SPIRIT BLOCKCHAIN CAPITAL INC.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Spirit Blockchain Capital Inc.

Opinion

We have audited the consolidated financial statements Spirit Blockchain Capital Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of loss and comprehensive loss, statements of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 financial statements, which indicates that the Company incurred significant operating losses since inception and has an accumulated deficit of $16,548,944 as at December 31, 2023. For the year ended December 31, 2023, the Company incurred a net loss and comprehensive loss of $1,951,059. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist 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 judgement, were of most significance in our audit of the financial statements of the year ended December 31, 2023.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Valuation of Investments Held for Trading

We draw attention to Note 6 of the financial statements. The Company records investments held for trading at fair value. In determining the fair value of investments held for trading, the Company used significant assumptions due to the lack of observable inputs to determine fair value as these investments comprise shares of private companies.

We identified the assessment of fair value measurement of investments held for trading as a key audit matter. This matter represented an area of significant risk of material misstatement due to the high degree of estimation uncertainty. Significant auditor judgement and specialized skills and knowledge were required in evaluation the results of our audit procedures due to the sensitivity of the fair value measurement of investments to changes in certain assumptions.

The primary procedures we performed to address the key audit matter included the following:

- Assessment of Valuation Methodology: We evaluated the appropriateness of the valuation methodologies applied by the company for the company's investments. This included assessing whether the methodologies were consistent with industry standards and applicable accounting frameworks.
- Testing of Key Assumptions and Inputs: we focused on the key assumptions and inputs used in determining fair value.

Valuation of Derivative Liability

We draw attention to Note 9 of the financial statements. The Company issued a convertible debenture with an embedded derivative, which was determined to be a derivative liability. In determining the fair value of the derivative liability significant assumptions were used in a complex valuation technique known as the Binomial Option Pricing Model.

We identified the valuation of derivative liability as a key audit matter. This matter represented an area of significant risk of material misstatement due to the high degree of estimation uncertainty. Significant auditor judgement and specialized skills and knowledge were required in evaluation the results of our audit procedures due to the sensitivity of the fair value measurement of derivative instruments to changes in certain assumptions.

The primary procedures we performed to address the key audit matter included the following:

- Assessment of derivative as a liability: We evaluated the appropriateness of the company's assessment of the embedded derivative as a derivative liability. This included assessing management's assessment was in accordance with IFRS 9 – Financial Instruments and IAS 32 – Financial Instruments - Presentation.
- Testing of Key Assumptions and Inputs: we focused on the key assumptions and inputs used in determining value of the derivative liability.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the 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 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings 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 auditor's 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 auditor's report is Kwin Grauer.

/s/ Reliant CPA

Chartered Professional Accountants
Licensed Public Accountants
Vancouver, BC
May 1, 2024

SPIRIT BLOCKCHAIN CAPITAL INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	**December 31, 2023**	December 31, 2022
		$	$
ASSETS			
Current			
Cash		**375,491**	269,206
Amounts receivable		**48,804**	35,745
Loans receivable	5	**488,672**	-
Investments held for trading	6	**-**	26,274
Digital assets	7	**39,024**	259,755
Due from related parties	11	**138,303**	65,781
Prepaid expenses		**-**	720
		1,090,294	657,481
Non-current portion of digital assets	7	**48,725**	81,444
Total assets		**1,139,019**	738,925
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	**776,391**	646,691
Convertible debentures	9	**961,339**	-
Derivative liability	9	**153,003**	-
		1,890,733	646,691
Non-current portion of convertible debentures	9	**250,004**	-
Total liabilities		**2,140,737**	646,691
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	10(b)	**14,397,583**	13,923,358
Contributed surplus		**1,193,487**	810,605
Accumulated other comprehensive loss		**(43,844)**	(59,349)
Deficit		**(16,548,944)**	(14,582,380)
Total shareholders' equity (deficiency)		**(1,001,718)**	92,234
Total liabilities and shareholders' equity (deficiency)		**1,139,019**	738,925

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized on May 1, 2024 for issue on behalf of the Board of Directors:

/s/ Lewis Bateman	*/s/ Raymond O'Neill*
Director	Director

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

SPIRIT BLOCKCHAIN CAPITAL INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares)

		Years ended December 31,	
	Note	**2023**	2022
		$	$
Operating expenses			
Consulting fees	11	**839,530**	1,048,682
Filing fees		**13,500**	20,053
General and administrative		**165,611**	89,454
Professional fees		**384,207**	398,372
Share-based compensation	11	**325,175**	454,150
		1,728,023	2,010,711
Other income (expenses)			
Accretion expense	9	**(7,373)**	-
Change in fair value of derivative liability	9	**(103,972)**	-
Change in fair value of digital assets	7	**54,788**	(407,958)
Change in fair value of investments	8	**(355,999)**	-
Change in fair value of investments held for trading	6	**-**	(260,637)
Dividend income	6	**49**	215
Foreign exchange loss		**(17,915)**	(23,182)
Gain on debt settlement		**75,251**	-
Interest expense	9	**(15,506)**	-
Other income	5,7	**11,722**	10,460
Realized gain (loss) on digital assets	7	**112,296**	(482,783)
Realized gain (loss) on sales of investment held for trading	6	**8,869**	(217,531)
		(237,790)	(1,381,416)
Loss before tax		**(1,965,813)**	(3,392,127)
Income tax recovery (expense)		**(751)**	(338)
Net loss		**(1,966,564)**	(3,392,465)
Other comprehensive income (loss)			
Change in fair value of digital assets	7	**-**	(697,196)
Change in foreign currency translation		**15,505**	(45,077)
Net loss and comprehensive loss		**(1,951,059)**	(4,134,738)
Net loss per common share:			
Basic and diluted		**(0.02)**	(0.04)
Weighted average number of common shares:			
Basic and diluted		**95,753,559**	86,083,355

