METASPHERE LABS INC.

Unaudited Condensed Interim Consolidated Financial Statements

Nine months ended April 30, 2025 and 2024

Expressed in Canadian Dollars

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated 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 interim financial statements of Metasphere Labs Inc. have been prepared by and are the responsibility of management.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

METASPHERE LABS INC.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	**April 30, 2025 $**	(Audited) July 31, 2024 $
ASSETS			
Current assets			
Cash and cash equivalents		**138,794**	899,817
Accounts receivable		**78,502**	101,396
Prepaid expenses		**47**	14,917
Total assets		**217,343**	1,016,130
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**649,183**	1,216,105
Due to related parties	11	**29,409**	47,109
Loans payable	9	**-**	89,140
Total liabilities		**678,592**	1,352,354
SHAREHOLDERS' DEFICIENCY			
Share capital	10	**21,880,173**	21,405,173
Reserve	10	**3,570,871**	3,521,757
Warrant reserve	10	**9,762**	9,762
Subscriptions received in advance	10	**-**	20,000
Accumulated other comprehensive loss		**(66,789)**	(66,789)
Deficit		**(25,855,266)**	(25,226,127)
Total shareholders' deficiency		**(461,249)**	(336,224)
Total liabilities and shareholders' deficiency		**217,343**	1,016,130

Nature and Continuance of Operations (Note 1)

Approved by the board of directors and authorized for issue on June 23, 2025:

"James Henning"
James Henning, Director

"Kevin Cornish"
Kevin Cornish, Director

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

METASPHERE LABS INC.
Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Three months ended		Nine months ended	
		April 30, 2025	**April 30, 2024**	**April 30, 2025**	**April 30, 2024**
		$	**$**	**$**	**$**
Revenues					
NFT sales	15	-	651,138	-	1,953,419
Design Services income	15	-	25,000	22,500	25,000
Total revenues		-	676,138	22,500	1,978,419
Cost of revenues		-	(124,348)	(21,252)	(317,092)
Gross profit		-	551,790	1,248	1,661,327
Expenses					
Amortization	6,7,8	-	40,643	-	67,356
Consulting fees	11	61,901	166,160	135,021	242,011
Corporate development fees		36,000	26,000	82,500	40,876
Development costs		-	-	21,252	-
Interest expense		-	4,149	-	51,514
Marketing		-	9,672	43,481	19,311
Office expenses		5,990	33,090	54,586	79,890
Professional fees	11	98,715	122,169	235,992	275,372
Stock-based compensation (recovery)	10,11	46,268	16,111	49,114	(18,023)
Transfer agent and filing fees		35,255	25,746	77,134	82,966
Wages and salaries		-	-	-	4,093
Operating expenses		**(284,129)**	**(443,740)**	**(699,080)**	**(845,366)**
Other items					
Gain on use of digital assets	4	-	-	-	6,021
Gain on settlement of debt		-	95,812	-	200,343
Government assistance		67,457	-	67,457	-
Interest income		-	-	1,236	-
Loss on termination of lease		-	-	-	(18,085)
Net comprehensive (loss) income for the period		**(216,672)**	**203,862**	**(629,139)**	**1,004,240**
Net (loss) income per share:					
Basic		(0.01)	0.01	(0.02)	0.07
Diluted		(0.01)	0.00	(0.02)	0.03
Weighted average number of common shares outstanding:					
Basic		39,866,754	40,200,087	38,913,677	14,537,914
Diluted		39,866,754	56,488,475	38,913,677	30,826,302

