NEPTUNE DIGITAL ASSETS CORP.

Condensed Consolidated Interim Financial Statements
For the Three-Month Periods Ended November 30, 2024 and 2023

(Unaudited)
(Expressed in Canadian Dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Consolidated Interim Financial Statements for the Three-Month Periods Ended November 30, 2024 and 2023

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

The accompanying unaudited condensed consolidated interim financial statements of Neptune Digital Assets Corp. for the three-month periods ended November 30, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Kenway Mack Slusarchuk Stewart LLP, have not performed a review of these unaudited condensed consolidated interim financial statements.

January 23, 2025

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

As at	November 30, 2024	August 31, 2024
ASSETS		
Current		
Cash and cash equivalents	$ 3,591,208	$ 3,592,849
Short-term investments	-	1,597,405
Amounts receivable and prepaid expenses (Note 7 and 8)	1,324,387	1,207,876
Investments in equity instruments at fair value through profit or loss – current (Note 5)	8,127,511	6,121,947
	13,043,106	12,520,077
Investments in equity instruments at fair value through profit or loss (Note 5)	4,195,237	2,503,753
Deposits	340,103	340,103
Digital currencies – intangible assets (Note 3)	55,089,319	31,288,165
Property and equipment (Note 6)	3,992,480	4,038,349
	$ 76,660,245	$ 50,690,447
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 239,855	$ 805,904
Equity		
Share capital (Note 8)	56,958,164	57,098,130
Reserves (Note 8)	17,571,907	17,571,907
Revaluation surplus (Note 9)	47,837,823	25,850,990
Deficit	(45,947,504)	(50,636,484)
	76,420,390	49,884,543
Total Liabilities and Equity	$ 76,660,245	$ 50,690,447

Nature and continuance of operations (Note 1)
Contingency (Note 15)
Subsequent events (Note 16)

On behalf of the Board on January 23, 2025:

"Cale Moodie" Director *"Carmen To"* Director

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

Neptune Digital Assets Corp.
Condensed Consolidated Interim Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

For the three-month periods ended	November 30, 2024	November 30, 2023
Revenue		
Mining revenue (Note 3)	$ 224,761	$ 523,028
Staking revenue (Note 3)	227,642	147,006
	452,403	670,034
Cost of revenue		
Cost of mining revenue		
Hashrate management fees (Note 3)	2,445	5,691
Operating and maintenance costs (Note 3)	243,312	493,604
Depreciation – equipment (Note 6)	22,246	51,864
	268,003	551,159
Gross profit	184,400	118,875
Consulting fees (Note 7)	(244,620)	(235,201)
Depreciation (Note 6)	(23,623)	(24,530)
Directors' fees (Note 7)	(29,380)	(28,250)
Foreign exchange gain	40,354	28,727
Marketing	(121,589)	(15,323)
Office and miscellaneous	(74,550)	(43,809)
Professional fees	(62,950)	(89,669)
Unrecoverable sales tax	(17,960)	(18,640)
Realized gain on settlement of loans receivable (Note 4)	28,786	5,398
Unrealized gain on investments in equity instruments at fair value through profit or loss (Note 5)	3,700,845	581,839
Realized gain on redemption of investments in equity instruments at fair value through profit or loss (Note 5)	202,034	-
Realized loss on sale of digital currencies – intangible assets (Note 3)	-	(45,955)
Revaluation gain on digital currencies – intangible assets (Note 3)	927,897	591,246
Gain before finance income	4,509,644	824,708
Finance income		
Interest income from loans receivable, short term investments, and bank interest	179,336	193,594
Net income	4,688,980	1,018,302
Other comprehensive income		
Revaluation of digital currencies – intangible assets (Note 3)	21,986,833	5,412,470
Comprehensive income	$ 26,675,813	$ 6,430,772

Weighted Average Number of Common Shares Outstanding		
Basic	127,166,827	125,534,811
Diluted	133,489,236	129,346,981
Income per Common Share		
Basic	$ 0.04	$ 0.01
Diluted	$ 0.04	$ 0.01

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

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

	Share Capital		Reserves				
	Number of Common Shares	Share Capital	Share-based Payments	Warrant Reserve	Revaluation Surplus	Deficit	Total
Balance, September 1, 2023	125,534,811	$ 56,843,880	$ 9,010,032	$ 8,326,981	$ 11,166,043	$ (53,065,888)	$ 32,281,048
Net income for the period	-	-	-	-	-	1,018,302	1,018,302
Revaluation of digital currencies – intangible assets (Note 3)	-	-	-	-	5,412,470	-	5,412,470
Balance, November 30, 2023	125,534,811	56,843,880	9,010,032	8,326,981	16,578,513	(52,047,586)	38,711,820
Balance, September 1, 2024	127,247,596	57,098,130	9,244,926	8,326,981	25,850,990	(50,636,484)	49,884,543
Shares repurchased and cancelled (Note 8)	(276,500)	(139,966)	-	-	-	-	(139,966)
Net income for the period	-	-	-	-	-	4,688,980	4,688,980
Revaluation of digital currencies – intangible assets (Note 3)	-	-	-	-	21,986,833	-	21,986,833
Balance, November 30, 2024	126,971,096	$ 56,958,164	$ 9,244,926	$ 8,326,981	$ 47,837,823	$ (45,947,504)	$ 76,420,390

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

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

For the three-month periods ended		November 30, 2024		November 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	4,688,980	$	1,018,302
Items not affecting cash:				
Depreciation		45,869		76,394
Mining revenue		(224,761)		(523,028)
Staking revenue		(227,642)		(147,006)
Expenses paid by digital currency – intangible asset		2,445		5,691
Change in interest income receivable – short-term investments		69,027		(42,560)
Unrealized gain on investments in equity instruments at fair value through profit or loss		(3,700,845)		(581,839)
Realized gain loss on redemption of investments in equity instruments at fair value through profit or loss		(202,034)		-
Realized loss on disposal of digital currencies – intangible assets		-		45,955
Revaluation of digital currencies – intangible assets		(927,897)		(591,246)
Realized gain on settlement of loans receivable		(28,786)		(5,398)
Unrealized foreign exchange gain		-		(10,199)
Changes in non-cash working capital items:				
Amounts receivable and prepaid expenses		(116,511)		(399,177)
Accounts payable and accrued liabilities		(566,049)		(321,814)
Net cash flows used in operations		(1,188,204)		(1,475,925)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of short-term investments		-		(6,423,878)
Proceeds from redemption of short-term investments		1,528,378		5,841,510
Issuance of loans receivable		(2,716,175)		(2,782,801)
Settlement of loans receivable		2,744,961		2,379,413
Purchase of digital currencies – intangible assets		(230,635)		(159,545)
Proceeds from disposals of digital currencies – intangible assets		-		79,721
Net cash flows from (used in) investing activities		1,326,529		(1,065,580)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase and cancellation of common shares		(139,966)		-
Net cash flows used in financing activities		(139,966)		-
Net change in cash and cash equivalents		(1,641)		(2,541,505)
Cash and cash equivalents, beginning of the period		3,592,849		2,916,536
Cash and cash equivalents, end of the period	$	3,591,208	$	375,031

Non-cash Investing Transactions:				
Digital currencies – intangible assets sold for digital currencies – intangible assets	$	88,894	$	65,072
Digital currencies – intangible assets purchased with digital currencies – intangible assets	$	88,894	$	65,072
Digital currency – intangible asset received on redemption of investment in equity instruments at FVTPL	$	331,962	$	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Neptune Digital Assets Corp. (the "Company" or "Neptune") (formerly Neptune Dash Technologies Corp.) was incorporated on October 31, 2017 under the laws of the province of British Columbia. On December 17, 2020, the Company changed its name to Neptune Digital Assets Corp. The Company's shares are listed on the TSX Venture Exchange (TSX-V) under the symbol NDA, on the Frankfurt Stock Exchange under the symbol 1NW, and on the OTCQB Venture Market under NPPTF. The head office, registered office and records office of the Company are located in 2700 – 1133 Melville Street, Vancouver, BC.

Neptune builds, owns, and operates infrastructure supporting the digital currency ecosystem. Its core assets are digital currencies, and its primary business model is Bitcoin mining, blockchain staking and node management to earn digital currency staking rewards and engaging in Decentralized Finance ("DeFi") activities, including participation in liquidity mining pools. The Company's ancillary activities include lending various digital currencies with the goal of earning interest.

On February 16, 2018, the Company incorporated a wholly owned subsidiary, Neptune Stake Technologies Corp. ("Neptune Stake") which was dissolved during the period ended May 31, 2024. On October 1, 2021, the Company incorporated a wholly owned subsidiary, Neptune Digital USA Corp. ("Neptune USA") for its US Bitcoin mining operations. The principal place of business of Neptune USA is in the US.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on January 23, 2025.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

These condensed consolidated interim financial statements do not include all disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended August 31, 2024.

