DMG Blockchain Solutions Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended June 30, 2024 and 2023

(Expressed in Canadian Dollars, except as otherwise noted)

(Unaudited)

DMG Blockchain Solutions Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at June 30, 2024 (unaudited)	As at September 30, 2023 (audited)
ASSETS		**$**	**$**
Current			
Cash and cash equivalents		877,122	1,789,913
Amounts receivable	6	3,224,443	2,476,679
Digital currency	5	38,683,776	17,142,683
Prepaid expense and other current assets		373,260	193,512
Marketable securities	8	408,578	386,984
Assets held for sale	11	-	3,451,024
Total current assets		**43,567,179**	**25,440,795**
Long-term deposits	9	2,105,408	3,256,324
Property and equipment	12	58,681,134	47,398,585
Long-term investments	13	45,000	45,000
Amount recoverable	7	6,956,493	6,446,251
Total assets		**111,355,214**	**82,586,955**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	14	4,808,126	4,178,104
Deferred revenue	19	24,181	64,361
Current portion of lease liability	15	45,126	50,555
Current portion of loans payable	16	13,838,075	1,272,397
Total current liabilities		**18,715,508**	**5,565,417**
Long-term lease liability	15	61,953	41,202
Total liabilities		**18,777,461**	**5,606,619**
Shareholders' Equity			
Share capital	17(a)	112,425,364	110,820,540
Reserves	17(b)(c)	45,705,068	45,507,272
Accumulated other comprehensive income		10,807,073	149,044
Accumulated deficit		(76,359,752)	(79,496,520)
Total shareholders' equity		**92,577,753**	**76,980,336**
Total liabilities and shareholders' equity		**111,355,214**	**82,586,955**
Contingencies	23		
Subsequent events	25		

Approved on Behalf of the Board of Directors on August 26, 2024:

/s/ John D. Abouchar	*/s/ Sheldon Bennett*
Director	**Director**

The accompanying notes are integral to these condensed consolidated financial statements

DMG Blockchain Solutions Inc.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars, except for number of shares)
(Unaudited)

		For the Three Months Ended		For the Nine Months Ended	
	Notes	**June 30, 2024**	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
		$	**$**	**$**	**$**
Revenue	19	8,294,866	7,495,257	28,001,289	22,293,172
Expenses					
Operating and maintenance costs	20(a)	4,675,279	4,156,305	15,093,781	13,159,995
General and administrative	20(b)	1,476,973	875,197	4,209,432	2,600,075
Share-based compensation		480,945	544,966	1,247,447	1,483,175
Research and development		603,919	480,815	1,528,314	1,411,919
Provision for doubtful accounts		2,628	(34,853)	6,434	79,524
Depreciation	12	5,037,240	5,334,219	13,185,010	17,279,768
Total expenses		**12,276,984**	**11,356,649**	**35,270,418**	**36,014,456**
Loss before other items		**(3,982,118)**	**(3,861,392)**	**(7,269,129)**	**(13,721,284)**
Other income (expense)					
Interest and other income	7	174,417	124,303	510,242	359,535
Provision of sales tax receivable	6	(10,584)	-	(646,174)	-
Gain on disposition of assets		-	-	4,809	70,429
Foreign exchange loss		(103,008)	(3,792)	(225,934)	(110,782)
Unrealized gain (loss) on revaluation of digital currency	5	(4,200)	-	9,178,116	-
Realized gain (loss) on sale of digital currency		177,005	(156,791)	2,172,364	172,101
Loss on modification of amount recoverable		-	(555,075)	-	(555,075)
Gain (loss) on change in fair value of marketable securities	8	(89,449)	179,215	21,594	84,391
Loss on fair value of investments	10	-	-	(609,120)	-
Net income (loss)		**(3,837,937)**	**(4,273,532)**	**3,136,768**	**(13,700,685)**
Other comprehensive income					
Items that may be reclassified subsequently to income or loss:					
Unrealized revaluation (loss) gain on digital currency	5	(4,819,676)	2,690,110	10,652,539	6,094,477
Cumulative translation adjustment		6,686	(39,736)	5,490	8,355
Comprehensive income (loss)		**(8,650,927)**	**(1,623,158)**	**13,794,797**	**(7,597,853)**
Basic and diluted income (loss) per share	17(d)	(0.02)	(0.03)	0.02	(0.08)
Weighted average number of shares outstanding	17(d)				
- basic		168,975,567	167,681,377	168,937,426	167,626,853
- diluted		168,975,567	167,681,377	172,496,489	167,626,853

The accompanying notes are integral to these condensed consolidated interim financial statements

DMG Blockchain Solutions Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars, except the number of shares)
(Unaudited)

	Number of common shares	Share Capital	Share-based payment reserve	Accumulated deficit	Accumulated Other Comprehensive Income	Total
		$	$	$	$	$
Balance, September 30, 2022	**167,256,377**	**110,381,441**	**43,959,280**	**(63,034,792)**	**121,623**	**91,427,552**
Share-based compensation expense recognized	-	-	1,483,175	-	-	**1,483,175**
Shares issued on exercise of options (Note 17)	425,000	96,826	(33,076)	-	-	**63,750**
Unrealized loss on digital currency revaluation (Note 5)	-	-	-	-	6,094,477	**6,094,477**
Net loss for the period	-	-	-	(13,700,685)	-	**(13,700,685)**
Other comprehensive income for the period	-	-	-	-	8,355	**8,355**
Balance, June 30, 2023	**167,681,377**	**110,478,267**	**45,409,379**	**(76,735,477)**	**6,224,455**	**85,376,624**
Balance, September 30, 2023	**168,042,815**	**110,820,540**	**45,507,272**	**(79,496,520)**	**149,044**	**76,980,336**
Share-based compensation expense recognized	-	-	1,247,447	-	-	**1,247,447**
Shares issued on exercise of options (Note 17)	1,691,250	1,604,824	(1,049,651)	-	-	**555,173**
Unrealized gain on digital currency revaluation (Note 5)	-	-	-	-	10,652,539	**10,652,539**
Net income for the period	-	-	-	3,136,768	-	**3,136,768**
Other comprehensive income for the period	-	-	-	-	5,490	**5,490**
Balance, June 30, 2024	**169,734,065**	**112,425,364**	**45,705,068**	**(76,359,752)**	**10,807,073**	**92,577,753**

The accompanying notes are integral to these condensed consolidated interim financial statements