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

METASPHERE LABS INC.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
For the nine months ended April 30, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	Number of shares	Amount $	Share subscriptions received in advance $	Reserve $	Warrant reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, July 31, 2023		**1,985,836**	**17,444,673**	**-**	**3,720,574**	**9,762**	**(66,789)**	**(25,211,782)**	**(4,103,562)**
Share consolidation rounding		(80)	-	-	-	-	-	-	-
Shares issued for private placement	10	20,005,000	2,000,500	-	-	-	-	-	2,000,500
Shares issued upon exercise of warrants	10	575,000	57,500	-	-	-	-	-	57,500
RSU conversion	10	15,998	190,000	-	(190,000)	-	-	-	-
Asset purchase agreement	3,10	3,060,000	765,000	-	-	-	-	-	765,000
Share-based recovery	10	-	-	-	(18,023)	-	-	-	(18,023)
Net income for the period		-	-	-	-	-	-	1,004,240	1,004,240
Balance, April 30, 2024		**25,641,754**	**20,457,673**	**-**	**3,512,551**	**9,762**	**(66,789)**	**(24,207,542)**	**(294,345)**
Balance, July 31, 2024		**35,116,754**	**21,405,173**	**20,000**	**3,521,757**	**9,762**	**(66,789)**	**(25,226,127)**	**(336,224)**
Shares issued upon the exercise of warrants	10	4,750,000	475,000	(20,000)	-	-	-	-	455,000
Share-based compensation	10	-	-	-	49,114	-	-	-	49,114
Net loss for the period		-	-	-	-	-	-	(629,139)	(629,139)
Balance, April 30, 2025		**39,866,754**	**21,880,173**	**-**	**3,570,871**	**9,762**	**(66,789)**	**(25,855,266)**	**(461,249)**

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

METASPHERE LABS INC.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended April 30, 2025 and 2024
(Expressed in Canadian Dollars)

	2025	2024
	$	$
Operating activities		
Net income (loss) for the period	(629,139)	1,004,240
Adjustments for non-cash items:		
Interest expense	-	51,511
Depreciation	-	67,356
Digital assets paid for services	-	27,973
Change in revaluation of digital assets	-	(6,021)
Loss on termination of lease	-	18,085
Gain on settlement of debt	-	(200,343)
Share-based compensation (recovery)	49,114	(18,023)
Changes in non-cash working capital items:		
Amounts receivable	22,894	(51,312)
Prepaid expenses	14,870	54,992
Accounts payable and accrued liabilities	(583,852)	46,144
Due to related parties	(3,467)	32,303
Deferred contract costs	-	289,116
Deferred revenue	-	(1,953,417)
Net cash flows used in operating activities	(1,129,580)	(637,396)
Financing activities		
Loans repaid, net	(86,443)	(135,000)
Proceeds from exercise of warrants and options	455,000	57,500
Cash proceeds from private placement, net	-	1,000,500
Net cash flows provided by financing activities	368,557	923,000
(Decrease) increase in cash	(761,023)	285,604
Cash, cash equivalents beginning of the period	899,817	46,979
Cash, cash equivalents end of the period	**138,794**	**332,583**
Reconciliation of cash and cash equivalents to the consolidated balance sheets		
Cash	138,794	303,833
Cash equivalents (Guaranteed investment certificate)	-	28,750
Total cash and cash equivalents	**138,794**	**332,583**

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

1. Nature and Continuance of Operations

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

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

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

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. During the nine months ended April 30, 2025, the Company incurred a net comprehensive loss of $629,139, and had an accumulated deficit of $25,855,266 (July 31, 2024 – $25,226,127) and a working capital deficiency of $461,249 as at April 30, 2025 (July 31, 2024 – $336,224).

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

2. Statement of Compliance and Material Accounting Policies

These unaudited condensed interim consolidated financial statements were approved and authorized for issue on June 23, 2025, by the directors of the Company.

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2024. These unaudited condensed interim consolidated financial statements have been prepared following the same accounting policies as the Company's audited consolidated financial statements for the year ended July 31, 2024.

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

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

Basis of Presentation

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

Basis of Consolidation

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

Name	Jurisdiction of Incorporation	Interest	Functional Currency
Web 3.0 Holdings Corp. (inactive)	Canada	100%	Canadian Dollars
HOK Technologies Inc.	Canada	100%	Canadian Dollars
HOK BVI Technologies Inc.	British Virgin Islands	100%	Canadian Dollars

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

Functional and Presentation Currency

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

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

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

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

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

Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

Digital currency valuation
Digital assets consist of cryptocurrency denominated assets (Note 4). Digital assets are carried at their fair market value determined by the spot rate from www.finance.yahoo.com. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position. In addition, management estimates that selling costs will be nominal. Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital assets.