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

SPIRIT BLOCKCHAIN CAPITAL INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Years ended December 31, 2023	2022
	$	$
Operating activities:		
Net loss for the year	**(1,966,564)**	(3,392,465)
Adjustments for:		
Share-based compensation	**325,175**	454,150
Accretion expense	**7,373**	-
Change in fair value of derivative liability	**103,972**	-
Change in fair value of digital assets	**(54,788)**	407,958
Change in fair value of investments	**355,999**	-
Change in fair value of investments held for trading	**-**	260,637
Foreign exchange loss	**829**	17,888
Gain on debt settlement	**(75,251)**	-
Interest expense	**15,506**	-
Other income	**(11,221)**	(10,093)
Realized (gain) loss on digital assets	**(112,296)**	482,783
Realized (gain) loss on sales of investments held for trading	**(8,869)**	217,531
Changes in non-cash working capital items:		
Accounts receivable	**(13,059)**	(26,604)
Due from related parties	**(72,522)**	(32,375)
Prepaid expenses	**720**	(720)
Accounts payable and accrued liabilities	**445,386**	376,416
Cash used in operating activities	**(1,059,610)**	(1,244,894)
Investing activities:		
Loan provided to Troon Technologies (“Troon”)	**(83,620)**	-
Proceeds from repayment of loans receivable	**548,478**	-
Proceeds from sales of investments held for trading	**35,110**	144,410
Proceeds from sales of digital assets	**359,381**	962,979
Purchase of digital assets	**-**	(290,612)
Payment for investment in InvestDEFY Technologies Inc. (“InvestDEFY”)	**(24,999)**	-
Payment for investment in Pixel (Cayman) Limited (“Pixel”)	**(25,000)**	-
Cash provided by investing activities	**809,350**	816,777
Financing activities:		
Proceeds from issuance of shares	**68,615**	-
Proceeds from issuance of convertible debentures	**274,463**	-
Cash provided by financing activities	**343,078**	-
Effect of exchange rate on changes in cash	**13,467**	12,374
Change in cash	**106,285**	(415,743)
Cash, beginning of year	**269,206**	684,949
Cash, end of year	**375,491**	269,206
Supplemental cash flow information:		
Cash dividend received	**49**	215
Cash interest received	**-**	9
Cash interest paid	**-**	(115)
Cash income tax paid	**-**	(345)
Fair value of shares issued for debt settlement	**120,349**	-
Fair value of shares issued for investment in InvestDEFY	**306,000**	-
Fair value of digital assets received as repayment of loans receivable	**128,567**	-

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

SPIRIT BLOCKCHAIN CAPITAL INC.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except number of shares)

	Number of shares	Share capital	Share subscriptions receivable	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' (deficiency) equity
	#	$	$	$	$	$	$
Balance, December 31, 2021	85,817,000	13,810,835	(8,000)	468,978	682,924	(11,189,915)	3,764,822
Settlements of subscriptions receivable	-	-	8,000	-	-	-	8,000
Share-based compensation	-	-	-	454,150	-	-	454,150
Shares issued on conversion of RSUs	900,182	112,523	-	(112,523)	-	-	-
Unrealized loss on digital assets	-	-	-	-	(697,196)	-	(697,196)
Change in foreign currency translation	-	-	-	-	(45,077)	-	(45,077)
Net loss for the year	-	-	-	-	-	(3,392,465)	(3,392,465)
Balance, December 31, 2022	86,717,182	13,923,358	-	810,605	(59,349)	(14,582,380)	92,234
Units issued in private placement	2,472,300	47,876	-	20,739	-	-	68,615
Shares issued for debt settlement	3,871,630	120,349	-	-	-	-	120,349
Shares issued for investment in InvestDEFY	9,675,000	306,000	-	-	-	-	306,000
Share-based compensation	-	-	-	325,175	-	-	325,175
Fair value of conversion feature	-	-	-	36,968	-	-	36,968
Change in foreign currency translation	-	-	-	-	15,505	-	15,505
Net loss for the year	-	-	-	-	-	(1,966,564)	(1,966,564)
Balance, December 31, 2023	**102,736,112**	**14,397,583**	**-**	**1,193,487**	**(43,844)**	**(16,548,944)**	**(1,001,718)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Spirit Blockchain Capital Inc. (the "Company") was incorporated under the Business Corporations Act on January 19, 2021 in British Columbia, Canada. The purpose of the Company is to offer products and services to the digital assets and blockchain ecosphere. The Company holds a portfolio of crypto-currencies, some of which it has staked, and invests in other companies operating in this ecosphere. The Company provides blockchain and advisory services to third parties. The Company can mine crypto-currencies, lend both FIAT money and crypto coins (royalties and streaming), provide consulting services and undertake merger and acquisition activity. The Company's registered and records office is located at Suite 1570, 505 Burrard Street Vancouver, British Columbia, V7X 1M5. On September 14, 2022, the Company's common shares began trading on the Canadian Securities Exchange (the "CSE") under the symbol "SPIR".

These consolidated financial statements for the years ended December 31, 2023 and 2022 ("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 ordinary course of business in the foreseeable future. Historically, the Company has not earned sufficient income to finance day-to-day activities through operations. The Company's ability to continue on a going concern basis is dependent upon its ability to generate future cash flows or raise equity capital or borrowings sufficient to meet current and future obligations.

As at December 31, 2023, the Company has working capital deficiency of $800,439 (December 31, 2022 - surplus of $10,790), has not yet achieved profitable operations, and has an accumulated deficit of $16,548,944 (December 31, 2022 - $14,582,380). These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with equity financing including private placements of common shares, potential debt financing, and the generation of revenue; however, there can be no assurance that this will occur. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, which could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 1, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

b) Basis of presentation

These financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars ("CAD"), which is the functional currency of the Company. The functional currency is the currency of the primary economic environment in which an entity operates. References to "US$" or "USD" are to United States dollars and references to "CHF" are to Swiss francs.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

2. BASIS OF PREPARATION (continued)

A summary of the Company's subsidiaries included in these financial statements as at December 31, 2023 is as follows:

Name of subsidiary	Country of incorporation	Percentage Ownership	Functional Currency	Principal Activity
Spirit Blockchain AG	Switzerland	100%	CHF	Holding company
Spirit Blockchain Holdings Inc.	Canada	100%	CAD	Holding company

3. MATERIAL ACCOUNTING POLICIES

a) Cash

Cash includes cash on hand, cash held in trust, and cash on deposit in interest-bearing bank accounts.

b) Financial instruments

Financial assets

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 classification depends on the Company's business model for managing the financial assets and terms of the related cashflow.