DMG Blockchain Solutions Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	For the Nine Months Ended June 30, 2024 $	June 30, 2023 $
OPERATING ACTIVITIES		
Net income (loss) for the period	**3,136,768**	**(13,700,685)**
Non-cash items:		
Accretion	28,876	38,425
Depreciation	13,185,010	17,279,768
Share-based payments	1,247,447	1,483,175
Unrealized foreign exchange loss	144,288	56,086
Gain on disposition of assets	(4,809)	(70,429)
Gain (loss) on change in fair value of marketable securities	(21,594)	(84,391)
Loss on fair value of investment	609,120	-
Provision for sales tax receivable	646,174	-
Bad debt expense	6,434	79,524
Digital currency related revenue	(26,137,726)	(20,915,310)
Unrealized gain on digital currency	(9,178,117)	-
Digital currency sold	26,598,464	15,957,866
Realized gain on sale of digital currency	(2,172,364)	(172,101)
Non-cash interest income	(504,311)	(450,636)
Accrued interest	229,208	(129)
Loss on amount recoverable modification	-	555,075
Changes in non-cash operating working capital:		
Prepaid expenses and other current assets	(184,748)	110,586
Amounts receivable	(1,345,463)	2,076,703
Amounts recoverable	-	(9,458)
Deferred revenue	(28,254)	(91,752)
Trade and other payables	611,762	1,302,640
Net cash provided by operating activities	**6,866,165**	**3,444,957**
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,710,629)	(1,415,329)
Deposits on mining equipment	(18,088,936)	(2,423,564)
Proceeds on sale of equipment	-	4,829
Purchase of short-term investment	(609,120)	-
Proceeds from sublease	-	37,012
Net cash used by investing activities	**(20,408,685)**	**(3,797,052)**
FINANCING ACTIVITIES		
Proceeds from option exercises	555,173	63,750
Principal lease payments	(85,793)	(129,345)
Proceeds from secured loan	12,161,909	950,665
Repayment of loans payable	(1,668)	-
Net cash provided by financing activities	**12,629,621**	**885,070**
Impact of currency translation on cash	**108**	**(1,078)**
Change in cash	**(912,791)**	**531,897**
Cash, beginning	**1,789,913**	**1,247,513**
Cash, end	**877,122**	**1,779,410**

The accompanying notes are integral to these condensed consolidated interim financial statements

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

1. NATURE OF OPERATIONS

DMG Blockchain Solutions Inc. (the "Company") was incorporated under the provisions of the British Columbia Business Corporations Act on April 18, 2011. The Company's head office and principal place of business is 4193 104 Street, Delta, B.C. V4K3N3. The Company is a vertically integrated blockchain and crypto-currency company that manages, operates, and develops end-to-end digital solutions to monetize the blockchain ecosystem. The Company has operated its transaction verification services business, commonly known as Bitcoin mining, in Western Canada since October 2016. The Company is also involved in server hosting and other similar service arrangements for the transaction verification services business as well as research and development of solutions related to the transaction verification services business. The Company's shares are listed on the TSX-V under the symbol DMGI.

2. BASIS OF PRESENTATION

a) *Statement of compliance*

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and follow the same accounting policies and methods of application as the Company's September 30, 2023, consolidated audited annual financial statements. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual statements.

These consolidated financial statements were approved for issue by DMG's board of directors on August 26, 2024.

b) *Basis of consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The financial transactions of subsidiaries are included in the financial statements from the date control is obtained. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Intercompany balances, transactions, income, and expense are eliminated and gains or losses on intercompany transactions are eliminated. The accounting policies of subsidiaries are the same as those of the Company.

Principal subsidiaries	**Percentage ownership**		**Country of incorporation**
	June 30, 2024	**September 30, 2023**	
DMG-US, Inc. ("DMG-US")	100%	100%	United States
Datient, Inc.	100% indirect through DMG-US	100% indirect through DMG-US	United States
DMG Blockchain Services Inc.	100%	100%	United States
1141559 BC Ltd.	100%	100%	Canada
1132517 BC Ltd.	100%	100%	Canada
1300036 BC Ltd.	100%	100%	Canada
Systemic Trust Company Ltd.	100%	0%	Canada
2399760 Alberta Ltd.	100%	0%	Canada
2564400 Alberta Ltd.	100%	0%	Canada

2. BASIS OF PRESENTATION (continued)

During the nine months ended June 30, 2024, the Company incorporated a wholly owned subsidiary, 2564400 Alberta Ltd. and Systemic Trust Company Ltd. for the establishment of an Alberta based independent digital asset custody solution for institutional clients. The Company also acquired a shell company 2399760 Alberta Ltd, as a wholly owned subsidiary for the purposes of establishing an Alberta based leasing company.

c) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities, and digital currencies measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional currency of the Company, 1141559 BC Ltd, 1132517 BC Ltd, 1300036 BC Ltd, 2399760 Alberta Ltd, Systemic Trust Company Ltd, and 2564400 Alberta Ltd. is the Canadian dollar. The functional currency of DMG-US, Datient Inc., and DMG Blockchain Services Inc. is the US dollar, which is determined to be the currency of the primary economic environment in which the subsidiary operates. The presentation currency used in preparation of these consolidated financial statements is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities and non-monetary assets and liabilities carried at fair value, that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

d) Newly adopted IFRS pronouncements

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. These amendments will be applied in the annual period for which they are first required.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2
In January 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1). The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criteria for classifying a liability as non-current if there is the right to defer settlement of the liability for at least 12 months after the reporting period. This amendment is not expected to have a significant impact on the preparation of financial statements.

In February 2021, the IASB issued an amendment to IAS 1 Presentation of Financial Statements (IAS 1) and IFRS Practice Statement 2. The amendment applies to annual reporting periods beginning on or after January 1, 2023. The amendment requires that an entity discloses its material accounting policies, instead of its significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements,' to provide guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment does not have a significant impact on the preparation of the financial statements.

2. BASIS OF PRESENTATION (continued)

Amendment to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IAS 8 Definition of Accounting Estimates
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

IFRS Sustainability Disclosure Standards
The International Sustainability Standards Board (ISSB) of the IFRS Foundation has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures.' The objective of IFRS S1 and S2 is to require an entity to disclose information about its sustainability and climate related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Both Standards are effective for fiscal years beginning January 1, 2024, but certain transitional reliefs are available. The ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board ('SASB') Standards to identify sustainability-related risks, opportunities and appropriate metrics. The Company is currently evaluating the impact of these reporting requirements.