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

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

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

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

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

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

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

Government assistance
The Company has received government assistance in the form of Interactive Digital Media Tax Credits. Amounts resulting from government assistance programs are recognized where there is reasonable assurance that the government assistance will be received, and amounts can be reasonably estimated. Government assistance is included in other income on the consolidated statements of loss and comprehensive loss.

New Standards Adopted

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

3. Asset Acquisition

On February 8, 2024, the Company acquired the Carbon.bot and Climate.bot digital platforms (the "Platforms") from Bot Media Corp. in exchange for the issuance of 3,060,000 common shares of the Company (Note 10). Once launched, the Platforms are intended to serve as a unique real time news aggregator in the environmental sustainability sector, utilizing large language models such as ChatGPT to summarize and present articles from its network. The transaction was accounted for as an acquisition of assets as it does not meet the definition of a business under IFRS 3 – Business Combinations. The transaction was recorded at the fair value of the consideration transferred of $765,000 in accordance with IFRS 2 – Share Based Payments. On July 31, 2024, the Company recorded an impairment of the Climate.bot and Carbon.bot platforms of $692,063 as described in Note 6.

(Expressed in Canadian Dollars)

4. Digital Assets

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

Digital assets consist of Ethereum, Tether and USD Coin (collectively "USD-T/C" or "cryptocurrencies"). Ethereum and USD-T/C transactions during the year ended July 31, 2024 and nine months ended April 30, 2025 were as follows:

		USD-T/C	Ethereum
	$	#	#
Balance, July 31, 2023	**21,951**	**3,694.95**	**8.89**
Digital assets received for revenues	4	-	0.01
Revaluation of digital assets	6,021	-	-
Digital assets disposed of for Nil proceeds	(27,976)	(3,694.95)	(8.90)
Balance, July 31, 2024 and April 30, 2025	**-**	**-**	**-**

Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum and USD-T/C on the reporting date. As at April 30, 2025 and July 31, 2024, the Company held no cryptocurrency and during the nine months ended April 30, 2025 (April 30, 2024 – revaluation gain $6,021), the Company recorded no gain or loss on the revaluation of digital assets.

5. Property and Equipment

	Computer Equipment	Furniture and Fixtures	Total
	$	$	$
Cost			
Balance, July 31, 2023	**62,169**	**13,077**	**75,246**
Additions	-	-	-
Impairment	(62,169)	(13,077)	(75,246)
Balance, July 31, 2024 and April 30, 2025	-	-	-
Accumulated depreciation			
Balance, July 31, 2023	**(33,516)**	**(6,177)**	**(39,693)**
Depreciation	(20,722)	(4,360)	(25,082)
Impairment	54,238	10,537	64,775
Balance, July 31, 2024 and April 30, 2025	-	-	-
Net book values			
Balance, July 31, 2024	**-**	**-**	**-**
Balance, April 30, 2025	**-**	**-**	**-**

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

(Expressed in Canadian Dollars)

6. Intangible Assets and Goodwill

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

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

Intangible Assets

	Acquired Platforms $
Balance, July 31, 2023	**-**
Additions	765,000
Amortization	(72,937)
Impairment	(692,063)
Balance, July 31, 2024 and April 30, 2025	-

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

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

7. Right-of-Use Assets and Lease Liabilities

The Company's primary lease consisted of office space. On August 28, 2023, the primary lease was terminated in consideration for a payment of $60,000 to the lender which resulted in a loss on termination of $18,085. Upon termination the respective right-of-use asset balance of $212,582 and the right-of-use liability of $229,554 was derecognized. The following is a continuity schedule of right-of-use assets for the year ended July 31, 2024 and nine months ended April 30, 2025:

Right-of-use assets	Office Lease $
Balance, July 31, 2023	**226,754**
Depreciation	(14,172)
Termination of lease	(212,582)
Balance, July 31, 2024 and April 30, 2025	**-**

(Expressed in Canadian Dollars)