Equity investments that are held for trading are classified as 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 at FVTOCI.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise. The Company's cash is classified as FVTPL.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction cost. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTOCI.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Transaction costs are netted against financial assets and are accounted for using the effective interest method. They are classified as current assets or non-current assets based on their maturity date. The Company's accounts receivable (excluding GST and VAT receivable), loans receivable and due from related parties are classified as amortized cost.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

- FVTPL - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

- Amortized cost - The Company's accounts payables and accrued liabilities are classified at amortized cost.

Fair value hierarchy

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value as follows:

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

The Company's cash, investments held for trading and digital assets are measured at level 1.

The carrying value of accounts receivable, loans receivable, due from related parties and accounts payable and accrued liabilities approximate their respective fair values because of their short-term nature.

c) Investments held for trading

Investments held for trading are investments in equity instruments and are carried at FVTPL. In assessing the classification of investments held for trading as current or non-current assets, management estimates whether any marketable securities are to be sold within the next 12 months. The assessment is performed on a security-by-security basis at each reporting period. Any changes are reflected prospectively within the statement of financial position.

d) Investments

The Company classifies and measures investments at FVTPL. As investments comprise investments in private company equity securities. If an investments' carrying amount is decreased as a result of a revaluation, the decrease will be recognized in profit or loss.

e) Digital assets

Digital assets consist of cryptocurrency denominated assets and are classified as intangible assets. The current portion of digital assets are those which the Company expects to realize within the next twelve months. The non-current portion of digital assets are those which the Company intends to hold long-term for the generation of staking income. Staking income is generated from the issuance to the Company of new digital assets which are awarded by the blockchain network where the Company holds those respective digital assets.

Digital assets are measured using the revaluation model, as prescribed by IAS 38 *Intangible assets*. Initial recognition of digital assets is at fair value, which is the transaction price to purchase the digital asset.

Upon revaluation, if a digital asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of accumulated other comprehensive income (loss). However, the increase will be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If a digital asset's carrying amount is decreased as a result of a revaluation, the decrease will be recognized in profit or loss. However, the decrease will be recognized in other comprehensive income (loss) to the extent of any credit balance in the revaluation surplus in respect of that digital asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of accumulated other comprehensive income (loss).

3. MATERIAL ACCOUNTING POLICIES (continued)

The cumulative revaluation surplus associated with a digital asset which has been included in equity is transferred directly to retained earnings when the surplus is realized. The whole surplus is realized on the retirement or disposal of the asset.

Transfers from accumulated other comprehensive income (loss) to deficit are not made through profit or loss.

The Company recognizes realized recoveries in profit or loss when the disposal of a digital asset occurs at a price that exceeds its respective carrying amount but is below its initial purchase price.

f) Convertible debentures

The First Tranche and Second Tranche convertible debentures (Note 9) were determined to be a compound instrument, comprising a financial liability (debt obligation) and an equity component (conversion option). In accordance IFRS 9 *Financial Instruments: Presentation*, the debt and equity portion representing the conversion option are presented separately. As the exercise prices of the convertible debentures are fixed in Canadian dollars for a fixed number of common shares, the conversion option is classified as residual equity. The liability component is first measured at its fair value on initial recognition and the residual component, if any, is allocated to contributed surplus. Upon exercise of the convertible debentures, an amount that is proportionate to the amount of liability converted is re-allocated from reserves into share capital. The liability component is accreted using the effective interest rate method over the term of the liability, such that the carrying amount of the financial liability will equal the principal balance at maturity.

The EOS Tranche convertible debenture was determined to be a compound instrument, comprising a debt obligation and a derivative liability. The derivative liability was measured using the residual method by first determining the fair value of debt at the inception date and allocated the remaining proceeds to the derivative. The Binomial Model calculates the option value at discrete time periods (or steps) since it has the ability to value options that are exercisable at any point in time through the option's life and can provide more flexibility to account for input alterations at each step for options that contain non-standard (or exotic) features. Any residual is allocated to the debt obligation.

g) Valuation of equity units issued in private placements

The Company allocates the proceeds from the issuance of units between common shares and share purchase warrants on a pro-rata basis based on the relative fair values at the date of issuance. The fair value of the common shares is based on the market closing price on the date the units are issued and the fair value of the share purchase warrants is determined using the Black-Scholes option pricing model as of the date of issuance.

Any value attributed to the warrants is recorded to contributed surplus. Upon exercise, the fair value is reallocated from contributed surplus to issued share capital along with the associated proceeds from exercise.

h) Contributed surplus

Equity reserves presented as contributed surplus include amounts related to share-based compensation.

i) Share-based compensation

The Company grants stock options and restricted stock units ("RSUs") to its directors, employees, and consultants from time to time. The Company accounts for share-based compensation associated with option and RSU grants using a fair value-based method. For directors and employees, the fair value of options and RSUs is measured at the date of grant. For consultants, the fair value of options and RSUs is measured at the fair value of the goods or services received, or the fair value of the equity instrument issued if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. For directors, employees and consultants, the fair value of options and RSUs granted is accrued and charged to operations over the vesting period, with the offsetting credit to share-based compensation reserve for options, and commitment to issue share for RSUs. If and when options are exercised, the applicable amounts are transferred from contributed surplus to share capital. When the shares associated with RSUs are issued, the applicable fair value is transferred from contributed surplus to share capital.