These condensed consolidated interim financial statements are prepared on the historical cost basis, except for financial instruments, digital currencies receivable from centralized exchanges, and embedded derivatives on receivables from decentralized platforms relating to liquidity pool tokens that are classified as fair value through profit or loss ("FVTPL") and digital currencies (including those related to lending activities) that are measured at revalued amounts. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Amended standards became applicable for the current reporting period. These standards including those already issued but not yet applied by the Company do not have significant impact to the Company's financial statements.

Going concern

The directors have, at the time of approving the condensed consolidated interim financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated interim financial statements, which assumes that the Company will realize its assets and discharge its liabilities.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Neptune Stake and Neptune USA. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Control is achieved when the Company 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.

All intercompany balances and transactions and gains or losses resulting from intercompany transactions are eliminated in full in the condensed consolidated interim financial statements.

Foreign currencies

The Company's condensed consolidated interim financial statements are presented in Canadian Dollars, which is also the parent company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Foreign currency transactions in currencies other than the Company's functional currency are translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign operations

The operations of Neptune USA are an extension and complement of the parent company, Neptune. Neptune USA's revenues are intercompany management services and staking revenue that are not independent of Neptune. Therefore, management has determined, Neptune USA's functional currency is Canadian dollars.

Significant accounting judgments and estimates

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. 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 revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Significant judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include the following:

(i) Income taxes - Management exercises judgment to determine the extent to which deferred tax assets are recoverable and can therefore be recognized in the consolidated statements of financial position and income and comprehensive income.

(ii) Functional currency - The functional currency of the Company has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing, and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency.

Since Neptune USA is a foreign operation, the Company applied judgement to determine whether Neptune USA carries on business as if it were an extension of the parent company. Management determined that Neptune USA is an extension of the parent company and is assumed to operate in the same primary economic environment as the parent company and should have the same functional currency as the parent company.

(iii) Digital currency transactions and balances - Judgments applied on this area are as follows:

Digital currencies as intangible assets or inventories

Certain digital assets are transacted on DeFi platforms' liquidity pools and are purchased with the intent to resell in the near future, generating a profit from margins or from fluctuations in prices. The Company applies the inventory treatment of a broker-trader under IAS 2 *Inventories* ("IAS 2").

In determining the fair value of digital currencies, management needs to apply judgments to identify the relevant available markets, and to consider accessibility to and activity within those markets in order to identify the principal digital asset markets for the Company.

Digital currencies related to lending activities representing digital currencies loaned out to third parties are accounted for as intangible assets and are presented separately on the consolidated statement of financial position. Management determined that digital currencies loaned out to third parties do not meet the derecognition criteria of IAS 38.

In June 2019, the IFRS IC published its agenda decision on 'Holdings of Cryptocurrencies,' and management exercises significant judgment in determining the appropriate accounting treatment for matters with no current definitive and uniform answers. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies, which could have an effect on the Company's consolidated financial position and results from operations.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Significant judgments (continued)

USD Coin

Management exercises judgment to determine whether a digital currency meets the definition of a financial asset under IFRS 9 *Financial Instruments* ("IFRS 9"). Management has determined that USD Coin represents a contractual right to receive cash from the USD Coin issuer and, therefore, meets the definition of a financial asset.

Accounting for mining revenue, rewards earned from providing liquidity in liquidity pools, and staking rewards

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for accounting for (a) mining of digital assets, (b) rewards from providing liquidity in liquidity pools, (c) trading fees earned on DeFi platforms and (d) staking rewards. Management has exercised significant judgment in determining appropriate accounting treatments for these revenue and other income items. Management has determined the accounting treatments as follows:

- The Company measures bitcoins from mining at the spot price when the consideration is received daily, which is not materially different from the fair value at the time the Company has earned the awards from the pools. Bitcoins received are subsequently measured as an intangible asset.
- Revenue from rewards from providing liquidity in liquidity pools is measured at the spot price of the reward tokens at the inception of the contract. Digital assets received are subsequently measured as inventories using the broker-dealer exemption in IAS 2. As at November 30 and August 31, 2024, all of the reward tokens received have been disposed of.
- Staking rewards are measured at fair value by reference to the average market price of the rewards during the period. Digital assets received are subsequently measured as an intangible asset.

In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Digital currencies receivable from centralized exchanges

Currently, no explicit IFRS exists on determining the accounting ownership of custodied digital assets. Therefore, the Company looked to the available non-authoritative guidance. To make the accounting ownership determination, the Company considered the guidance in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") when developing an accounting policy for such assets.

The Company used the following principles, by analogy, in accounting ownership determination:

- Control principle under IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and
- Analysis of the characteristics of an asset as described in the IASB's revised *2018 Conceptual Framework.*

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Significant judgments (continued)

Digital currencies receivable from centralized exchanges (continued)

The Company assessed the terms and conditions governing the arrangement with centralized exchanges and concluded that the derecognition requirements in IAS 38 are met. Accordingly, the Company does not retain control over the assets and when such assets are transferred from cold storage to the Company's accounts held with centralized exchanges, the intangible assets are derecognized and reclassified to digital currencies receivable from centralized exchanges. The assets derecognized were revalued to their fair value on the dates of derecognition. Digital currencies purchased in the accounts held with centralized exchanges are classified as digital currencies receivable from centralized exchanges.

Control over staked digital assets

Management applied judgment whether the Company, either acting as a validator or a delegator in a staking activity, should continue to recognize staked digital assets as its own assets on the consolidated statement of financial position. The Company assessed that it should continue to recognize staked digital assets as its own assets after applying the control principle in IFRS 15.

(iv) Investments in equity instruments at fair value through profit or loss - Included in investments in equity instruments at fair value through profit or loss are a 41.45% investment in a US private company, a non-controlling investment in another US private company, and a non-controlling investment in an investment fund. Management accounted for such investments at fair value to profit or loss under IFRS 9, because the Company does not exercise significant influence over the investee. The Company does not have any contractual right to appoint any representative to the investee's board of directors. In addition, the Company does not have any participation in policy-making processes and does not have any material transactions with the investee.

The fair value of investments in investment funds which are not quoted in an active market is determined by using net asset value as determined by the investment fund's administrator. Management deems the net asset value to be the fair value after considering key factors such as the liquidity of the investment fund or its underlying investments, any restrictions on redemptions and basis of accounting. The fair value of investments in the US private companies which are not quoted in an active market is determined based on financing rounds of the US private companies or their underlying investments.

(v) Accounting for receivables from decentralized platforms relating to liquidity pool tokens - IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets transacted on a DeFi platform's liquidity pools could fall into a variety of different standards. Accordingly, the Company classifies these digital assets as inventories.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Significant judgments (continued)

Based on the Company's business model associated with liquidity mining (a process which involves depositing cryptocurrencies into a DeFi platform's liquidity pool), characteristics of decentralized platforms such as liquidity pools, the nature of liquidity pool tokens including its redeemability feature at the discretion of the holder, the documentation within decentralized platforms that outlines the trading and redemption process, token price determination including final value at redemption, incentives for participation and other factors, the Company has applied judgment and used certain IFRS by analogy. This led to a conclusion that liquidity pool tokens represent a right to receive digital assets and the Company then assessed if this right to receive digital assets is, or includes, a derivative. Based on the Company's assessment, this right represents a hybrid instrument consisting of a host (a prepayment which is not within the scope of IFRS 9) and an embedded derivative (difference between the pro-rata share and fair value of the underlying digital assets).

(vi) Depreciation of property and equipment - Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment.

(vii) Identifying whether a contract includes a lease - The Company entered into hosting contracts with third party hosting facilities to provide space and electricity to the equipment used for cryptocurrency mining.

The Company assessed whether the Company has contracted for the rights to substantially all of the capacity of the two third-party hosting facilities and whether the contracts with the third-party hosting facilities contain a lease for the occupied space in these facilities. Based on the Company's assessment of the contract terms, the Company does not have the right to obtain substantially all the economic benefits from the use of the two facilities. As a result, management concluded that the Company has not contracted for substantially all the capacity of the facilities, and therefore the contracts do not contain a lease.

Significant estimates

(i) Valuation of digital currencies, digital currencies receivable from centralized exchanges and embedded derivative on receivables from decentralized platforms relating to liquidity pool tokens - Digital currencies and digital currencies receivable from centralized exchanges are revalued to their fair value determined based on volume weighted average price from www.cryptocompare.com at 7:00 am UTC. The fair value of the embedded derivative on receivables from decentralized platforms relating to liquidity pool tokens is the proportionate number of underlying digital assets associated with the hypothetical redemption of a given liquidity pool token. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal.