In March of 2024, the Canadian Sustainability Standards Board (CSSB) proposed two exposure drafts on CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2, *Climate-related Disclosures*. These exposure drafts align with IFRS S1 and S2 global baselines, with modifications to align with Canadian-specific needs which include:

- extending the earliest voluntary adoptions dates for CSDS 1 and CSDS 2 from January 1, 2024 to January 1, 2025;
- extending the proposed transition relief for disclosures beyond climate-related risks and opportunities from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB standards on January 1, 2025, will be required to disclose information on all sustainability-related risks and opportunities from the reporting period beginning on or after January 1, 2027; and
- extending the proposed transition relief for disclosure of Scope 3 GHG emissions from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB on January 1, 2025, will be required to disclose Scope 3 GHG emissions from the reporting period beginning on or after January 1, 2027.

2. BASIS OF PRESENTATION (continued)

e) Future IFRS pronouncements and amendments

IFRS 18 - Presentation and Disclosure in Financial Statements
On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The new Accounting Standard introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures,') and less aggregation of items into large, single numbers. The main impacts of the new Accounting Standard include:

- introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities (i.e. operating, investing and financing);
- requiring disclosure about management performance measures (MPMs); and
- adding new principles for aggregation and disaggregation of information.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adoption of this new IFRS pronouncement has not yet been determined and the Company has not determined if it would adopt by anticipation.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
In August 2023, the IASB issued amendments to IAS 21 –The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments.

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have a material impact on the Company.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended September 30, 2023 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the annual consolidated financial statements as at and for the year ended September 30, 2023.

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

5. DIGITAL CURRENCIES

At June 30, 2024 and September 30, 2023, the Company held bitcoin and ether as its digital currency. Bitcoin and ether are recorded at their fair value on the date they are received and are revalued at their current market value at each reporting date. Fair value is determined by taking the closing price listed on "Yahoo.com" or "xe.com" at the relevant dates.

The continuity of digital currencies is as follows:

	BTC		ETH		TOTAL
	Units	**$**	**Units**	**$**	**$**
Balance, September 30, 2022	**343.24**	**9,236,520**	**45.34**	**83,270**	**9,319,790**
Digital currency received from mining	878.21	27,397,627	-	-	27,397,627
Mining pool fees	2.66	93,861	-	-	93,861
Net pool revenue	(26.83)	(1,031,795)	-	-	(1,031,795)
Digital currency sold	(728.84)	(22,912,786)	-	-	(22,912,786)
Digital currency impairment	-	-	(45.34)	(102,735)	(102,735)
Digital currency revaluation	-	4,350,308	-	19,465	4,369,773
Exchange differences	-	8,958	-	-	8,958
Balance, September 30, 2023	**468.44**	**17,142,683**	-	-	**17,142,683**
Digital currency received from mining	437.63	28,498,625	-	-	**28,498,625**
Mining pool fees	(0.07)	(5,931)	-	-	**(5,931)**
Net pool revenue	(43.19)	(2,360,900)	-	-	**(2,360,900)**
Digital currency sold	(399.34)	(24,426,100)	-	-	**(24,426,100)**
Digital currency revaluation	-	19,830,656	-	-	**19,830,656**
Exchange differences	-	4,743	-	-	**4,743**
Balance, June 30, 2024	**463.47**	**38,683,776**	-	-	**38,683,776**

On January 30, 2024, the Company entered into a loan agreement (Note 16) whereby the Company was required to pledge BTC as collateral against the loan. As a result, 237.80 BTC at a fair value of $19,827,996 is restricted until such time when the Company repays the loan in full.

During the year ended September 30, 2023, the Company's custodian Prime Trust was placed into receivership by the state of Nevada, which ordered the custodian to cease all activities. As at June 30, 2024, the Company held 45.34 ETH and 49.01 BTC held in digital currencies with Prime Trust. At the time of the order, the Company had also placed trades for 8.2378 BTC valued at $335,089 that were not complete due to the ceasing of activities; these amounts have been included in other receivables (Note 6).

Management assessed the recoverability of these amounts based on current available information. Due to the nature of the assets, BTC is expected to be returned in full as depositor property. As at September 30, 2023, due to the uncertainty around ETH and non-depositor property, the balance of ETH of $102,735 has been impaired to $Nil and an allowance of $335,089 was recorded to bad debt expense that related to the placed trades that did not complete. As at June 30, 2024, the balance of ETH remained at $Nil as management's assessment of uncertainty around ETH has remained unchanged.

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

6. AMOUNTS RECEIVABLE

The Company's amounts receivable is as follows:

		June 30, 2024		September 30, 2023
Trade receivables	$	226,745	$	577,608
Sales taxes recoverable		3,012,598		1,918,939
Other receivables		37,556		35,000
Provision for doubtful accounts		(52,456)		(54,868)
	$	**3,224,443**	**$**	**2,476,679**

The following is the continuity of the Company's expected credit loss movement:

		June 30, 2024		September 30, 2023
Opening balance	$	54,868	$	8,618
Bad debt expense (recovery) related to AR		(2,412)		381,339
Write-offs		-		(335,089)
	$	**52,456**	**$**	**54,868**

During the nine months ended June 30, 2024, the Company recorded a net recovery of provision for doubtful accounts of $2,412 for expected credit losses (September 30, 2023: $46,250). The Company directly wrote off $8,846 (2023: $Nil) in accounts receivable. Included in bad debt expense for the year ended September 30, 2023 is $335,089 related to failed BTC trades (Note 5).

In addition, based on management's analysis of the sales taxes recoverable, it was determined that a further provision of $646,174 (June 30, 2023: $Nil) was required to be expensed, to result in a net sales taxes recoverable of $3,012,598.

7. AMOUNT RECOVERABLE

		June 30, 2024		September 30, 2023
Amortized Cost				
Opening balance	$	7,823,307	$	7,823,307
Ending balance		**7,823,307**		**7,823,307**
Expected Credit Losses				
Opening balance	$	**1,377,056**	$	**1,190,806**
Interest income		(510,242)		(506,610)
Loss on modification		-		692,860
Ending balance	$	**866,814**	**$**	**1,377,056**
Net Amount Recoverable	**$**	**6,956,493**	**$**	**6,446,251**

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

8. MARKETABLE SECURITIES

Marketable securities are recorded at their fair value at the end of each reporting period. The fair values of the common shares of publicly traded companies have been directly referenced to published price quotations in an active market. A continuity of the Company's marketable securities is as follows:

		June 30, 2024		**September 30, 2023**
Fair value, opening	$	386,984	$	401,542
Gain (loss) on fair value change of marketable securities		21,594		(14,558)
	$	**408,578**	**$**	**386,984**

As at June 30, 2024, the Company holds 800,000 (September 30, 2023: 800,000) shares of INX Ltd. and 12,094 (September 30, 2023: 12,094) common shares of Marathon Digital Holdings, Inc. ("Marathon").