Options are valued by using the Black-Scholes option pricing model while RSU's are valued at the fair value on the date of grant. Charges for stock options that are forfeited before vesting are reversed from contributed surplus and credited to profit or loss. For unexercised options that expire, the recorded value in contributed surplus is transferred to deficit.

3. MATERIAL ACCOUNTING POLICIES (continued)

j) Income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted rates expected to apply when the asset is realized, or the liability is settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactments occur. To the extent that the company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is not recognized. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

k) Earnings (loss) per common share

Basic earnings (loss) per common share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per common share is computed similar to basic earnings (loss) per common share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods.

l) Foreign currency translation

These financial statements are presented in Canadian dollars, which is the functional currency of the Company. Transactions in currencies other than the functional currency are translated into Canadian dollars on the following basis:

- Monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date;
- Non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
- Revenues and expenses, at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in profit and loss.

m) New accounting standards and interpretations

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2023:

<u>Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2</u>

The amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company’s financial statements.

<u>Definition of accounting estimates - amendments to IAS 8</u>

The amendments to IAS 8 *Accounting policies*, changes in accounting estimates and errors clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company’s financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

Deferred tax related to assets and liabilities arising from a single transaction - amendments to IAS 12

The amendments to IAS 12 *Income taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

a) Valuation of digital assets

Digital currencies (including the EOS tokens received via the EOS Tranche convertible debenture and loaned to InvestDEFY) are carried at their fair market value as determined by the spot rate based on volume weighted average from www.coinmarketcap.com. The digital currency market is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies 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 the global political and economic conditions. A decline in the market prices for digital currency could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets.

The Company is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's profit or loss and financial position as currently presented.

b) Valuation of investments

Estimation of fair value of investments at FVTPL is subject to significant uncertainty when the investments are within private companies and little or no information is available. Management is required to make significant assumptions and judgements in estimating the fair value which may result in significant changes to the Company's profit and loss in future periods when more information about the fair value becomes available.

c) Valuation of share-based compensation

The Company utilizes the Black-Scholes option pricing model to estimate fair value of the options granted to directors, employees, and consultants while RSU's are valued at the fair value on the date of grant. The use of Black-Scholes option pricing model requires management to make various estimates and assumptions that impact the value assigned to the options including the forecast future volatility of the share price, the risk-free interest rate, dividend yield and the expected life of the options. Any changes in these assumptions could have a material impact on the share-based compensation calculation value; however, the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has had limited history and is in a unique industry, and historical volatility in not necessarily indicative of future volatility.

(Expressed in Canadian dollars, except where noted)

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

d) Going concern evaluation

These financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at December 31, 2023.

5. LOANS RECEIVABLE

a) Loan to InvestDEFY

On December 5, 2023, the Company completed a non-brokered private placement of convertible debentures for gross proceeds of $1,054,463, comprised of $54,463 in cash and $1,000,000 in 1,066,973.230 EOS tokens (Note 9(b)). Upon completion of the private placement, all 1,066,973.230 EOS tokens with fair value of $1,076,469 were loaned to InvestDEFY, a non-arm's length party and the loan is repayable in either cash or digital assets. The loan bears interest at 7.5% per annum.

During the year ended December 31, 2023, InvestDEFY made loan repayments of $128,566 in the form of 95,270 USD Coins, and cash of $548,478. As at December 31, 2023, the loan receivable accrued interest of $5,400 (2022 - $nil) and had a balance of $404,825 (December 31, 2022 - $nil) outstanding for collection and partially received subsequent to year end (Note 15).

b) Loan to Troon

On December 15, 2023, the Company advanced $83,620 to Troon, a non-arm's length party. The loan bears interest at 7.5% per annum. As at December 31, 2023, the loan receivable accrued interest of $227 (2022 - $nil) and had a balance of $83,847 (December 31, 2022 - $nil) outstanding for collection.

6. INVESTMENTS HELD FOR TRADING

A summary of the Company's investments held for trading is as follows:

		December 31, 2023				December 31, 2022
	Shares held	**Fair value**	**Cost**	Shares held	Fair value	Cost
	#	**$**	**$**	#	$	$
Coinbase Global Inc.	-	-	-	203	9,730	50,897
Hut 8 Mining Corp.	-	-	-	1,984	2,301	12,317
Signature Bank	-	-	-	52	8,115	16,481
Silvergate Capital Corp.	-	-	-	260	6,128	26,619
	-	-	-	2,499	26,274	106,314

During the year ended December 31, 2023, the Company recognized a loss on change in fair value on investments held for trading of $nil (2022 - $260,637).

During the year ended December 31, 2023, the Company recognized a realized gain on sales of investments held for trading of $8,869 (2022 - loss of $217,531) and received dividend income of $49 (2022 - $215).

(Expressed in Canadian dollars, except where noted)

7. DIGITAL ASSETS

The Company has a brokerage account with Crypto Finance AG in Zurich, Switzerland, Bitcoin Suisse AG in Grafenauweg, Switzerland and a multi-signature wallet. Digital assets are recorded at their fair value on the date they are received and are revalued to their fair value at each reporting date.

A summary of the Company's digital assets is as follows:

		December 31, 2023			December 31, 2022	
	Units held	**Fair value**	**Cost**	Units held	Fair value	Cost
	#	**$**	**$**	#	$	$
Current						
Chainlink	**-**	**-**	**-**	391.736	2,955	6,722
Ethereum	**0.707**	**2,135**	**2,036**	66.888	108,419	232,557
Sushiswap	**1,692.130**	**2,803**	**26,764**	1,692.130	2,118	27,408
USD Coin	**25,727.884**	**34,086**	**34,029**	107,991.310	146,263	147,739
		39,024	**62,829**		259,755	414,426
Non-current						
Avalanche	**-**	**-**	**-**	2,077.295	30,667	65,314
Cardano	**20,222.004**	**15,895**	**26,452**	19,654.867	6,562	27,088
Cosmos	**-**	**-**	**-**	1,280.087	16,211	50,790
Ethereum	**-**	**-**	**-**	8.140	13,194	27,088
Polkadot	**3,029.243**	**32,830**	**62,824**	2,537.104	14,810	64,334
		48,725	**89,276**		81,444	234,614
		87,749	**152,105**		341,199	649,040

During the year ended December 31, 2023, the Company recorded a gain on change in fair value of digital assets of $54,788 (2022 - loss of $407,958) through profit or loss; loss of $nil (2022 - $697,196) through other comprehensive income; and a realized gain on sale of digital assets of $112,296 (2022 - loss of $482,783).