(ii) Depreciation of property and equipment - Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Significant accounting judgments and estimates (continued)

Significant estimates (continued)

(iii) Impairment of non-financial assets - Impairment of these non-financial assets exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions.

(iv) Calculation loss allowance - When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

(v) Share based compensation - The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, employees, and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock 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 is not necessarily indicative of future volatility.

Revenue recognition

Mining revenue

The Company has entered into cryptocurrency mining pools by executing contracts with mining pool operators to provide computing power to the mining pool. The contracts are terminable at any time by either party without prior written notice and payment of a termination penalty is not required. The only amounts due are related to previously satisfied performance obligations which may be pending at termination (i.e. outstanding compensation earned by the Company via contribution of computing power to the pool per the contractual payment model). The Company's enforceable right to compensation begins upon providing computing power to the mining pool operator and this enforceable right is created as power is provided over time. Providing computing power to the mining pool operators is an output of the Company's ordinary activities and providing such computing power represents the only performance obligation in the Company's contracts with mining pool operators. There is no significant financing component present in these transactions. Furthermore, the agreement does result in consideration payable to the customer in the form of a pool operator fee (in bitcoin).

The Company earns revenue under payout models determined by the mining pool operators. The payout model relevant to the Company during the three-months ended November 30, 2024 and 2023 is the Full Pay Per Share ("FPPS") model.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Mining revenue (continued)

Under the FPPS model, in exchange for providing computing power to the pool, which represents the Company's performance obligation, the Company is entitled to compensation at an amount that approximates the total bitcoin that could have been mined using the Company's computing power, based upon the then current blockchain difficulty. Under this model, the Company is entitled to compensation regardless of whether the pool operator successfully records a block to the bitcoin blockchain.

The terms of the contracts specify that the performance and the expected block reward and expected transaction fees are measured either hourly or daily and are calculated from midnight-to-midnight UTC time or calculated on a look-back basis across a specified number of previous blocks. Although the performance and payment are measured hourly, certain contracts allow the Company to receive its allocable share of compensation daily. Payments are associated with computing power provided during one UTC day and not combined with those for previous days.

Due to the continuous nature of the provision of computing power to the pool, the Company has determined that its performance obligation is satisfied over time. The provision of computing power represents a single performance obligation that represents a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer.

Under the FPPS model, the transaction consideration the Company receives is also non-cash consideration, which the Company measures at the spot price when the consideration is received daily, which is not materially different from the fair value at the time the Company has earned the award from the pools.

Under the FPPS approach, the Company's reward is based upon the pool operator's standard FPPS payout methodology. This payout methodology determines the Company's payout, in bitcoin, based on the hashrate the Company contributed to the mining pool relative to the current network difficulty at the end of each 24-hour time-period (i.e. at 23:59 UTC) or at the end of each hour calculated on a look-back basis across a specified number of previous blocks. Revenue is calculated and recognized on a daily or an hourly basis in accordance with the payout methodology of the pool operators as specified in the Company's contracts.

Revenue from rewards earned from providing liquidity in liquidity pools

The Company engages in liquidity mining activities where it acts as a liquidity provider and deposits certain tokens into certain DeFi platforms' liquidity pools. Transactions within liquidity pools are governed by a self-executing code referred to as a smart contract.

In liquidity mining, the Company earns rewards from providing liquidity in liquidity pools and share in trading fees earned by liquidity pools. Share in trading fees is a component of rewards earned from providing liquidity in liquidity pools. Certain percentage of trading fees on DeFi platforms are automatically fed back into the liquidity pools to make the pools more valuable over time. The liquidity pool providers will therefore earn their pro rata share of trading fees every time a trade is executed by the liquidity pools.

Depositing and holding liquidity pool tokens in a rewards pool for a certain contract term represents one performance obligation. In determining the contract term, the Company considered the length of time during which the Company can monitor and can decide whether to exit from the reward pool and whether the Company has reasonable ability to do so, as well as the required unbound period. Every contract term, the Company will make a decision on whether to exit from the reward pool. This is done perpetually throughout the smart contract term, and it renews each and every contract term ("evergreen contract term") without any

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Revenue from rewards earned from providing liquidity in liquidity pools (continued)

additional costs or penalties. Since the smart contract will renew without additional cost under the same terms, there is not material right associated with the evergreen renewal clause. Therefore, the Company assessed that there are no material rights for future services granted under the contract.

The Company assessed that each contract renewal is considered as a contract modification. The Company further assessed that the contract modification is a separate contract because the modification results in a promise to deliver additional goods that are distinct (i.e. quantity of depositing and holding liquidity pool tokens in a reward pool); and an increase in the price of the contract by an amount of consideration that reflects the Company's stand-alone selling price for those goods (i.e. the amount of rewards would be based on the portion of the rewards generated by the reward pools in which the Company's liquidity pool tokens are deposited in comparison to the all reward pools on the platform).

As the liquidity pool simultaneously receives and consumes the benefits provided by the Company's liquidity pool tokens, the Company has determined that its performance obligation is satisfied over time. Depositing and holding liquidity pool tokens in a reward pool represents a single performance obligation that represents a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price relating to revenue from liquidity mining, the Company considered the effects of all of the following:

- Variable consideration,
- Constraining estimates of variable consideration,
- The existence of a significant financing component in the contract, and
- Non-cash consideration.

The consideration is all variable because rewards earned will be proportional to the total number of liquidity pool tokens staked. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the Company is able to resolve the variable consideration, which occurs at the end of each contract term. Revenue from rewards earned from providing liquidity in liquidity pools is recognized over time (measured at the beginning of each contract term). The transaction consideration the Company receives, is non-cash consideration, which the Company measures at fair value by reference to the quoted market price of the rewards from providing liquidity and pair of tokens representing proportionate share in trading fees at the beginning of each hour (i.e. inception of the contract).

Staking revenue

Staking is the act of posting digital assets as collateral to a proof-of-stake ("PoS") blockchain network either as (1) a validator or (2) a delegator.

A validator is a blockchain participant (e.g., an individual or entity) that verifies transactions on a PoS blockchain as part of the blockchain's consensus mechanism. Validators generally must be node operators to sign blocks of transactions as valid.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Staking revenue (continued)

A delegator is an individual or entity that stakes its digital assets with a trusted validator instead of operating a node and validating blockchain transactions itself.

<u>Validator in staking activity</u>

As a validator, the Company earns income from staking in which the Company participates in networks with PoS consensus algorithms, through creating or validating blocks on the network. In exchange for participating in the consensus mechanism of these networks, the Company earns rewards in the form of the native token of the network. Each block creation or validation is a performance obligation. Rewards are recognized at the point when the block creation or validation is complete and the rewards are available for transfer. Other income is measured based on the number of tokens earned and the fair value of the token when it was earned.

Staking income from running a validator node is not significant during the three-months ended November 30, 2024 and 2023.

<u>Delegator in staking activity</u>

As a delegator, the Company secures the network by delegating its stake to validator nodes. The Company earns a portion of the rewards generated by validators by securing the network and producing blocks per respective period/epoch/era (varies based on the platform or the chain).

When the Company elects to de-stake digital assets acting either as delegator or validator, an unbonding period may apply. During this period, the Company typically no longer earns staking rewards on the de-staked digital assets and is subject to slashing, but it cannot sell (or otherwise transfer) those digital assets. The unbonding period varies based on the platform or the chain.

The performance obligation is the delegation of the Company's tokens to a validator node for certain contract term (which varies from one chain to another) plus the unbonding period. In determining the contract term, the Company considered the length of time during which the Company can monitor and can decide whether to exit from the reward pool and whether the Company has reasonable ability to do so. Every contract term the Company will decide on whether to unbond its position from the staking pool without additional cost or penalty. Since the smart contract will renew without additional cost under the same terms, there is not a material right associated with the evergreen renewal clause. Therefore, the Company assessed that there are no material rights for future services granted under the contract.

The Company assessed that each contract renewal is considered as a contract modification. The Company further assessed that the contract modification is a separate contract because the modification results in a promise to deliver additional services that are distinct (i.e. delegating tokens to a delegation pool); and an increase in the price of the contract by an amount of consideration that reflects the Company's stand-alone selling price for those services (i.e. pro-rata share of rewards based on the proportion of the Company's delegated assets relative to the total of other delegated assets and the validator's own assets less any commissions charged by the validator).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Staking revenue (continued)

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. When determining the transaction price relating to rewards from staking, the Company considered the effects of all of the following:

- Variable consideration,
- Constraining estimates of variable consideration,
- The existence of a significant financing component in the contract, and
- Non-cash consideration.

The consideration is all variable because staking rewards earned will be proportional to the total number of delegated assets staked and network's inflation rate. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the Company is able to resolve the variable consideration, which occurs at the end of each contract term. Revenue is recognized over time, which is measured at the beginning of each contract term. The transaction consideration the Company receives is non-cash consideration, which the Company measures at fair value by reference to the quoted market price of the rewards at the beginning of each day (i.e. inception of the contract).