9. LONG-TERM DEPOSITS

		June 30, 2024		**September 30, 2023**
Security deposits	$	1,651,176	$	1,659,135
Deposits on mining equipment		454,232		1,597,189
	$	**2,105,408**	**$**	**3,256,324**

The Company has currently outstanding $454,232 (USD $628,421) (September 30, 2023 - $1,597,189 (USD $1,181,353)) relating to the purchase of miners. On December 18, 2018, the Company entered into an agreement under which $2,202,605 was paid as a security deposit for the provision of utilities, interest bearing at approximately 3%. As at June 30, 2024, $1,649,399 (September 30, 2023 - $1,649,399) of these funds still remain and are included in security deposits and will be repaid when the Company ceases the use of the services. The remaining security deposits are for various lease agreements and will be repaid at the end of each lease agreement. The remaining deposits are non-interest-bearing. No expected credit losses have been recorded against the deposits, management believes that the deposits are held by large reputable companies and that there will be no issues recovering deposits when they become due.

10. CONVERTIBLE DEBENTURE

On July 2, 2021, the Company purchased a convertible debenture of BOSONIC Inc. ("Bosonic") for USD $2,000,000. The convertible debenture is interest bearing at 5% per annum and matured on July 2, 2023. In the event that Bosonic raises at least USD $15,000,000 in new capital, the debenture will automatically convert into common shares of BOSONIC Inc. at a conversion price equal to:

a. The product of 0.75 and the lowest price per share paid in the financing; or
b. The price per share obtained by dividing USD $200,000,000 by the total number of common shares of Bosonic outstanding on a diluted basis.

As at September 30, 2022, management reviewed financial statements, internally generated forecasts of the company, and its business plan and concluded the likelihood of repayment of the note at maturity date was remote. As such, a decline in fair value of $2,782,825 was recorded in the Company's profit and loss.

As at September 30, 2023, the Company advanced an additional $202,725 (USD $150,000) to Bosonic as the Company's management believes the intellectual property of Bosonic has important strategic value. However, due to the uncertain nature of its financial situation, the additional amount was written off to decline in fair value of investment, in the statement of loss. During the nine months ended June 30, 2024, the Company advanced a further $609,120 (USD $450,000). The advance is non-interest bearing, and due on March 1, 2024. As at June 30, 2024, the fair value of the Bosonic note was $Nil (September 30, 2023: $Nil).

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

10. CONVERTIBLE DEBENTURE (continued)

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the statements of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Bosonic Convertible Debenture	Market Approach (Level 3)	Internal forecasts, business plan, likelihood of repayment	The fair value is highly sensitive to the company's performance and likelihood of repayment, leading to a fair value of $Nil.

The Company's investments in Bosonic are valued using the market approach, which falls under Level 3 of the fair value hierarchy. This approach involves using significant unobservable inputs including internally generated forecasts and business plans, as well as assessments of market conditions and likelihood of repayment. These inputs have a direct correlation with the fair value measurement, as they significantly influence the determination of fair value, especially in scenarios where the market presence is limited or non-existent. As of the reporting date, the fair value of both investments is assessed to be $Nil due to the adverse conditions impacting the likelihood of recovery and market conditions.

11. ASSETS HELD FOR SALE

During the year ending September 30, 2023, the Company purchased $3,451,024 in Bitcoin mining hardware and related equipment with the intention of installing the miners at the Company's facility. Due to the delay in expansion of the Christina Lake facility, the miners could not be installed when the shipments were received and installation delayed until expansion plans could be completed. The decision to classify these assets as held for sale is based on our strategic plan to optimize operations and reallocate resources.

During the nine months ended June 30, 2024, the Company purchased $287,608 in Bitcoin mining hardware and related equipment with the intention of installing the miners at the Company's Christina Lake facility.

During the nine months ended June 30, 2024, the Company sold $36,166 in mining equipment for proceeds of $40,975 resulting in a gain on sale of $4,809, the proceeds for the sale is included in amounts receivable. The remainder of the assets held for sale were reclassified back to property and equipment and installed into the Company's facilities for use.

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

12. PROPERTY AND EQUIPMENT

COST	Land	Construction in Progress (CIP)	Power Substation	Data Centre	Computer and mining equipment	Furniture and other equipment	Motor Vehicle	Right of use Assets	Total
	$	$	$	$	$	$	$	$	$
As at September 30, 2022	2,341,569	410,928	3,627,008	12,107,826	63,593,397	231,592	12,747	514,980	82,840,047
Additions	-	1,556,181	-	238,667	10,097,815	42,821		(2,386)	12,037,645
Disposals	-	(4,829)	-	-	-	-	-	-	(4,829)
Reclassification from CIP	-	(476,781)	232,391	187,555	-	63,585	-	(6,750)	-
Reclassification to Assets held for sale	-	-	-	-	(710,835)	-	-	-	(710,835)
Other adjustments	-	-	-	-	(37,469)	-	-	(226,165)	(263,634)
As at September 30, 2023	2,341,569	1,485,499	3,859,399	12,534,048	72,942,908	337,998	12,747	279,679	93,793,847
Additions	-	4,136,213	-	281,360	19,901,523	51,742	-	96,721	24,467,559
Disposals	-	-	-	-	-	-	-	(55,880)	(55,880)
Reclassification from CIP	-	(544,466)	-	653,236	-	24,361	-	(133,131)	-
Other adjustments	-	-	-	(3,415)	-	-	-	-	(3,415)
As at June 30, 2024	2,341,569	5,077,246	3,859,399	13,465,229	92,844,431	414,101	12,747	187,389	118,202,111
ACCUMULATED DEPRECIATION									
As at September 30, 2022	-	-	548,044	3,101,744	20,741,569	47,461	5,066	312,734	24,756,618
Depreciation	-	-	127,795	703,996	20,971,314	43,897	2,012	53,268	21,902,282
Reclassification	-	-	57,495	(57,495)	-	-	-	-	-
Other adjustments	-	-	-	-	(37,469)	-	-	(226,169)	(263,639)
As at September 30, 2023	-	-	733,334	3,748,245	41,675,414	91,358	7,078	139,833	46,395,262
Depreciation	-	-	92,541	557,342	12,459,881	36,886	1,155	37,205	13,185,010
Disposals	-	-	-	-	-	-	-	(55,880)	(55,880)
Reclassification	-	-	-	52,624	-	23,163	-	(75,787)	-
Other adjustments	-	-	-	(3,415)	-	-	-	-	(3,415)
As at June 30, 2024	-	-	825,875	4,354,796	54,135,295	151,407	8,233	45,371	59,520,977
NET BOOK VALUE									
As at September 30, 2023	2,341,569	1,485,499	3,126,065	8,785,803	31,267,494	246,640	5,669	139,846	47,398,585
As at June 30, 2024	**2,341,569**	**5,077,246**	**3,033,524**	**9,110,433**	**38,709,136**	**262,694**	**4,514**	**142,018**	**58,681,134**

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

13. LONG-TERM INVESTMENTS

		June 30, 2024		September 30, 2023
	$		$	
Other		45,000		45,000
	$	**45,000**	**$**	**45,000**

On June 2, 2021, the Company purchased 8,000,000 units of Brane Inc. for $3,000,000, representing a non-controlling interest in Brane Inc. Each unit consists of one common share and one warrant. Management has reviewed financial statements, internally generated forecasts of the company, and its business plan and concluded on September 30, 2022 that the value of the investment was $Nil. As such, a decline in the fair value of $3,000,000 in the Company's consolidated statements of loss and comprehensive loss during the year ended September 30, 2022.