The non-current portion consists of the digital assets are used for staking rewards and the Company was granted staking rewards by the blockchain networks in which it participates. The staking rewards were recognized as other income in profit or loss.

A summary of the Company's staking rewards is as follows:

	December 31, 2023	December 31, 2022
	$	$
Avalanche	**296**	1,528
Cardano	**274**	1,127
Cosmos	**1,306**	3,144
Polkadot	**3,718**	3,966
	5,594	9,765

8. INVESTMENTS

a) Investment in InvestDEFY

On February 6, 2023, the Company entered into a subscription agreement with InvestDEFY, whereby it subscribed for 645,162 Class B voting shares of InvestDEFY ("InvestDEFY Shares").

In consideration for the purchase of the InvestDEFY Shares, the Company agreed to the following terms:

- to pay cash consideration of US$200,000 (paid $24,999 (US$17,946) on February 17, 2023); and
- to issue a total of 5,400,000 common shares of the Company (delivered on February 6, 2023 at $0.025 for a fair value of $135,000).

Under the terms of the subscription agreement, the InvestDEFY Shares yield a variable dividend starting July 31, 2023, payable semi-annually until conversion or repurchase, subject to a 7.5% per annum floor, and targeting 10% or more per annum. The InvestDEFY Shares convert into Class A common shares after a two-year period subject to InvestDEFY's right to repurchase 40% of the Class B shares at the end of such two-year period.

On March 14, 2023, the Company signed a side letter agreement with InvestDEFY, to pay the outstanding cash consideration of $245,001 (US$182,054) between March 15, 2023 and July 31, 2023 (the "Payment Term"). During the Payment Term, for each weekday that the outstanding cash consideration remains payable, the Company assigns 1% of its July 31, 2023 dividend back to InvestDEFY.

On September 26, 2023, the Company signed a second side letter agreement with InvestDEFY, pursuant to which the Company will subscribe for 606,902 of InvestDEFY Class B shares, payable with US$17,946 cash (paid $24,999) and a total of 9,675,000 common shares of the Company and will waive its entitlement to the dividend. This eliminates the remaining cash payment of US$182,054 in the original subscription agreement and replaces it with the issuance of additional 4,275,000 common shares of the Company. The shares were issued on October 20, 2023 at $0.04 for a fair value of $171,000 (Note 10(b)).

As at December 31, 2023, InvestDEFY had not provided any updates on its business activities nor any information with respect to future financing rounds. Due to the absence of a market to sell the shares and the inability to reliably measure the fair value of the investment, the Company assessed the fair value at $nil. For the year ended December 31, 2023, the Company recorded a loss on change in fair value of $330,999 (2022 - $nil).

As at December 31, 2023, the carrying value of the investment in InvestDEFY is $nil (December 31, 2022 - $nil).

b) Investment in Pixel

On February 7, 2023, the Company entered into a share purchase agreement with Pixel, whereby the Company agreed to purchase 40,000 common shares of Pixel for a purchase price of US$50,000.

In consideration for the purchase of the Pixel common shares the Company has agreed to the following terms:

- First instalment of US$25,000 payable on February 7, 2023 (paid $25,000 (US$18,145));
- Second instalment of US$25,000 on the earlier of April 30, 2023 or when Pixel completes an equity investment ("Pixel Equity Investment") that enables it to build and launch the Pixel stablecoin platform; and
- A top-up instalment subject to certain conditions payable on the closing date of Pixel Equity Investment.

As at December 31, 2023, Pixel had not provided any updates on its business activities nor any information with respect to future financing rounds. Due to the absence of a market to sell the shares and the inability to reliably measure the fair value of the investment, the Company ceased pursuing the investment in Pixel and assessed the fair value at $nil. For the year ended December 31, 2023, the Company recorded a loss on change in fair value of $25,000 (2022 - $nil).

As at December 31, 2023, the carrying value of the investment in Pixel is $nil (December 31, 2022 - $nil) and the Company does not serve in an advisory role or appoint a representative to the board of directors of Pixel.

9. CONVERTIBLE DEBENTURES

a) First Tranche

On July 5, 2023, the Company completed a non-brokered private placement (the "First Tranche") of convertible debentures for gross proceeds of $220,000. The convertible debentures are unsecured, bear interest at 7.5% per annum, payable semi-annually and mature three years after the date of issue on July 5, 2026. Each convertible debenture is convertible into common shares at a price of $0.18 per common share during the period of 18 months after the date of issue and $0.24 per common share afterwards until July 5, 2026. The fair value of the liability component was determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of $191,854 was allocated to the liability component and $28,146 was allocated to the equity component representing the conversion feature.

During the year ended December 31, 2023, the Company recorded an accretion expense of $3,954 (2022 - $nil) and an interest expense of $8,092 (2022 - $nil) on the First Tranche.

b) Second Tranche and EOS Tranche

On December 5, 2023, the Company completed a non-brokered private placement of convertible debentures for total fair value of $1,054,463, of which $54,463 was received in cash proceeds (the "Second Tranche") and $1,000,000 in EOS tokens (the "EOS Tranche").

The Second Tranche matures three years from the date of issuance on December 5, 2026 and bear interest at 7.5% per annum payable semi-annually. The Second Tranche is convertible into common shares at a price of $0.18 per common share during the 18 months after the date of issue and $0.24 per common share afterwards until December 5, 2026. In the event of an acquisition of the Company ("Change of Control"), the Second Tranche will be repaid in full plus any accrued and unpaid interest. The fair value of the liability component was determined using the rate of interest that would apply to an identical financial instrument without the conversion option. As a result, fair value of $45,641 was allocated to the liability component and $8,822 was allocated to the equity component representing the conversion feature.