Interest income from digital currencies related to lending activities and from digital currency balances held in exchanges and lending platforms

From time to time, the Company loans out digital currencies to earn interest on these digital currencies prior to them being used to purchase mining machines or funding other asset acquisitions. The loans are in both open and closed terms at varying interest rates. Interest rates are based on a percentage of the digital currencies loaned and are denominated in the related digital currencies.

The Company also earns interest income from digital currency balances held in an exchange and lending platform based on contractual interest rates.

Interest income from digital currencies loaned is presented as part of other income as management deems this as part of its ancillary operations.

Interest income from loans receivable classified as at amortized cost and from loans receivable classified as at FVTPL

From time to time, the Company loans out cash to earn interest. The loans classified as at amortized cost are in both open and closed terms at varying interest rates. Interest rates are based on a percentage of cash loaned and are denominated in cash. The loans classified as at FVTPL are in closed terms with term borrow fees classified as interest income received at the commencement of the loan.

Interest income from loans receivable is presented as part of other income as management deems this as part of its ancillary operations.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Digital currencies

The Company has classified digital currencies as either intangible assets under IAS 38 or inventories under IAS 2, depending on facts and circumstances.

Digital currencies – intangible assets

Digital currencies that are expected to be realized within 12 months of the reporting period are recorded as current assets on the consolidated statement of financial position. All other digital currencies are classified as non-current.

Management of the Company views each digital currency that are not purchased with the intent to resell in the near future, generating a profit from margins or from fluctuations in prices, as an intangible asset as it is an identifiable non-monetary asset without physical substance and accordingly the Company uses the revaluation model, as permitted under IAS 38 to measure its digital currencies. Initially, the digital currencies are measured at cost. For purposes of revaluation, fair value is determined by reference to the volume weighted average price from www.cryptocompare.com at 7:00 am UTC.

If the carrying amount of a digital currency is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase is 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 the carrying amount of a digital currency is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect to that digital currency and reduces the amount accumulated in equity under the heading of revaluation surplus.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Digital currencies (continued)

Digital currencies – intangible assets (continued)

The Company does not transfer the cumulative revaluation surplus included in equity directly to retained earnings when the surplus is realized.

The Company has assessed that the digital currencies have an indefinite useful life because there is no foreseeable limit to the period over which the assets are expected to generated cash inflows for the Company.

Purchases of digital currencies by the Company are included within investing activities on the consolidated statement of cash flows, while digital currencies awarded to the Company through its mining activities are included within operating activities on the consolidated statement of cash flows. The sales of digital currencies are included within investing activities on the consolidated statement of cash flows and any realized gains or losses from such sales are included as an item under other items on the consolidated statement of income and comprehensive income.

Digital currencies that are used in lending activities do not meet the derecognition criteria under IAS 38 and are presented as digital currencies related to lending activities on the consolidated statement of financial position. When a digital currency is transferred to digital currencies related to lending activities, both the revalued amount and the corresponding cost of the digital currency are transferred to that category.

The Company's realized gain or loss on digital currencies is calculated as the proceeds received from the sale of digital currencies less their cost, which is determined on a First-in, First-out basis.

Digital currencies – inventories

Certain digital assets are transacted in decentralized platforms and are purchased with the intent to resell in the near future, generating a profit from margins or from the fluctuations in prices. The Company applies the inventory treatment of a broker-trader under IAS 2 to these digital assets. Under IAS 2, the digital assets are measured at fair value less cost to sell, with change in fair value recognized in the consolidated statement of profit or loss. Costs are determined on a First-in, First-out basis and realized gains or losses when digital assets are sold.

At August 31, 2024 and 2023 the Company did not have any digital currencies classified as inventories because the Company did not purchase any digital currencies that would be used in liquidity service arrangement.

Digital currencies receivable from centralized exchanges

The digital currencies receivables from centralized exchanges represent a hybrid instrument with a debt host contract and embedded derivatives linked to the fair value of digital currencies. The Company accounts for this right as a financial asset (host contract) with an embedded derivative (the fair value of the digital currencies) given the value of the asset is driven by the price change of the digital currencies. The embedded derivative is not required to be bifurcated under IFRS 9 because the host contract is a financial asset. The instrument is measured at FVTPL in its entirety, because the contractual cash flows characteristics are not solely for payment of principal and interest. The change in fair value is recorded under "Change in fair value of digital assets receivable from centralized platforms" in the consolidated statement of income or loss and comprehensive income or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Receivables from decentralized platforms relating to liquidity pool tokens

Receivables from decentralized platforms relating to liquidity pool tokens represent the fair value of digital assets held in blockchain-based liquidity pools and decentralized exchanges for peer-to-peer trading of such digital assets. These receivables are considered a right to receive digital assets that arises as a result of the liquidity service arrangement entered into by the Company as a liquidity provider with certain liquidity pools. The Company accounts for this right as a non-financial asset (host contract) with an embedded derivative (the difference between pro-rata share and fair value of underlying digital assets) given the value of the asset is driven by the price change of the digital assets underlying the liquidity pool tokens that could be redeemed for at the end of reporting period. The host contract is measured at cost and the embedded derivative is measured at fair value with change in fair value recorded under "Change in fair value of receivables from decentralized platforms relating to digital currencies deposited in liquidity pools" in the consolidated statement of income or loss and comprehensive income or loss.

Upon redemption of the liquidity pool tokens, realized gain or loss is determined based on the initial cost of liquidity pool tokens and the fair value of the embedded derivative. This is included within "Changes in fair value of receivables from decentralized platforms relating to liquidity pool tokens" in the consolidated statement of income or loss and comprehensive income or loss.

The Company's accounting policy is to present the host and embedded derivative as one line item on the consolidated statements of financial position. The Company classifies the asset as current or non-current depending on the cash flows of the whole hybrid arrangement because the embedded derivative cannot be settled separately from the host contract.

Share-based payments

Share-based payments include option and stock grants granted to directors, employees and consultants. The Company accounts for share-based compensation using a fair value-based method with respect to all share-based payments measured and recognized, to directors, employees and consultants. For directors and employees, the fair value of the options and stock grants is measured at the date of grant. For consultants, the fair value of the options and stock are measured at the fair value of the goods or services received or the fair value of the equity instruments 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 the options and stock grants is accrued and charged to operations, with the offsetting credit to share based payment reserve for options, and commitment to issue shares for stock grants over the vesting period. If and when the stock options are exercised, the applicable amounts are transferred from share-based payment reserve to share capital. When the stock grants are issued, the applicable fair value is transferred from commitment to issue shares to share capital. Option based compensation awards are calculated using the Black-Scholes option pricing model while stock grants are valued at the fair value on the date of grant.

The Company has granted certain directors and consultants restricted share units ("RSUs") to be settled in shares of the Company. The fair value of the estimated number of RSUs that will eventually vest, determined at the date of grant, is recognized as share-based compensation expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the RSUs is estimated using the market value of the underlying shares as well as assumptions related to the market and non-market conditions at the grant date.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 tax rates expected to apply when the asset is realized or the liability 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 enactment occurs. 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.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Earnings (loss) per share

Basic earnings (loss) per 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 share is computed similar to basic earnings (loss) per share except that the weighted average share 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 stock at the average market price during the reporting periods.

Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are classified as either financial assets at FVTPL, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

(i) Financial assets (continued)

FVTPL - financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in profit and loss.

Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets are classified as follows:

Classification	**IFRS 9**
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Loans receivable with put option	FVTPL
Investments in equity instruments	FVTPL

(ii) Financial liabilities

Initial recognition and measurement

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

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments and, or the Company has opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value, and where applicable net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

(ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the statement for profit or loss.

Financial liabilities consist of accounts payable and accrued liabilities which are measured at amortized cost.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Company generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment

(i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment (continued)

(i) Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

(ii) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses ("ECL") associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses. The Company provides for depreciation using a straight-line basis of 40 years for building, the declining balance at 20% per year for furniture, and the declining balance at 50% per year for all mining equipment.

Unit share issuances

For unit share issuances consisting of common shares and warrants, the Company uses the fair value of common shares as the more reliably measurable instrument. The proceeds from the issuance of units are first allocated to the share capital and the residual amount, being the difference between the proceeds from issuance and the fair value of the common shares, is allocated to warrants.

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Comprehensive income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gains and losses on digital currencies that are measured at revalued amounts during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as revaluation surplus.

New standards, interpretations and amendments adopted

There were no new standards, interpretations, or amendments adopted for the period ended November 30, 2024.

Accounting standards and amendments issued but not yet adopted

There are no new standards or amendments issued but not yet adopted that are expected to have a material impact on the Company's condensed consolidated interim financial statements.