During the nine months ended June 30, 2024, management assessed based on available information that there was no change to the value of the Brane Inc. investment of $Nil (September 30, 2023: $Nil).

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the statements of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Brane Inc (Equity Investment - Common Share and Warrant)	Market Approach (Level 3)	Internal forecasts, business plan, market conditions	The fair value is influenced by internal and market assessments, resulting in a fair value of $Nil.

The Company's investments in Brane are valued using the market approach, which falls under Level 3 of the fair value hierarchy. This approach involves using significant unobservable inputs including internally generated forecasts and business plans, as well as assessments of market conditions and likelihood of repayment. These inputs have a direct correlation with the fair value measurement, as they significantly influence the determination of fair value, especially in scenarios where the market presence is limited or non-existent. As at the reporting date, the fair value of both investments is assessed to be $Nil due to the adverse conditions impacting the likelihood of recovery and market conditions.

14. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

		June 30, 2024		September 30, 2023
Trade payables and accrued liabilities	$	4,407,717	$	3,287,422
Trade payables and accrued liabilities - related parties (Note 18)		298,845		573,402
Provincial sales taxes payable		70,017		194,291
Refundable customer deposits on contracts		21,889		113,331
Interest payable (Note 16)		9,658		9,658
	$	4,808,126	$	4,178,104

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

14. TRADE AND OTHER PAYABLES (continued)

Included in trade and other payables is a legal expense accrual of $136,374 (September 30, 2023: $136,374) that relates to a provision for a legal claim from a former customer. The legal expense accrual represents the maximum amount the Company expects to pay if it is found liable in the claim.

15. LEASES

The Company leases certain assets under lease agreements. The lease liability consists of leases for office space, vehicles and equipment. The leases bear interest ranging from 5.09% to 28.28% per annum and expiry dates for these leases range from April 2025 to November 2026. The related lease liability was measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of that date.

At June 30, 2024 and September 30, 2023, the Company's lease liability related to office leases is as follows:

Lease liability		**June 30, 2024**		**September 30, 2023**
Current portion	$	45,126	$	50,555
Long-term portion		61,953		41,202
	$	107,079	$	91,757

At June 30, 2024 and September 30, 2023, the Company is committed to minimum undiscounted lease payments as follows:

Maturity analysis		**June 30, 2024**		**September 30, 2023**
Less than one year	$	51,262	$	59,636
One to five years		65,701		46,320
More than five years		-		-
Total undiscounted lease liabilities	$	116,963	$	105,956

Recognized in the consolidated statements of loss and comprehensive loss		**June 30, 2024**		**June 30, 2023**
Interest on lease liabilities (included in general and administrative expenses)	$	9,393	$	16,806

Recognized in the statement of cash flows		**June 30, 2024**		**June 30, 2023**
Principal payments on lease liabilities	$	85,793	$	129,345
Total cash outflows for leases	$	85,793	$	129,345

16. LOANS PAYABLE

		Face value		**Carrying value**
Balance, September 30, 2022	$	291,881	$	291,881
Loan proceeds		1,000,000		1,000,000
Transaction costs		-		(49,335)
Accretion		-		29,851
As at September 30, 2023	$	1,291,881	$	1,272,397
Loan proceeds		12,161,909		12,161,909
Repayment of principal		(1,668)		(1,668)
Accrued interest		229,208		229,208
Accretion		-		19,484
Foreign exchange gain		156,745		156,745
As at June 30, 2024	$	13,838,075	$	13,838,075
Current portion		13,838,075		13,838,075
Long-term portion		-		-

16. LOANS PAYABLE (continued)

On February 13, 2019, the Company issued a promissory note in the amount of $291,881 to Polyphase Capital LLC. The promissory note bears no interest and is unsecured. The repayment of the note is dependent on the receipt of a Goods and Services Tax (GST) refund of the same amount by the Company on behalf of Polyphase Capital LLC from the Canada Revenue Agency.

As at June 30, 2024, the Company had a loan of $1,000,000 (2023: $1,000,000) outstanding. The loan is interest bearing, determined as the greater of 7.00% per annum or at a variable rate of prime plus 4.55% per annum, for a term of 18 months. Interest is payable monthly, and the principal balance is due on the maturity date. The loan is secured against the Company's office located in Delta, BC. On April 17, 2024, the Company extended the term of its loan payable with a principal balance of $1,000,000 from April 30, 2024 to July 31, 2024 for an additional fee of $2,500. Subsequent to the period end, the Company extended the term of loan to November 1, 2024, for an additional fee of $2,500. The loan is interest bearing, determined as the greater of 11.50% per annum or at a variable rate of prime plus 4.55% per annum, for a term of 3 months.

On January 30, 2024, the Company entered into a loan agreement with Sygnum Bank AG ("Sygnum") for a Lombard loan of up to $9,000,000 USD. For an indefinite term, the loan is interest bearing at 7.8%. Subsequent to the period end on July 1, 2024, the interest rate increased to 8.5%. The loan is secured against the Company's digital currency assets of 237.80 BTC (Note 5), which are pledged and deposited with Sygnum. Because the collateral is subject to fluctuations in value, the Company may be required to provide additional collateral in order to restore the security margin on the loan. As at June 30, 2024, $12,546,195 ($9,166,505 USD) of the loan was outstanding.

During the nine months ended June 30, 2024, the Company incurred interest expense of $439,779 (2023: $44,870) which is recorded as finance costs under general and administrative expenses. Of this amount, $9,658 and $229,208 was still owing as at June 30, 2024 (September 30, 2023 - $9,658) and included in trade and other payables and loans payable respectively.

The current portion of the carrying amount represents the total deferred transaction costs that will be accreted over the following 12 months.