During the year ended December 31, 2023, the Company recorded an accretion expense of $172 (2022 - $nil) and an interest expense of $291 (2022 - $nil) on the Second Tranche.

The EOS Tranche bears interest at 10% per annum payable on maturity date of December 5, 2024, which will be reduced to 7.5% in the event of Change of Control. The EOS Tranche is convertible into common shares of the Company as follows:

- At the option of the holders before December 5, 2024 at (i) the lessor of $0.18 per common share and (ii) the weighted average price of the Company's common shares for the 30 days immediately prior to the date of conversion ("Conversion Price"); or
- Automatically upon the Company's completion of a $10,000,000 financing, at the lower of $0.18 per common share and 75% of the price per common share in such financing; or
- In the event of a Change of Control:
  - The EOS Tranche will be repaid in the amount of 105% of the principal amount plus unpaid interest; or
  - If the Company is acquired by an existing reporting issuer or the Change of Control results in a new successor issuer, the EOS Tranche will be replaced by new notes of such existing reporting issuer or new successor issuer, in the amount of 105% of principal amount of the EOS Tranche; or
  - The EOS Tranche will be converted into common shares of the Company at the Conversion Price.

The fair value of the derivative liability was determined to be $49,031. As a result, fair value of $950,969 was allocated to the liability component.

During the year ended December 31, 2023, the Company recorded an accretion expense of $3,247 (2022 - $nil) and an interest expense of $7,123 (2022 - $nil) on the EOS Tranche. As at December 31, 2023, the EOS Tranche's derivative liability had a fair value of $153,003 (December 31, 2022 - $nil), as a result, the Company recorded change in fair value of derivative liability of $103,972 (2022 - $nil).

(Expressed in Canadian dollars, except where noted)

9. CONVERTIBLE DEBENTURES (continued)

A summary of the Company's convertible debentures are as follows:

	Liability component
	$
Balance, December 31, 2022 and 2021	-
Issued - First Tranche	191,854
Issued - Second Tranche	45,641
Issued - EOS Tranche	950,969
Interest expense	15,506
Accretion expense	7,373
Balance, December 31, 2023	**1,211,343**
Current	961,339
Non-current	250,004

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended December 31, 2023, the Company had the following share capital transactions:

- On January 19, 2023, the Company settled consulting fees of $126,100 through the issuance of 2,441,074 common shares at $0.02 per share to certain consultants and employees, for a total fair value of $48,821. As a result, the Company recorded gain on settlement of debts of $77,279.
- On February 6, 2023, the Company issued 5,400,000 common shares at $0.025 per common share for total value of $135,000 as part of the consideration for the investment in InvestDEFY (Note 8(a)).
- On July 5, 2023, the Company completed a non-brokered unit private placement of 2,200,000 units at $0.025 per unit for gross proceeds of $55,000. Each unit consists of one common share and one-half warrant, each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.18 for a period of 24 months. Proceeds were allocated using the proportionate value method, as a result, $38,220 was allocated to share capital and $16,780 was allocated to contributed surplus.
- On October 20, 2023, the Company issued 4,275,000 common shares at $0.04 per common share for total value of $171,000 as part of the consideration for the investment in InvestDEFY (Note 8(a)).
- On November 17, 2023, the Company settled consulting fees of $36,500 by cash payment in the amount of $18,250 and issuing 405,556 common shares at $0.05 per common share for total fair value of $20,278 to a former consultant of the Company. As a result, the Company recorded a loss on settlement of debt of $2,028.
- On November 17, 2023, the Company issued an aggregate of 1,025,000 common shares at a price of $0.05 per common share for total value of $51,250 to certain directors of the Company (the "Shares for Debt"). The Shares for Debt have been issued in lieu of cash payments for services rendered pursuant to consulting agreements whereby these individuals provided various management services to the Company (Note 11).
- On December 5, 2023, the Company completed a non-brokered unit private placement of 272,300 units at $0.05 per unit for gross proceeds of $13,615. Each unit consists of one common share and one-half warrant, each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.18 for a period of 24 months. Proceeds were allocated using the proportionate value method. As a result, $9,656 was allocated to share capital and $3,959 was allocated to contributed surplus.

During the year ended December 31, 2022, the Company issued 900,182 shares following the conversion of 900,182 restricted share units. As a result, $112,523 was transferred from contributed surplus to share capital.

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

c) Stock options

On July 31, 2022, the Company granted 1,810,667 stock options to directors, officers, and consultants of the Company, with an exercise price of $0.125 per common share and expiration date of July 31, 2026. The options vest over a period of two years with one-third vested upon the grant date and every anniversary thereafter until fully vested.

During the year ended December 31, 2023, the Company cancelled 3,600,756 unvested stock options.

During the year ended December 31, 2023, the Company granted 333,333 stock options to an officer of the Company, with an exercise price of $0.05 per common share and expiration date of November 1, 2027. The options vest over a period of three years with one-third vested every anniversary until fully vested.

During the year ended December 31, 2023, the Company recorded $203,611 (2022 - $276,663), of share-based compensation expense related to the net number of options by the Company.

A summary of the Company's inputs used in Black-Scholes option pricing model to determine the fair value of the stock options issued during the year ended December 31, 2023 is as follows:

Share price	$0.04
Exercise price	$0.05
Expected life	5.00 years
Risk-free interest rate	3.54%
Expected volatility (1)	120.00%
Expected annual dividend yield	0.00%

(1) Expected volatility has been estimated based on volatility of common share prices of a selection of comparable publicly traded companies.