3. DIGITAL CURRENCIES – INTANGIBLE ASSETS

Digital currencies – intangible assets are recorded at their fair value on the acquisition date or when they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined based on volume weighted average price from www.cryptocompare.com at 7:00 am UTC. The Company believes any price difference amongst the principal market and an aggregated price to be immaterial.

A summary of digital currencies – intangible assets balances as at November 30 and August 31, 2024 is as follows:

	Holdings, November 30, 2024	Fair Value, November 30, 2024	Holdings, August 31, 2024	Fair Value, August 31, 2024
Bitcoin	349	$ 47,261,014	346	$ 27,508,268
Solana[(1)(2)]	7,908	2,634,157	6,796	1,240,888
ATOM[(1)]	196,095	2,355,247	188,526	1,159,790
Fantom	662,632	972,909	462,632	264,884
Polkadot[(1)]	50,706	635,868	48,749	280,103
The Graph[(1)]	1,264,691	513,477	1,247,605	245,402
Ethereum[(1)]	139	459,634	138	466,927
Dash[(1)]	2,186	120,953	2,152	68,188
Ocean	55,452	63,882	55,452	36,739
LIF3	2,000,338	48,483	2,000,338	9,548
Juno[(1)]	58,708	22,701	56,386	6,846
Neo	42	942	42	560
OMG Network	77	52	77	22
Balance		$ 55,089,319		$ 31,288,165

(1) Digital currencies used for staking, of which 93.3% (August 31, 2024 - $93.7%) based on fair value are staked and subject to potential slashing.

(2) Solana holdings do not include Solana held within the Company's investment in an investment fund as discussed in Note 5.

(Expressed in Canadian Dollars)

3. DIGITAL CURRENCIES – INTANGIBLE ASSETS (continued)

The Company's digital currencies – intangible assets are remeasured as of the reporting date. The following summary shows the fair values and costs as at November 30 August 31, 2024:

	Fair Value, November 30, 2024	Cost, November 30, 2024	Fair Value, August 31, 2024	Cost, August 31, 2024
Bitcoin	$ 47,261,014	$ 10,884,139	$ 27,508,268	$ 10,585,947
Solana	2,634,157	1,015,815	1,240,888	745,684
ATOM	2,355,247	2,244,896	1,159,790	2,193,108
Fantom	972,909	512,595	264,884	281,962
Polkadot	635,868	345,351	280,103	332,533
The Graph	513,477	216,010	245,402	211,485
Ethereum	459,634	523,031	466,927	519,369
Dash	120,953	249,720	68,188	289,461
Ocean	63,882	29,037	36,739	29,037
LIF3	48,483	49,326	9,548	49,326
Juno	22,701	40,122	6,846	39,732
Neo	942	3,101	560	3,101
OMG Network	52	1,157	22	1,157
Balance	$ 55,089,319	$ 16,114,300	$ 31,288,165	$ 15,281,902

The following is a reconciliation of digital currencies – intangible assets as at November 30 and August 31, 2024:

	November 30, 2024	August 31, 2024
Balance, beginning of period	$ 31,288,165	$ 12,946,322
Bitcoin mining	224,761	1,759,107
Staking revenue	101,511	523,393
Purchase of digital currencies – intangible assets	319,529	681,917
Disposal of digital currencies – intangible assets	(88,894)	(194,580)
Digital currencies used to pay for expenses	(2,445)	(19,140)
Digital currencies received to settle loans receivable	-	1,016,324
Redemption of investment in equity instrument at FVTPL	331,962	531,895
Revaluation of digital currencies	22,914,730	14,042,927
Balance, end of period	$ 55,089,319	$ 31,288,165

Management considers the fair value of digital assets to be Level 2 under IFRS 13 *Fair Value Measurement* ("IFRS 13") fair value hierarchy as the volume weighted average price taken from www.cryptocompare.com uses the volumes of multiple digital currency exchanges. There has been no change in the valuation techniques during the period.

(Expressed in Canadian Dollars)

3. DIGITAL CURRENCIES – INTANGIBLE ASSETS (continued)

Staking revenue for the three-month periods ended November 30, 2024 and 2023 is comprised of the following:

	Three Months Ended November 30, 2024	Three Months Ended November 30, 2023
Solana earned(1)	$ 153,194	$ 2,512
Atom earned	51,787	96,405
Polkadot earned	12,815	10,278
Graph earned	4,525	-
Ethereum earned	3,754	872
Dash earned	1,177	983
Juno earned	390	35,956
Staking revenue	$ 227,642	$ 147,006

(1) Includes $126,131 (2023 - $nil) earned on staked Solana within the Company's investment in an investment fund as discussed in Note 5.

Bitcoin

As at November 30, 2024, the Company has 349 (August 31, 2024 - 346) Bitcoin with a fair value of $47,261,014 (August 31, 2024 - $27,508,268). Included within net and comprehensive income for the period ended November 30, 2024, is $224,761 (2023 - $523,028) related to 2 (2023 - 12) Bitcoin mined during the period.

A continuity for Bitcoin as at November 30 and August 31, 2024 is as follows:

	Number	Amount
Balance, August 31, 2023	305	$ 10,719,902
Mining revenue	29	1,759,107
Hashrate management fee	-	(19,140)
Bitcoin received on settlement of loan receivable	10	563,509
Bitcoin acquired	2	133,476
Revaluation	-	14,351,414
Balance, August 31, 2024	346	$ 27,508,268
Mining revenue	2	224,761
Hashrate management fee	-	(2,445)
Bitcoin acquired	1	88,894
Revaluation	-	19,441,536
Balance, November 30, 2024	349	$ 47,261,014

All revenue from Bitcoin mining was generated from only one mining pool operator. Revenue from Bitcoin mining is recognized over time.

4. LOANS RECEIVABLE

Loans receivable classified as at FVTPL

During the year ended August 31, 2024, the Company entered into a series of loans whereby it loaned an aggregate of USD 7,086,000 and the loans were classified as at FVTPL because the contractual cash flows characteristics are not solely for payment of principal and interest.

a) USD 260,000 valued at $353,080 with a term borrow fee of USD 8,000 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 26,000 per Bitcoin upon maturity, matured September 29, 2023 and the Company received USD 260,000 valued at $351,520;
b) USD 260,000 valued at $353,080 with a term borrow fee of USD 8,550 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 26,000 per Bitcoin upon maturity, matured September 29, 2023 and the Company received USD 260,000 valued at $351,520;
c) USD 125,000 valued at $169,763 with a term borrow fee of USD 3,055 received at commencement and principal repayable in USD or 5 Bitcoin if the price per Bitcoin is at or below USD 25,000 per Bitcoin upon maturity, matured September 29, 2023 and the Company received USD 125,000 valued at $169,000;
d) USD 243,000 valued at $333,712 with a term borrow fee of USD 6,000 received at commencement and principal repayable in USD or 150 Ethereum if the price per Ethereum is at or below USD 1,620 per Ethereum upon maturity, matured October 27, 2023 and the Company received USD 243,000 valued at $336,725;
e) USD 154,000 valued at $209,486 with a term borrow fee of USD 2,800 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 1,540 per Ethereum upon maturity, matured October 27, 2023 and the Company received USD 154,000 valued at $213,398;
f) USD 270,000 valued at $367,281 with a term borrow fee of USD 5,260 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 27,000 per Bitcoin upon maturity, matured October 27, 2023 and the Company received USD 270,000 valued at $374,139;
g) USD 170,000 valued at $235,807 with a term borrow fee of USD 3,610 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 1,700 per Ethereum upon maturity, matured November 24, 2023 and the Company received USD 170,000 valued at $231,591;
h) USD 365,000 valued at $495,743 with a term borrow fee of USD 10,500 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 36,500 per Bitcoin upon maturity, matured December 29, 2023 and the Company received USD 365,000 valued at $482,749;
i) USD 195,000 valued at $264,849 with a term borrow fee of USD 5,000 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 1,950 per Ethereum upon maturity, matured December 29, 2023 and the Company received USD 195,000 valued at $257,907;
j) USD 220,000 valued at $298,936 with a term borrow fee of USD 3,400 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 2,200 per Ethereum upon maturity, matured December 29, 2023 and the Company received USD 220,000 valued at $290,972;
k) USD 210,000 valued at $280,476 with a term borrow fee of USD 7,900 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 2,100 per Ethereum upon maturity, matured January 26, 2024 and the Company received USD 210,000 valued at $282,429;