17. SHARE CAPITAL AND RESERVES

a) Share capital

Authorized: unlimited Class A common shares without par value, and unlimited Class B preferred shares without par value.

Share capital activity for the nine months ended June 30, 2024

During the nine months ended June 30, 2024, the Company issued 1,691,250 common shares in connection with the exercise of stock options for proceeds of $555,175. As a result, $1,049,649 has been reclassified from share-based payment reserve to share capital.

Share capital activity for the nine months ended June 30, 2023

During the nine months ended June 30, 2023, the Company issued 425,000 common shares in connection with the exercise of stock options for proceeds of $63,750. As a result, $33,076 has been reclassified from share-based payment reserve to share capital.

17. SHARE CAPITAL AND RESERVES (continued)

b) Stock options

Stock option activity for the nine months ended June 30, 2024

On December 20, 2023, the Company granted 1,167,770 stock options to employees, directors, and officers of the Company. The options are exercisable at $0.53 per option expiring on December 20, 2028. These options had a fair value of $0.45 per option using the Black Scholes model with the following inputs: i) exercise price: $0.53; ii) share price: $0.51; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.28%. The options vest 25% on each of the following: June 20, 2024, December 20, 2024, June 20, 2025, and December 20, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2024.

On March 20, 2024, the Company granted 1,184,430 stock options to employees, directors, and officers of the Company. The options are exercisable at $0.58 per option expiring on March 20, 2029. These options had a fair value of $0.49 per option using the Black Scholes model with the following inputs: i) exercise price: $0.58; ii) share price: $0.56; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.57%. The options vest 25% on each of the following: September 20, 2024, March 20, 2025, September 20, 2025, and March 20, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2024.

On June 5, 2024, the Company granted 1,406,090 stock options to employees, directors, and officers of the Company. The options are exercisable at $0.61 per option expiring on June 5, 2029. These options had a fair value of $0.53 per option using the Black Scholes model with the following inputs: i) exercise price: $0.61; ii) share price: $0.60; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.43%. The options vest 25% on each of the following: March 5, 2025, September 5, 2025, March 5, 2026, and September 5, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2024.

Stock option activity for the nine months ended June 30, 2023

On December 22, 2022, the Company granted 914,800 stock options to employees, directors, and officers of the Company. The options are exercisable at $0.18 per option expiring on December 22, 2027. These options had a fair value of $0.15 per option using the Black Scholes model with the following inputs: i) exercise price: $0.18; ii) share price: $0.17; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.28%. The options vest 25% on each of the following: June 22, 2023, December 22, 2023, June 22, 2024, and December 22, 2024. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

On January 5, 2023, the Company granted 200,000 stock options to employees, directors, and officers of the Company. The options are exercisable at $0.17 per option expiring on January 5, 2028. These options had a fair value of $0.14 per option using the Black Scholes model with the following inputs: i) exercise price: $0.17; ii) share price: $0.16; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.47%. The options vest 25% on each of the following: June 5, 2023, January 5, 2024, June 5, 2024, and January 5, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

On March 31, 2023, the Company granted 1,072,050 stock options to employees, directors, and officers of the Company. The options are exercisable at $0.32 per option expiring on March 31, 2028. These options had a fair value of $0.27 per option using the Black Scholes model with the following inputs: i) exercise price: $0.32; ii) share price: $0.31; iii) term: 5.00 years; iv) volatility: 137%; v) risk free rate: 3.12%. The options vest 25% on each of the following: September 30, 2023, March 31, 2024, September 30, 2024 and March 31, 2035. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

17. SHARE CAPITAL AND RESERVES (continued)

On April 12, 2023, 3,121,076 existing options exercisable between \$0.65 and \$3.00 per common share were repriced to \$0.33. The repricing does not change the current vesting terms and does not extend the term of the options. These options had a fair value of \$0.11 - \$0.15 per option using black Scholes model with the following inputs: i) exercise price: \$0.33; ii) share price: \$0.32; iii) term: 0.7 – 1.6 years; iv) volatility: 102% - 107%; v) risk free rate: 3.75%. The repriced options resulted in an incremental increase in value of the options by \$235,292.

On April 26, 2023, the Company granted 213,736 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.31 per option expiring on April 26, 2028. These options had a fair value of \$0.26 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.31; ii) share price: \$0.31; iii) term: 5.00 years; iv) volatility: 137%; v) risk free rate: 3.09%. The options vest 25% on each of the following: October 26, 2023, April 26, 2024, October 26, 2024, and April 26, 2035. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

On June 30, 2023, the Company granted 1,638,790 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.33 per option expiring on June 30, 2028. These options had a fair value of \$0.28 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.33; ii) share price: \$0.31; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.77%. The options vest 25% on each of the following: December 31, 2023, June 30, 2024, December 31, 2024, and June 30, 2035. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

The following table summarizes the share-based compensation in the period:

Grant date	**Share-based compensation recognized**	
	June 30, 2024	**June 30, 2023**
	$	**$**
December 31, 2020	-	83,606
April 26, 2021	-	34,384
July 28, 2021	-	53,271
November 30, 2021	35,031	555,595
May 9, 2022	52,013	287,414
August 22, 2022	18,011	67,841
September 30, 2022	59,027	230,404
December 22, 2022	34,999	71,210
January 5, 2023	8,019	14,169
March 31, 2023	95,788	74,825
April 26, 2023	22,422	10,456
June 30, 2023	233,358	-
September 20, 2023	193,322	-
December 20, 2023	275,800	-
March 20, 2024	167,056	-
June 5, 2024	52,601	-
Total	1,247,447	1,483,175

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

17. SHARE CAPITAL AND RESERVES (continued)

The Black-Scholes model utilized the following inputs to value the options granted:

	June 30, 2024	June 30, 2023
Risk free interest rate	3.28-3.57%	3.07-3.77%
Expected term (years)	5	0.7 - 5
Expected volatility	135-136%	102-137%
Expected dividends	0%	0%

The following table discloses the weighted average exercise price and life remaining:

	Options outstanding and exercisable	Weighted average exercise price	Weighted average life remaining
		$	
Balance, September 30, 2022	13,050,845	0.77	2.71
Issued	5,305,486	0.29	
Expired	(457,691)	1.51	
Exercised	(786,438)	0.23	
Cancelled / Forfeited	(1,325,463)	0.43	
Balance, September 30, 2023	15,786,740	0.53	2.83
Issued	3,758,290	0.58	
Expired	(1,870,946)	1.24	
Exercised	(1,691,250)	0.33	
Cancelled / Forfeited	(708,038)	0.34	
Balance, June 30, 2024	15,274,796	0.49	3.20