A summary of the Company's stock option activity is as follows:

	Number of options	Weighted average exercise price
	#	$
Balance, December 31, 2021	4,531,334	0.125
Granted	1,810,667	0.125
Cancelled	(940,867)	0.125
Balance, December 31, 2022	5,401,134	0.125
Granted	333,333	0.050
Cancelled	(3,600,756)	0.125
Balance, December 31, 2023	**2,133,711**	**0.113**

A summary of the Company's stock options outstanding and exercisable as at December 31, 2023 is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	$	Years
July 31, 2026	1,800,378	1,800,378	0.125	2.58
November 1, 2027	333,333	111,111	0.050	3.84
	2,133,711	**1,911,489**	**0.113**	**2.78**

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

d) Restricted share units

On July 31, 2022, the Company granted 905,333 RSUs to directors, officers, and consultants of the Company at a price of $0.125 and expiring on July 31, 2024. Each RSU is comprised of one common share of the Company. Of the granted RSUs, one third vest on the grant date, one third vests one year from the grant date, and one third vests two years from the grant date. The fair value of the RSUs at the grant date was $0.125 per RSU.

During the year ended December 31, 2023, the Company granted 166,667 RSUs to consultants of the Company at a price of $0.035 and expiring on November 1, 2025. Each RSU is comprised of one common share of the Company. The granted RSUs vest in three tranches on November 1, 2023; November 1, 2024; and November 1, 2025. The fair value of the RSUs at the grant date was $0.035 per RSU.

During the year ended December 31, 2023, the Company cancelled 1,056,828 unvested RSUs following the termination of certain consultants.

During the year ended December 31, 2023, the Company recorded share-based compensation expense of $121,564 (2022 - $177,487) related to the previously issued RSUs.

A summary of the Company's RSU activity is as follows:

	Number of RSUs	Weighted average grant price
	#	$
Non-vested balance, December 31, 2021	2,265,666	0.125
Granted	905,333	0.125
Vested	(900,182)	0.125
Cancelled	(470,434)	0.125
Non-vested balance, December 31, 2022	1,800,383	0.125
Granted	166,667	0.035
Cancelled	(1,056,828)	0.125
Non-vested balance, December 31, 2023	**910,222**	**0.109**

A summary of the Company's RSUs outstanding as at December 31, 2023 is as follows:

Expiry date	Number of RSUs outstanding	Weighted average fair value	Weighted average remaining life
	#	$	Years
July 31, 2024	743,555	0.125	0.58
November 1, 2025	166,667	0.035	1.84
	910,222	**0.109**	**0.81**

e) Share purchase warrants

A summary of Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2022 and 2021	-	-
Issued	1,236,150	0.18
Balance, December 31, 2023	**1,236,150**	**0.18**

(Expressed in Canadian dollars, except where noted)

10. SHARE CAPITAL (continued)

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for warrants issued is as follows:

Share price	$0.02
Exercise price	$0.18
Expected life	2.00 years
Risk-free interest rate	4.61%
Expected volatility	274.74%
Expected annual dividend yield	0.00%

A summary of the Company's outstanding warrants as at December 31, 2023, is as follows:

Expiry date	**Number of warrants outstanding**	**Weighted average exercise price**	**Weighted average remaining life**
	#	$	Years
July 5, 2025	1,100,000	0.18	1.51
December 5, 2025	136,150	0.18	1.93
	1,236,150	**0.18**	**1.56**

11. RELATED PARTY TRANSACTIONS

Key management includes the personnel having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

All related party transactions are recorded at the exchange amount, which is the amount agreed to by the Company and the respective related party.

A summary of the Company's related party transactions in profit or loss for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
	$	$
Consulting fees	**687,746**	320,000
Share-based compensation	**92,003**	109,293
	779,749	429,293

A summary of the Company's amounts due from and to related parties is as follows:

	December 31, 2023	December 31, 2022
	$	$
Due from related parties	**138,303**	65,781
Accounts payable and accrued liabilities	**(166,675)**	(75,010)
	(28,372)	(9,229)

Accounts payable and accrued liabilities as at December 31, 2023 totalling $166,675 (December 31, 2022 - $75,010) were owed to certain officers, bear no interest and have no specified terms of repayment.

The amounts to and from key management personnel has no interest charged on outstanding balances and there are no specific terms of repayment.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2023 and 2022, the carrying value of cash, amounts receivable, due from related parties and accounts payable and accrued liabilities approximate their respective fair values because of their short-term nature.

The Company's financial instruments consist of cash, amounts receivable (excluding GST and VAT receivable), loans receivable, investments held for trading, due from related party, accounts payable and accrued liabilities and convertible debentures. The Company classifies its cash at FVTPL, amounts receivable (excluding GST and VAT receivable), loans receivable and due from related party at amortized cost, and investments held for trading as fair value through profit or loss. The Company's accounts payable and accrued liabilities and convertible debentures are classified at amortized cost.

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

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. The Company's cash, amounts receivable, loans receivable, convertible debentures, investments held for trading and due from related parties are exposed to credit risk. The Company limits its credit risk by placing its cash with high credit quality financial institutions.

As at December 31, 2023, the Company held $375,491 (December 31, 2022 - $269,206) in cash, $nil (December 31, 2022 - $26,274) in investments held for trading with an investment broker, and loans receivable $488,672 (December 31, 2022 - $nil).

The Company's credit risk is predominantly related to cash balances held in financial institutions, accounts receivable, loans receivable and due from related parties. The maximum exposure to credit risk is equal to the carrying value of such financial assets. As at December 31, 2023, the Company expects to recover the full amount of such assets.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. As a result, accounts payable and accrued liabilities as well as convertible debentures exposed the Company to liquidity risk. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required.

As at December 31, 2023, the Company's cash balance of $375,491 (December 31, 2022 - $269,206) will not be sufficient to meet its current obligations related to its accounts payable and accrued liabilities balance of $776,391 (December 31, 2022 - $646,691) and convertible debentures of $961,339 (December 31, 2022 - $nil). Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital in the future to fund its operations.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has exposure as at December 31, 2023 to interest rate risk through its convertible debentures, which have interest rates between 7.5% to 10% per annum.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in CHF and USD.