4. LOANS RECEIVABLE (continued)

Loans receivable classified as at FVTPL (continued)

l) USD 215,000 valued at $287,111 with a term borrow fee of USD 8,500 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 2,150 per Ethereum upon maturity, matured January 26, 2024 and the Company received USD 215,000 valued at $289,154;
m) USD 445,000 valued at $595,900 with a term borrow fee of USD 14,650 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 44,500 per Bitcoin upon maturity, matured January 26, 2024 and the Company received 10 Bitcoin valued at $563,509;
n) USD 225,000 valued at $302,445 with a term borrow fee of USD 6,300 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 2,250 per Ethereum upon maturity, matured February 23, 2024 and the Company received USD 225,000 valued at $303,615;
o) USD 400,000 valued at $536,160 with a term borrow fee of USD 7,750 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 40,000 per Bitcoin upon maturity, matured February 23, 2024 and the Company received USD 400,000 valued at $539,760;
p) USD 409,500 valued at $553,071 with a term borrow fee of USD 6,000 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 40,950 per Bitcoin upon maturity, matured February 23, 2024 and the Company received USD 409,500 valued at $552,579;
q) USD 476,000 valued at $640,220 with a term borrow fee of USD 8,400 received at commencement and principal repayable in USD or 70,000 Polkadot if the price per Polkadot is at or below USD 6.80 per Polkadot upon maturity, matured February 23, 2024 and the Company received USD 476,000 valued at $642,314;
r) USD 497,000 valued at $670,652 with a term borrow fee of USD 20,720 received at commencement and principal repayable in USD or 70,000 Polkadot if the price per Polkadot is at or below USD 7.10 per Polkadot upon maturity, matured on March 29, 2024 and the Company received USD 497,000 valued at $673,435;
s) USD 1,606,500 valued at $2,171,185 with a term borrow fee of USD 41,650 receivable at commencement and principal repayable in USD or 35 Bitcoin if the price per Bitcoin is at or below USD 45,900 per Bitcoin upon maturity, matured on April 26, 2024 and the Company received USD 1,606,500 valued at $2,195,764;
t) USD 340,000 valued at $467,534 with a term borrow fee of USD 23,200 received at commencement and principal repayable in USD or 100 Ethereum if the price per Ethereum is at or below USD 3,400 per Ethereum upon maturity, matured July 26, 2024 and the Company received 100 Ethereum valued at $452,815.

During the three-month period ended November 30, 2024, the Company entered into a series of loans whereby it loaned an aggregate of USD 1,965,000 and the loans were classified as at FVTPL because the contractual cash flows characteristics are not solely for payment of principal and interest.

u) USD 580,000 valued at $782,478 with a term borrow fee of USD 16,900 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 58,000 per Bitcoin upon maturity, matured October 25, 2024 and the Company received USD 580,000 valued at $804,576;
v) USD 680,000 valued at $946,288 with a term borrow fee of USD 28,500 received at commencement and principal repayable in USD or 10 Bitcoin if the price per Bitcoin is at or below USD 68,000 per Bitcoin upon maturity, matured November 29, 2024 and the Company received USD 680,000 valued at $952,680;

(Expressed in Canadian Dollars)

4. LOANS RECEIVABLE (continued)

Loans receivable classified as at FVTPL (continued)

w) USD 380,000 valued at $533,026 with a term borrow fee of USD 29,300 received at commencement and principal repayable in USD or 1,000,000 Dogecoin if the price per Dogecoin is at or below USD 0.38 per Dogecoin upon maturity, matured November 29, 2024 and the Company received USD 380,000 valued at $532,380;

x) USD 325,000 valued at $454,383 with a term borrow fee of USD 11,000 received at commencement and principal repayable in USD or 500,000 Fantom if the price per Fantom is at or below USD 0.65 per Fantom upon maturity, matured November 29, 2024 and the Company received USD 325,000 valued at $455,325.

The Company considers the fair value hierarchy of the instrument as Level 2 under IFRS 13.

A continuity for loans receivable as at November 30 and August 31, 2024 is as follows:

	November 30, 2024	August 31, 2024
Balance, beginning of period	$ -	$ 351,806
Additions	2,716,175	9,586,489
Repayments	(2,744,961)	(8,890,091)
Acquisition of digital currencies through exercise of option	-	(1,016,324)
Interest and term borrow fees accrued	118,929	282,066
Interest and term borrow fees received	(118,929)	(282,066)
Gain (loss) on settlement of loans receivable classified as at FVTPL	28,786	(31,880)
Balance, end of period	$ -	$ -

As at November 30 and August 31, 2024 in determining the ECL, management has taken into the account the historical default experience, the financial position of the counterparties as well as the future prospects of the crypto industry in estimating the probability of default of each loan occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There are $nil expected credit losses as at November 30, 2024 (August 31, 2024 - $nil).

5. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended August 31, 2022, the Company through a subsidiary, invested $2,286,000 in a private US company whose sole purpose is to invest in a US spacecraft manufacturer, space launch provider, and satellite communications provider. During the year ended August 31, 2023, the Company through a subsidiary, invested $332,301 in another private US company whose sole purpose is to invest in a US spacecraft manufacturer, space launch provider, and satellite communications provider. The fair values of these investments are remeasured based on new rounds of financing of the private US companies or the US spacecraft manufacturer, space launch provider, and satellite communications provider. The Company will adjust the fair value of the investment when (i) there is a bona fide arm's length transaction which establishes a different value, or ii) where an investment experiences a material change in value, the valuation will be increased or decreased to the estimated fair value.

During the year ended August 31, 2023, the Company invested $135,400 in a private Canadian company focused on Web3 innovation and gaming and where an independent director of the Company is the Chairman and majority owner. The fair value of this investment is remeasured based on new rounds of financing of the private Canadian company. The Company will adjust the fair value of the investment when (i) there is a bona fide arm's length transaction which establishes a different value, or (ii) where an investment experiences a material change in value, the valuation will be increased or decreased to the estimated fair value. During the year ended August 31, 2024, the Company learned that the private Canadian company has no significant

(Expressed in Canadian Dollars)

5. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

assets and is to be dissolved. The Company recognized an impairment loss of $135,310 on investment in equity instrument at FVTPL as a separate line on the consolidated statement of income or loss and comprehensive income or loss.

During the year ended August 31, 2024, the Company through a subsidiary, invested $2,331,732 in a private investment fund designed to acquire Solana tokens from a bankrupt estate. The Company's investment represents an acquisition of 26,964 Solana at USD 64 per Solana. The investment fund manager receives a monthly management fee equal to an annualized rate of 1% per annum on the Company's investment balance. This management fee is included in unrealized gain on investments in equity instruments at FVTPL. The Solana acquired by the Company will be locked and staked, earning staking rewards during the lock period. Staking commissions are set at 5% of the staking rewards and included within staking revenue. Staking rewards will accrue while the Solana is locked and will become distributable on the same unlocking schedule as the Solana. 80% of the Solana are released linearly monthly until January 2028 and 20% of the Solana will be released in March 2025. The investment in the investment fund was valued based on the latest available net asset value, as determined by the investment fund's administrator. The fair values of the investments were remeasured based on monthly valuation reports provided to the Company by the investment fund administrator.

These investments are accounted for as financial assets which are initially recognized at fair value and subsequently measured at fair value through profit or loss. A continuity for investments in equity instruments at fair value through profit or loss as at November 30 and August 31, 2024 is as follows:

	November 30, 2024	August 31, 2024
Balance, beginning of period	$ 8,625,700	$ 3,074,157
Additions	-	2,331,732
Redemptions	(129,928)	(215,150)
Holdback on redemption released	-	(4,958)
Staking income	126,131	125,622
Impairment loss on a private Canadian company	-	(135,310)
Unrealized gain (loss)	3,700,845	3,449,607
Balance, end of period	$ 12,322,748	$ 8,625,700

The balance is comprised of:

	November 30, 2024	August 31, 2024
Current		
Investment in an investment fund	$ 3,934,895	$ 2,084,646
Investments in private US companies	4,192,616	4,037,301
	8,127,511	6,121,947
Non-current		
Investment in an investment fund	4,195,237	2,503,753
Balance	$ 12,322,748	$ 8,625,700

Management considers the fair value of investments in the investment fund to be Level 2 and in the private US companies and private Canadian company to be Level 3, under IFRS 13 fair value hierarchy.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

Property is comprised of real estate in New York City.

Equipment is comprised of Bitcoin miners. On December 12, 2023, the Company sold some of its mining equipment for USD 162,800 or equivalent $221,392 and recognized a gain on sale of equipment of $169,793.