The following table discloses the number of options outstanding as at June 30, 2024:

Number of options	Price per share	Expiry Date	Number of options vested
790,000	$0.84	July 28, 2024	790,000
405,000	$0.33	July 28, 2024	405,000
1,515,855	$1.20	November 30, 2024	1,515,855
215,855	$0.33	November 30, 2024	215,855
1,762,500	$0.39	May 9, 2027	1,762,500
400,000	$0.33	August 22, 2027	300,000
1,501,875	$0.25	September 30, 2027	1,100,625
819,237	$0.18	December 22, 2027	599,975
200,000	$0.17	January 5, 2028	100,000
998,925	$0.32	March 31, 2028	485,400
213,736	$0.31	April 26, 2028	106,868
1,546,768	$0.33	June 30, 2028	749,218
1,190,098	$0.29	September 20, 2028	298,775
1,145,767	$0.53	December 20, 2028	287,693
1,167,760	$0.58	March 20, 2029	-
1,401,420	$0.61	June 5, 2029	-
15,274,796			8,717,764

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

17. SHARE CAPITAL AND RESERVES (continued)

c) Warrants

Warrant activity for the nine months ended June 30, 2024:

	Warrants outstanding and exercisable	Weighted average exercise price	Weighted average life remaining
		$	
Balance, September 30, 2022	37,407,443	2.18	1.50
Expired	(933,429)	0.22	
Balance, September 30, 2023	36,474,014	2.24	0.53
Expired	(36,747,014)	2.24	
Balance, June 30, 2024	-	-	-

d) Earnings (loss) per share

Basic earnings per share is calculated by dividing the income attributable to equity owners of the Company by the weighted average number of shares in issue during the period.

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Net income (loss) for the period	(3,837,937)	(4,273,532)	3,136,768	(13,700,685)
Weighted average number of shares	168,975,567	167,681,377	168,937,426	167,626,853
Basic earnings (loss) per share	(0.02)	(0.03)	0.02	(0.08)

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. Potentially dilutive shares relate to the exercise of outstanding stock options and warrants. There was no effect of dilutive instruments in the three and nine months ended June 30, 2023.

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Net income (loss) for the period	(3,837,937)	(4,273,532)	3,136,768	(13,700,685)
Weighted average number of shares	168,975,567	167,681,377	168,937,426	167,626,853
Effect of dilutive securities:				
Stock options	-	-	3,559,063	-
Warrants	-	-	-	-
Weighted average diluted shares outstanding	168,975,567	167,681,377	172,496,489	167,626,853
Diluted earnings (loss) per share	(0.02)	(0.03)	0.02	(0.08)

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

18. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management compensation and other related party transactions

Key management includes personnel having the authority and responsibility for planning, directing, and controlling the Company and includes the directors and current executive officers. The value of transactions and outstanding balances relating to key management and entities over which key management has control or significant influence were as follows:

	For the nine months ended June 30, 2024	2023
Salaries, wages, and benefits	$ 1,197,861	$ 907,513
Consulting services	331,291	316,630
Share-based compensation	1,150,702	1,267,850
Total	$ 2,679,854	$ 2,491,993

(b) Related party balances

As at June 30, 2024, $298,845 (September 30, 2023 – $573,402) was owed to key management for outstanding salaries, wages and benefits, and consulting services and included in trade and other payables.

19. REVENUE

The Company's revenue is comprised of the following:

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Digital currency mining	7,837,112	7,481,295	28,498,625	21,958,284
Mining equipment hosting and set up service	297,309	281,076	952,277	1,112,064
Net pool revenue	(54,699)	(294,672)	(2,360,900)	(1,033,619)
Pool and other fees	-	27,532	-	131,066
Software license income	-	-	562,253	68,935
Other income	215,144	26	349,034	56,442
	8,294,866	7,495,257	28,001,289	22,293,172

Net Pool Revenue is earned from the operation of crypto-currency mining pools and shows the net pool revenue less the pool payouts. During the nine months ended June 30, 2024, this resulted in a net loss of $2,360,900 as the pool payouts exceeded the revenue.

During the nine months ended June 30, 2024, the Company earned $562,253 as software license income related to the termination of a software license agreement with Marathon. The Company had $396,780 (USD $300,000) in outstanding accounts receivable from Marathon related to the agreement. Marathon agreed to pay USD $450,000 and USD $150,000 in Marathon's common stock to settle the outstanding accounts receivable and as compensation for early termination of the agreement. During the nine months ended June 30, 2024, the Company received USD $715,934 in cash as the full settlement, as such, $562,253 has been recorded as income.

The Company's deferred revenue consists of the following:

	As at June 30, 2024	As at September 30, 2023
Unearned revenue on hosting agreements	$ 24,181	$ 64,361
	$ 24,181	$ 64,361

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

20. EXPENSES

a) Operating and Maintenance Costs

The Company's operating and maintenance costs are comprised of the following:

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	$	$	$	$
Utilities	4,386,388	3,897,829	13,891,750	12,342,151
Wages, contractors and other	288,891	258,476	1,202,031	817,844
	4,675,279	4,156,305	15,093,781	13,159,995

b) General and Administrative

The Company's general and administrative costs are comprised of the following:

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	$	$	$	$
Consulting	299,539	86,956	699,665	268,509
General and administrative office expenses	57,448	46,004	105,271	76,456
Marketing, investor and public relations	31,234	20,375	91,011	85,068
Interest and bank charges	271,627	42,459	478,000	115,354
Insurance	52,168	67,536	117,018	131,954
Travel and entertainment	53,538	32,465	102,213	58,212
Professional fees	247,818	247,529	808,563	616,679
Regulatory and filing	19,181	34,114	116,100	75,562
Wages	444,420	297,759	1,691,591	1,172,281
	1,476,973	875,197	4,209,432	2,600,075

c) Research

Research costs incurred comprised of salaries of software developers involved in the research of existing and new crypto currency related tools and services.

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue operating as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts 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 identify and evaluate potential acquisitions and business opportunities for the Company. To secure the additional capital necessary to pursue these plans, the Company may raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

22. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES

(a) Fair values of financial instruments and digital currencies measured at fair value on a recurring basis.

		Quoted prices in active markets for identical instruments Level 1		Significant other observable inputs Level 2		Significant unobservable inputs Level 3		Total
June 30, 2024								
Marketable securities	$	408,578	$	-	$	-	$	408,578
Digital currencies	$	-	$	38,683,776	$	-	$	38,683,776
Long-term investments	$	-	$	-	$	45,000	$	45,000
September 30, 2023								
Marketable securities	$	386,984	$	-	$	-	$	386,984
Digital currencies	$	-	$	17,142,683	$	-	$	17,142,683
Long-term investments	$	-	$	-	$	45,000	$	45,000

The Company has determined the estimated fair value of its financial instruments and digital currencies, if any, based on appropriate valuation methodologies; however, considerable judgement is required to develop these estimates. The fair values of the Company's financial instruments and digital currencies, if any, are not materially different from their carrying values.

