary differences for which no deferred tax asset has been recognized (2023 - $6,700,000) which is comprised of the following:

	2024	2023
	$	$
Tax losses	6,850,000	6,700,000

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the year ended August 31, 2024, the Company incurred consultancy fees of $12,000 (2023 - $84,000) from a related party, Numus Financial Inc. ("Numus"), a company which provided services under a consultancy agreement for a fee of $1,000 per month which continues until both Numus and the Company mutually agree to terminate. Numus and its principals are significant shareholders of the Company. Additionally, if the agreement with Numus is cancelled by the Company, a break fee of eighteen months of remuneration, being $18,000, will be payable to Numus, along with the service fees applicable for the 90 day notice period.

The agreement also provides for the rental of office space and general office services for $2,550 per month. The Company incurred office rental charges of $30,600 from Numus for the year ended August 31, 2024 (2023 - $30,600). If the office space and general office services agreement is cancelled by the Company without notice, a break fee of six months of remuneration, being $15,300, will be payable to Numus.

Expressed in Canadian dollars

7. RELATED PARTY TRANSACTIONS (continued)

In addition, Numus shall have a first right of refusal to act as an advisor on an eXeBlock transaction for a fee of 1.25% of the value of the transaction, and Numus, or its subsidiary, shall have a first right of refusal to act as an agent on all financings conducted by the Company.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The Company also incurred consulting fees to certain directors and officers. The following table summarizes the key management compensation and related party expenses incurred during the years ended August 31, 2024 and 2023:

Related party	**Year ended August 31, 2024**	**Year ended August 31, 2023**
	$	**$**
IMK Management Inc. – for services of Ian Klassen, CEO	60,000	60,000
Randall Consulting Inc. – for services of Rob Randall, CFO and Corporate Secretary	25,856	25,050

As at August 31 2024, the amount payable to related parties was $41,897 (2023 - $51,889).

8. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Capital Management

The Company manages its capital to ensure that it will be able to continue as a going-concern while maximizing the return to stakeholders through the optimization of debt and equity balances.

The capital of the Company consists of items included in equity. The Company has capital resources of cash and cash equivalents and are not subject to external capital requirements.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for capital expenditure, which are adjusted as input variables change. These variables include, but are not limited to, the ability of the Company to generate revenue from prospective customers, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing.

b) Fair Values of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The carrying amounts reported in the consolidated statement of financial position for cash and cash equivalents and accounts payable approximate their fair values based on the short-term maturities of these financial instruments.

c) Financial Risk Management Objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, and interest rate risk. Where material, these risks are reviewed and monitored.

Expressed in Canadian dollars

8. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Cash and cash equivalents are held with a reputable bank in Canada. The long-term credit rating of this bank, as determined by Standard and Poor's, was A+.

e) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to note 1 for additional details related to the ability of the Company to continue as a going concern.

The Company will need to pursue financing alternatives. There can be no assurance that additional future financing will be available on acceptable terms or at all. If the Company is unable to obtain additional financing when required, the Company may have to substantially reduce or eliminate planned expenditure.

Accounts payable are paid in the normal course of business generally according to their payment terms. In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities as at August 31, 2024:

	Within 1 year	2-3 years	4-5 years	Over 5 years	Total
	$	$	$	$	$
Accounts payable	67,626	-	-	-	67,626

f) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

g) Fair Value Measurements Recognized in the Statement of Financial Position

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At August 31, 2024 the Company had no financial instruments that were measured and recognized on the consolidated statements of financial position at fair value other than cash and cash equivalents, which is classified at level 1 and investment, which is classified at level 3. In addition, there were no transfers between levels during the period. To determine the fair values of the Level 3 investments as at August 31, 2024 the Company uses the private placement financing technique. This method relies on the input of the price per share of the last capital raise of the investee. A change of 10% +/- to the input price would result in a fair value change of investment of $19,250.

9. COMMITMENTS AND CONTINGENCIES

The Company has a consultancy agreement with Numus for the provision of management and accounting services and office rent at a fee of $3,550 per month, continuing until both parties mutually agree to terminate. The agreement with Numus is subject to break fees, and a first right of refusal on advisory services, as described in Note 7.