	Property	Mining Equipment	Furniture	Total
Cost:				
Balance, August 31, 2023	$ 3,999,193	$ 8,025,981	$ 134,229	$ 12,159,403
Disposals	-	(1,917,816)	-	(1,917,816)
Balance, August 31, 2024	3,999,193	6,108,165	134,229	10,241,587
Balance, November 30, 2024	3,999,193	6,108,165	134,229	10,241,587
Accumulated depreciation and impairment loss:				
Balance, August 31, 2023	136,419	7,611,067	37,245	7,784,731
Depreciation	79,984	185,343	19,397	284,724
Disposals	-	(972,211)	-	(972,211)
Disposals – impairment (recovery)	-	(894,006)	-	(894,006)
Balance, August 31, 2024	216,403	5,930,193	56,642	6,203,238
Depreciation	19,996	22,246	3,627	45,869
Balance, November 30, 2024	236,399	5,952,439	60,269	6,249,107
Net book value:				
August 31, 2024	$ 3,782,790	$ 177,972	$ 77,587	$ 4,038,349
November 30, 2024	$ 3,762,794	$ 155,726	$ 73,960	$ 3,992,480

Included in the $5,952,439 (August 31, 2024 - $5,930,193) of accumulated depreciation and impairment loss on mining equipment is $5,396,277 (August 31, 2024 - $5,396,277) of accumulated impairment loss.

7. RELATED PARTY BALANCES AND 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 a related party transaction when there is a transfer of resources or obligations between related parties.

During the three-month periods ended November 30, 2024 and 2023, the Company incurred the following related party transactions:

	November 30, 2024	November 30, 2023
Consulting fees	$ 225,900	$ 217,201
Directors' fees	29,380	28,250

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management includes directors and key officers of the Company, including the President and Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Financial Officer (CFO). The Company has the right to terminate the agreements with the officers of the Company by providing 24 months' notice or paying the equivalent of 24 months in fees to each officer. Consulting fees include payments made or accrued to the Company's CEO, COO, and CFO for services.

As at November 30, 2024, there is $76,196 (August 31, 2024 - $576,842) due to directors and officers of the Company included in accounts payable and accrued liabilities. The balances due to related parties are unsecured, non-interest bearing and without fixed repayment terms.

As at November 30, 2024, there is $448,889 (August 31, 2024 - $454,375) of subscription receivable from two private Canadian companies where the CEO is the majority owner. This amount is included in amounts receivable and prepaid expenses. The balance is a result of common shares issued on the exercise of warrants as discussed in Note 8.

8. SHARE CAPITAL

Authorized Capital

Unlimited common shares without par value

Shares issued

During the year ended August 31, 2024, the Company:

a) issued 837,500 common shares on the exercise of warrants at a price per share of $0.13 for gross receivable of $108,875;
b) issued 714,286 common shares on the exercise of warrants at a price per share of $0.175 for gross proceeds receivable of $125,000;
c) issued 750,000 common shares on the exercise of warrants at a price per share of $0.294 for gross proceeds receivable of $220,500;

There were no shares issued during three-month period ended November 30, 2024.

Shares repurchased and cancelled

During the year ended August 31, 2024, the Company repurchased and cancelled 589,000 common shares at an average price per share of $0.34 for gross repurchases of $200,125 as part of a Normal Course Issuer Bid ("NCIB"), to purchase for cancellation, up to 11,350,727 common shares of the Company, representing 10% of the public float at the time. Purchases in any 30-day period are restricted to a maximum of 2% of the total number of outstanding common shares. The NCIB may extend until April 1, 2025, unless the maximum amount of common shares is purchased before then or the Company provides earlier notice of termination.

During the three-month period ended November 30, 2024, the Company repurchased and cancelled 276,500 common shares at an average price per share of $0.51 for gross repurchases of $139,965.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Share Purchase Warrants and Stock Options

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants			Stock Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, August 31, 2023	20,863,075	$	1.490	12,450,000	$	0.50
Issued	-		-	730,000		0.335
Exercised	(837,500)		0.130	-		-
Exercised	(714,286)		0.175	-		-
Exercised	(750,000)		0.294	-		-
Expired	(750,000)		0.294	(400,000)		0.60
Expired	(461,538)		0.400	-		-
Expired	(312,500)		1.000	-		-
Expired	(17,037,251)		1.750	-		-
Outstanding, August 31, 2024 and November 30, 2024	-	$	-	12,780,000	$	0.49
Number currently exercisable	-	$	-	12,780,000	$	0.49

The weighted average remaining contractual life of the warrants and stock options as at November 30, 2024 was nil years (August 31, 2024 - nil years) and 6.67 years (2023 – 6.92 years), respectively.

As at November 30 and August 31, 2024 there are no common share purchase warrants outstanding.

As at November 30, 2024, the following incentive stock options were outstanding:

	Number		Exercise price	Expiry date
Stock Options	5,875,000	$	0.20	January 21, 2031
	4,200,000	$	1.03	April 28, 2031
	1,975,000	$	0.23	September 21, 2032
	730,000	$	0.335	March 21, 2034
	12,780,000			

Share-based compensation

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock for a period preceding the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

(Expressed in Canadian Dollars)

9. REVALUATION SURPLUS

Revaluation surplus arises on revaluation of digital currencies – intangible assets, including those related to lending activities. The change in revaluation surplus is as follows:

	November 30, 2024	August 31, 2024
Balance, beginning of period	$ 25,850,990	$ 11,166,043
Revaluation increase on digital currencies	21,986,833	14,684,947
Balance, end of period	$ 47,837,823	$ 25,850,990

10. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire more cryptocurrencies and fund the operations and investments of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

11. FINANCIAL INSTRUMENTS

Classification of financial instruments

	November 30, 2024	August 31, 2024
Financial assets at amortized cost		
Cash and cash equivalents	$ 3,591,208	$ 3,592,849
Short-term investments	-	1,597,405
Financial assets at fair value through profit or loss		
Investments in equity instruments at fair value through profit or loss	12,322,748	8,625,700
Total	$ 15,913,956	$ 13,815,954

	November 30, 2024	August 31, 2024
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	$ 239,855	$ 805,904
Total	$ 239,855	$ 805,904

The carrying amounts of cash and cash equivalents, short-term investments, loans receivable, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments.

11. FINANCIAL INSTRUMENTS (continued)

Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. Financial instruments which are potentially subject to credit risk for the Company consist of primarily cash and cash equivalents, short-term investments, and loans receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at November 30, 2024, related to these assets of $3,591,208. All cash is held at Canadian chartered banks and U.S. Federal Deposit Insurance Corporation insured commercial banks in the United States, which minimizes credit risk. The Company's loans receivable are issued to arm's length parties with which it has previously issued loans. Credit risk is mitigated by loaning funds to companies based on the size, credit quality and reputation of these arm's length parties that are based and regulated in the U.S.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates.

Interest risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

Price risk

Price risk is the risk that the value of a security or investment will decrease. The Company is exposed to price risk on its investments in equity instruments at FVTPL. A 10% fluctuation in the prices of the investees would result in a change of $1,232,275 to the fair value of investments in equity instruments at FVTPL and recognized in income or loss.

Price risk of digital currencies receivable and embedded derivatives on receivables from decentralized platforms relating to liquidity pool tokens

Digital asset prices are volatile and affected by various factors including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions. Supply and demand for such assets rapidly change from time to time as affected by regulations and general economic trends. A decline in the market prices of digital assets could impact the Company's future operations. The management of the Company constantly monitors the exposure in response to the market conditions.

11. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Company incurs in the future in its operations as well as the currency in which the Company has historically raised capital. The Company is currently exposed to currency risk as certain cash and cash equivalents, short-term investments, loans receivable, and investments in equity instruments at FVTPL are denominated in US Dollars. A 10% fluctuation in the US Dollar would result in a change to profit or loss of $1,033,000.

12. FAIR VALUE MEASUREMENT

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in 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 (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – Inputs that are not based on observable market data for the asset or liability.

The following table sets forth the Company's assets measured at fair value by level within the fair value hierarchy as at November 30 and August 31, 2024.

November 30, 2024	Level 1	Level 2	Level 3
Digital currencies – intangible assets	$ -	$ 55,089,319	$ -
Investments in equity instruments at FVTPL	-	8,130,132	4,192,616
Total	$ -	$ 63,219,451	$ 4,192,616

August 31, 2024	Level 1	Level 2	Level 3
Digital currencies – intangible assets	$ -	$ 31,288,165	$ -
Investments in equity instruments at FVTPL	-	4,588,399	4,037,301
Total	$ -	$ 35,876,564	$ 4,037,301

Management determined fair value as follows:

- The fair value of digital currencies – intangible assets is determined by reference to the volume average weighted price provided by www.cryptocompare.com, an independent third-party pricing aggregator that makes publicly available, for each relevant digital asset, volume weighted average price calculated from various exchanges, as well as price and volume data by exchange.
- The fair value of loans receivable with put option approximates the carrying value because of its short-term maturity.

12. FAIR VALUE MEASUREMENT (continued)

- Investments in equity instruments at FVTPL consist of investments in a private fund and US private companies. The fair value of the investment in the private fund is remeasured based on valuation reports provided to the Company by the investment fund administrator. The fair values of the US private companies are based on the arm's length funding rounds of the investee or underlying investment.

There were no transfers between any levels during the year.