(Expressed in Canadian dollars, except where noted)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

A summary of the Company's carrying amounts of the foreign currency denominated monetary assets (liabilities) is as follows:

	December 31, 2023	December 31, 2022
	$	$
Cash	**721**	145,365
Investments held for trading	**-**	23,972
Accounts payable and accrued liabilities	**-**	(688)
	721	168,649

The Company has not entered any foreign currency contracts to mitigate this risk. A 5% shift in exchange rates would result in a foreign exchange gain or loss of approximately $35.

13. INCOME TAXES

The Company has non-capital loss carry forward of approximately $12,727,000 which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities. The non-capital losses have an expiry date range of 2039 to 2043. The Company's Swiss subsidiary has operated at a loss since inception and therefore pays a fixed annual tax charge of CHF500.

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
	$	$
Loss for the year	**(1,965,813)**	(3,392,127)
Expected income tax recoverable at statutory rate	**(530,769)**	(915,874)
Non-deductible expenditures and non-taxable revenues	**68,099**	123,515
Impact of foreign tax rates	**(7,691)**	137,198
Impact of foreign exchange rate changes and other	**(11,450)**	(29,097)
Non-deductible portion of capital item	**(1,085)**	63,236
Adjustments to prior year provision versus statutory tax returns	**(15,853)**	(1,981,534)
Temporary difference originated in the prior year	**(221,962)**	-
Change in unrecognized deferred tax assets	**721,462**	2,692,061
Tax impact of other comprehensive income	**-**	(88,823)
	751	682
Current income tax	**751**	682
Deferred tax	**-**	-

The Company recognizes tax benefits for losses or other deductible amounts where it is probable that the Company will be able to utilize deferred tax assets.

(Expressed in Canadian dollars, except where noted)

13. INCOME TAXES (continued)

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	December 31, 2023	December 31, 2022
	$	$
Non-capital losses	**20,647**	-
Loans receivable	**(20,647)**	-
Net deferred tax asset	**-**	-

A summary of the significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2023	**Expiry date range**	December 31, 2022	Expiry date range
	$		$	
Allowable capital losses	**182,000**	**No expiry date**	155,000	No expiry date
Non-capital losses				
Canada	**12,651,000**	**2037 to 2043**	11,288,000	2037 to 2042
Switzerland	**969,000**	**2030**	1,035,000	2025 to 2027
Digital assets	**64,000**	**No expiry date**	286,000	No expiry date
Investments held for trading	**-**		113,000	No expiry date
Convertible notes	**1,118,000**	**No expiry date**	-	
Investments	**356,000**	**No expiry date**	-	

The Company reclassified classifications of the income taxes reconciliation. All adjustments are within income taxes and have no effect on the Company's current income taxes, net deferred tax asset or liability.

14. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations and the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. 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 either CAD or CHF in various bank accounts. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

a) Investment in Troon Technologies Canada Inc. ("Troon")

On October 26, 2023, the Company and Troon entered into an agreement for the acquisition of Troon. Pursuant to the agreement, the Company will acquire 10% of the outstanding shares of Troon at the aggregate price of US$370,000 or in the form of common shares of the Company's. Following the initial acquisition, the Company commits to purchasing the remaining 90% of Troon's outstanding shares over the period of three years with 30% each on the first, second and third anniversary of the closing date of the Transaction, subject to the parties achieving certain performance-based targets at end of each fiscal year. The pricing for each tranche of the additional share acquisition will be determined based on the effective growth rate of the ongoing business developed by Troon, with a minimum growth rate of 20% per year. The Company may pay all or any part of the consideration in cash. While the closing was to occur upon execution of the agreement, there were certain actions that were to occur on closing, which have not yet happened. The parties are still working towards closing the share purchase transaction.

15. SUBSEQUENT EVENTS (continued)

b) Investment in Vesta

On March 12, 2024, the Company entered into a share swap agreement with Vesta Equity Inc. ("Vesta"), pursuant to which the Company will acquire 270,727 common shares of Vesta ("Vesta Shares"). In consideration for the acquisition of the Vesta Shares, the Company will issue 2,054,722 common shares to Vesta at a deemed price of $0.085 per share for a deemed value of $175,000.

c) Investment in CryptoSlam

On March 7, 2024, the Company entered into a simple agreement for future equity ("SAFE") with CryptoSlam, Inc. ("CryptoSlam"). Pursuant to the SAFE, the Company invested US$50,000 (paid $67,595) to help support CryptoSlam's innovation program.

d) Convertible notes receivable

On December 5, 2023, the Company acquired unsecured, 10% convertible notes receivable with a principal amount of US$100,000 (the "Notes"), convertible into common shares of CoinChange Financials Inc. The Company closed the transaction in January 2024. The Notes mature on December 5, 2026 and accrue interest at 10% per annum. The outstanding principal amount of the Notes plus all accrued and unpaid interest will become due and payable in cash on December 5, 2026.

e) Repayment of loan receivable

On January 4, 2024, the Company received $100,000 USD as partial repayment of the loan receivable from InvestDEFY and on January 5, 2024, the Company received 263,343.132 EOS tokens with a fair value of $262,700 as the final repayment of the receivable with InvestDEFY.The balance of $404,825 as of December 31, 2023 was repaid in full subsequent to year end.

f) Convertible debentures

On March 28, 2024, the Company completed a non-brokered private placement of convertible debentures for gross proceeds of $440,000. The convertible debentures are unsecured, bear interest at 7.5% per annum, payable semi-annually and mature three years after the date of issue on March 28, 2027. Each convertible debenture is convertible into common shares at a price of $0.18 per common share during the period of 18 months after the date of issue and $0.24 per common share afterwards until March 28, 2027.

g) Units private placement

On March 28, 2024, the Company completed a non-brokered unit private placement of 2,200,000 units at $0.05 per unit for gross proceeds of $110,000. Each unit consists of one common share and one-half warrant, each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.18 for a period of 24 months.