Financial instruments and digital currencies that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's cash and marketable securities are categorized as Level 1. The long-term investments and convertible debentures in unlisted private companies are measured using Level 3 inputs based on prices in recent financings. Digital currencies are measured using Level 2 inputs where the source represents an average of quoted prices on multiple digital currency exchanges. No financial instruments or digital currencies have been transferred between levels during the year.

b) Management of Industry and Financial Risk

The Company's financial instruments and digital currencies are exposed to certain financial risks, which include the following:

Digital Currency Risk

The Company relies on transaction validation services using equipment to earn digital currency. A decline in the market prices of digital currencies could negatively impact the profitability of equipment. The digital asset mining industry has seen rapid growth and innovation, and the Company may be unable to compete effectively. Innovation in technologies could render the Company's technology obsolete.

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

22. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES (continued)

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currencies. The Company may not be able to liquidate its digital currencies at its desired price if required. Digital currencies have a limited history, their fair values have historically been volatile and the value of digital currencies held by the Company could decline rapidly. A 40% variance in price of bitcoin and ether would impact the Company's comprehensive net income by $15,474,000 (June 30, 2023: $8,214,000) and $Nil (June 30, 2023: $45,000) respectively (rounded to the nearest thousand). Historical performance of digital currencies is not indicative of their future performance. There is a also a risk that a significant decrease in the value of digital currencies could trigger a margin call on the Company's loan with Sygnum bank.

Credit Risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company has exposure to credit risk through its cash and cash equivalents, amounts receivable, amounts recoverable and due from related parties. The Company manages credit risk, in respect of cash and cash equivalents and marketable securities, by maintaining the majority of cash at highly rated financial institutions.

The Company is not exposed to a concentration of credit risk with respect to its trade accounts receivable balance as the Company continues to move away from hosting customers. The Company records an allowance against its trade receivables when there is uncertainty over collection of this amount. All balances due are expected to be settled partially or in full when due (typically within 60 days of submission) and because of the nature of the counterparties.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the condensed consolidated interim statements of financial position. At June 30, 2024, no amounts were held as collateral.

The Company's aging of trade receivables was as follows:

	June 30, 2024	**September 30, 2023**
Current	$42,469	$11,722
31- 60 days	27,115	8,408
61 - 90 days	24,405	10,173
91+ days	132,756	547,305
Total	$226,745	$577,608

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at June 30, 2024, the Company has a working capital of $24,851,671 (September 30, 2023: $19,875,378) and does not require any additional financing to meet short-term operating requirements. The Company's cash is held with large Canadian financial institutions and is available on demand. If there are additional cash requirements, the Company has the option to liquidate digital currencies to meet operating needs. These digital currencies are subject to fluctuations in the market price of digital currencies. The current value of these assets as at June 30, 2024 is $38,683,776 (September 30, 2023: $17,142,683). In the event where the Company cannot rely upon the liquidation of digital currencies to meet operating needs, the Company will have to explore debt financing opportunities of which there is no guarantee of the receipt of funds to cover operations.

22. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES (continued)

For the period ended June 30, 2024:

	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
	$	$	$	$
Trade payables and accrued liabilities	4,808,126	-	-	-
Lease obligations	45,125	41,642	20,312	-
Loan payable	13,838,075	-	-	-
Total	18,691,326	41,642	20,312	-

For the period ended September 30, 2023:

	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
	$	$	$	$
Trade payables and accrued liabilities	4,178,104	-	-	-
Lease obligations	59,636	46,320	-	-
Loan payable	1,291,881	-	-	-
Total	5,529,621	46,320	-	-

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. These are discussed further below.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its loans payable and accounts payable. The interest rate on the loans payable is fixed, and the accounts payable are not subject to any interest. A 10% change in the interest rate would not result in a nominal impact on the Company's operations.

Foreign Currency Risk
Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments and digital currencies will fluctuate because of changes in foreign exchange rates. In addition, the Company mines bitcoin which has a market value stated in US dollars. Exchange rate fluctuations affect the costs that the Company incurs in its operations.

The Company's presentation currency is the Canadian dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the entity's functional currency. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. As at June 30, 2024, the Company held net financial assets of $601,973 (September 30, 2023: $1,642,276) denominated in US dollars (US$439,814). A 10% change in the foreign exchange rate would result in a change in the net income for the period of approximately $61,000 (2023: $136,000).

(Expressed in Canadian Dollars, except where indicated) (Unaudited)

22. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES (continued)

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk through its holding of digital currencies. As at September 30, 2023, the Company held bitcoin and ether which have a limited history and historically prices have been volatile. A significant change to the price of bitcoin may affect the Company's ability to liquidate digital currencies. A 40% variance in price of these digital currencies would impact the Company's comprehensive net loss by $15,474,000 (June 30, 2023: $8,214,000) and $Nil (June 30, 2023: $45,000) respectively (rounded to the nearest thousand). The Company is not exposed to any other significant price risks with respect to its financial instruments other than its marketable securities and long-term investment which are measured at fair value totaling $453,578. A 20% change in the market price would result in a change in the net loss for the period of approximately $91,000 (June 30, 2023: $107,000).

23. CONTINGENCIES

In the normal conduct of operations, there are other pending claims by and against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, the final determination of these other litigations will not materially affect the Company's financial position or results of operations.

24. SUPPLEMENTAL CASH FLOW INFORMATION

This note provides supplemental information about the company's cash flow for the fiscal year. The amounts detail non-cash transactions and other significant items that do not involve actual cash flow but are essential for understanding the company's financial position.

	For the nine months ended June 30,	
	2024	**2023**
	$	**$**
Receipt of equipment purchased through deposits in the prior year	1,597,190	8,139,140
Interest paid	209,371	63,630
Interest income	627,069	235,232

25. SUBSEQUENT EVENTS

On July 11, 2024, the Company amended its loan agreement with Sygnum to increase the maximum amount of the loan to $19,000,000 USD. Sygnum increased the interest on the loan from 7.8% to 8.5% per annum. Subsequent to the period end, the Company has not withdrawn any additional funds.

Subsequent to June 30, 2024, the Company issued 386,868 shares related to the exercise of options for proceeds of $127,029.

Subsequent to June 30, 2024, 840,000 options expired unexercised.