13. DIGITAL CURRENCY RISKS

Price risk related to digital currencies – intangible assets

Digital asset prices are volatile and affected by various factors including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions. Supply and demand for such assets rapidly change from time to time, affected by regulations and general economic trends. A decline in the market prices of digital assets could impact the Company's future operations. The management of the Company constantly monitors the exposure in response to the market conditions.

Digital assets that the Company deals within its operating and investing activities are various digital currencies which can be traded in a number of public exchanges or through over-the-counter market. The Company's exposure to price risk arises from digital currencies – intangible assets which are measured at revalued amounts.

At November 30, 2024, if the prices of digital currencies – intangible assets held by the Company had decreased by 15% (being a reasonably expected change determined based on average monthly price movements) in the principal markets with other variables held constant, the impact on revaluation surplus arising from changes in fair value of digital currencies – intangible assets would have been $8.3 million (August 31, 2024 - $4.7 million) lower. This decrease shall be recognized in income or loss. However, the decrease shall be recognized in revaluation surplus to the extent of any credit balance in the revaluation surplus in respect of that asset. Conversely, if the prices of digital currencies – intangible assets had been 15% higher and all other variables were held constant, other comprehensive income would increase by $8.3 million (August 31, 2024 - $4.7 million). This increase shall be recognized in other comprehensive income and accumulated in equity.

Loss of access risk

The loss of access to the private keys associated with the Company's digital asset holdings may be irreversible and could adversely affect the future operation. Digital assets are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the digital asset is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the digital assets. It is the policy of the Company to conduct due diligence surrounding private key management performed by custodians as part of the onboarding process in order to mitigate this risk.

Irrevocability of transactions

Digital asset transactions are irrevocable and if stolen or incorrectly transferred, digital assets may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation. The Company seeks to mitigate the risk by establishing policies and procedures to require a careful review of each transaction before execution.

13. DIGITAL CURRENCY RISKS (continued)

Hard fork and airdrop risks

When a proposed modification to the digital currency network is not accepted by the vast majority of miners and users but is nonetheless accepted by a substantial population of participants in the network, a “fork” in the blockchain occurs, resulting in two separate digital currency networks. A “hard fork” is a software upgrade that introduces a new rule to the network that is not compatible with the older software, while a “soft fork” is any change that is backward compatible. Holders of digital currency on the original digital currency network, at the time the block is mined and the fork occurs, can then also typically receive an identical amount of new tokens on the new network. Hard forks could affect the value and harm the sustainability of the affected digital currencies.

Airdrops occur when the promoters of a new digital asset send amounts of the new digital asset to holders of another digital asset that they will be able to claim a certain amount of the new digital asset for free. The Company may not be able to realize the economic benefit of a hard fork or airdrop, either immediately or ever, for various reasons. For instance, the Company may not have any systems in place to monitor or participate in hard forks or airdrops. Therefore, the Company may not receive any new digital assets created as a result of a hard fork or airdrop, thus losing any potential value from such digital assets. For the periods ended November 30, 2024 and 2023, there were no losses relating to a hard fork or airdrop.

Regulatory oversight risk

Regulatory changes or actions may restrict the use of digital assets or the operation of digital asset networks or exchanges in a manner that adversely affects investments held by the Company. The Company consistently engages with external legal counsels or regulatory advisors to understand any updates on the regulatory landscape which might have impacts on its businesses.

Cybersecurity risk

While the Company’s security technology is designed to prevent, detect, and mitigate inappropriate access to its systems, it is possible that hackers, employees or service providers acting contrary to its policies, or others could circumvent these safeguards to improperly access its systems or documents, or the systems or documents of its business partners, agents, or service providers, and improperly access, obtain, misuse its digital currencies held in hot wallets.

Staking risk

Digital currency prices are volatile and can drop quickly. If any of the Company’s staked assets suffers a large price drop, that could outweigh any staking income earned on them. Staking can require the Company to lock up its digital currencies for a minimum amount of time. Staking also exposes the Company to slashing. Slashing is a penalty enforced at the protocol level associated with malicious attack against the network by a validator.

Reliance on Decentralized Exchanges (DEXs)

As a liquidity provider on a variety of decentralized protocols and applications, the Company is dependent on these public DEXs in its liquidity mining. There is no guarantee that DEXs will continue to scale or upgrade over time such that their functionality improves or continues to be used by users. Additionally, the risks inherent to public blockchains, such as smart contract risks or cybersecurity risks, continue to apply to DEXs. There is also no certainty as to the future regulatory environment regarding DEXs or DeFi and any adverse changes could substantially impact the Company’s ability to conduct its business.

(Expressed in Canadian Dollars)

13. DIGITAL CURRENCY RISKS (continued)

Smart contract risk

DeFi, in several ways, substitutes custodial risk prevalent with centralized finance platforms with smart contract risk, allowing hackers and attackers to seize funds and tokens escrowed in smart contracts. Smart contracts are constantly exploited across the blockchain ecosystem, with hackers taking advantage of flaws in the code. DeFi smart contracts are managed using admin keys. These allow the key holder to make significant changes to the code, such as protocol upgrades. One way cyberattacks occur is when hackers gain control of private or admin keys, allowing them to deplete all or some of the liquidity within pools of certain projects, among others.

As at November 30, 2024, the smart contract risk is limited to the receivables from decentralized platforms relating to liquidity pool tokens of $nil (August 31, 2024 - $nil).

Reliance on Centralized Exchanges (CEXs)

The Company relies on certain centralized exchanges to hold its fiat and digital currency deposits in order to earn fiat and interest in digital assets. The Company also exchanges fiat and other forms of capital into digital assets that can then be used across various protocols and applications. The Company is reliant on these CEXs for the exchange of fiat/digital assets. Any change to the CEXs business models, practices, ability to custody assets, ability to send or receive payments, solvency, swap or exchange assets, or be subject to security breaches or hacks could have a meaningful impact on the Company's operations and potential loss of some or all of its assets.

During the year ended August 31, 2022, the Company recognized an impairment loss of $1,265,901 on certain digital currencies held with an exchange that filed for bankruptcy on July 13, 2022. During the year ended August 31, 2024, the Company paid $60,462 for settlement of withdrawal preference exposure related to withdrawals of funds the Company had made within 90 days before the exchange filed for bankruptcy. During the year ended August 31, 2024, mediation by the United States Bankruptcy Court Southern District of New York reached a settlement for supplemental distribution to be made by the exchange to the Company. Subsequent to the period ended November 30, 2024, the company received USD 373,532 or equivalent $503,932 included in amounts receivable at November 30 and August 31, 2024.

14. SEGMENTED INFORMATION

The Company operates in Canada and the United States. The Company's chief operating decision makers currently review the operating results of the Company as one operating segment.

Information about geographic areas

Revenue from cryptocurrency mining and rewards earned from providing liquidity in liquidity pools was all generated in Canada. Staking revenue are earned in both Canada and the United States.

The following table analyzes the Company's non-current assets by geographical location. The basis for attributing the assets is the location of the assets.

	November 30, 2024	August 31, 2024
Canada	$ 53,928,981	$ 30,841,745
United States	$ 9,688,158	$ 7,328,625
Total	$ 63,617,139	$ 38,170,370

14. SEGMENTED INFORMATION (continued)

Information about a major customer

For the three-month period ended November 30, 2024, mining revenue from one customer represents 100% (2023 - 100%) of the total mining revenue and staking revenue from one digital currency represents 67% (2023 - 2%) and from another digital currency represents 23% (2023 - 66%) of the total staking revenue.

15. CONTINGENCY

The Company has filed a claim against a company located in Alberta (the "Defendant") arising out of the breach of Master Service Agreement entered into between the Company and the Defendant on February 27, 2021. Under the Master Service Agreement, the Defendant agreed to procure and operate 300 Bitcoin mining rigs at its facility in Alberta. The Defendant's facility was subsequently shut down due to failure to have appropriate consents, licenses and approvals from the Alberta Utilities Commission. The Company sought from the Defendant for (a) damages for losses sustained between May 1, 2021 and August 27, 2021, (b) future lost profits, (c) damages for bad faith and (d) punitive damages. The Company also sought for the return of the mining rigs. On January 15, 2024, the Company settled the claim and the Defendant acknowledged indebtedness owing to the Company of USD 1,144,497 or equivalent $1,533,626, due and payable on June 15, 2024. This due date has expired and because the probability of collection is uncertain, the claim has not been reflected in the condensed consolidated interim financial statements.

16. SUBSEQUENT EVENTS

Subsequent to the three-month period ended November 30, 2024, the Company:

a) On January 10, 2025, issued 120,000 common shares on the exercise of 120,000 stock options at a price per share of $0.20 for gross proceeds of $24,000.

b) On January 20, 2025, approved for a credit facility of up to USD 20,000,000.