7. Right-of-Use Assets and Lease Liabilities (continued)

The following is a continuity schedule of lease liabilities for the year ended July 31, 2024 and nine months ended April 30, 2025:

Lease liabilities	Office Lease $
Balance, July 31, 2023	**243,919**
Interest	1,762
Payments	(16,127)
Termination of lease	(229,554)
Balance, July 31, 2024 and April 30, 2025	**-**

8. Accounts Payable and Accrued Liabilities

	April 30, 2025	July 31, 2024
	$	$
Accounts payable	**189,310**	556,414
Accrued liabilities	**459,872**	659,691
	649,182	1,216,105

During the nine months ended April 30, 2024, $38,494 of accounts payable was forgiven and the Company recorded a gain on settlement of debt of $38,494.

9. Loans Payable

During the nine months ended April 30, 2025, the Company repaid $86,443. As at April 30, 2025, the Company had a balance of $Nil (July 31, 2024 - $89,140) of loans payable, and $2,697 (April 30, 2024 - $26,988) in accrued interest. The loans are unsecured, bear interest at 10% per annum and are due on demand.

During the nine months ended April 30, 2024, the Company repaid $135,000 to loan holders, and a balance of $161,849 was forgiven and recorded as a gain on settlement of debt.

10. Share Capital

Authorized share capital and share consolidation

Unlimited number of common shares without par value.

Issued share capital

At April 30, 2025, there were 39,866,754 (July 31, 2024 – 35,116,754) issued and fully paid common shares outstanding.

For the nine months ended April 30, 2025

During the nine months ended April 30, 2025, the Company issued 4,750,000 common shares upon the exercise of 4,750,000 warrants for total proceeds of $475,000.

For the nine months ended April 30, 2024

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

(Expressed in Canadian Dollars)

10. Share Capital (continued)

For the nine months ended April 30, 2024 (continued)

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

On February 8, 2024, the Company issued 3,060,000 common shares pursuant to an Asset Purchase Agreement with Bot Media Corp. to acquire the Carbon.bot digital platform (the “Platform”) (Note 3). The transaction was accounted for as an asset acquisition and the cost of the Platform acquired was $765,000.

During the period ended April 30, 2024, the Company issued 575,000 common shares upon the exercise of 575,000 warrants for total proceeds of $57,500.

During the period ended April 30, 2024, the Company issued 15,998 common shares upon the conversion of 15,998 RSUs and the Company transferred $190,000 from reserve to share capital.

Warrants

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

	Number of Warrants Issued	Weighted Average Exercise Price
Balance, July 31, 2023	133,743	51.00
Issued	20,005,000	0.10
Exercised	(10,050,000)	(0.10)
Balance, July 31, 2024	10,088,743	0.67
Exercised	(4,750,000)	(0.10)
Balance, April 30, 2025	5,338,743	1.37

Details of warrants outstanding as of April 30, 2025 are as follows:

Expiry Date	Number of Warrants Outstanding and Exercisable	Exercise Price
November 23, 2025	5,205,000	0.10
September 15, 2026	66,664	7.50
November 10, 2026	67,079	93.75
	5,338,743	

Stock options

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

(Expressed in Canadian Dollars)

10. Share Capital (continued)

During the nine months ended April 31, 2025, the Company recorded share-based compensation of $2,846 (2024 - recovery of share-based compensation of $18,023) related to stock options. The following is a summary of the Company's option activity for the period ended April 30, 2025 and year ended July 31, 2024:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2023	166,217	24.75
Cancelled	(42,666)	(16.11)
Expired	(4,667)	(34.82)
Balance, July 31, 2024	118,884	27.76
Expired	(222)	(7.5)
Balance, April 30, 2025	118,662	27.80

Details of options outstanding and exercisable as at April 30, 2025 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
October 14, 2026	29,662	29,662	7.50
February 7, 2027	54,333	54,333	48.75
March 16, 2027	667	667	60.00
April 13, 2027	667	667	56.25
September 13, 2027	33,333	33,333	10.50
	118,662	118,662	

Restricted Stock Units ("RSUs")

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

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

On March 27, 2025, pursuant to its shareholder approved RSU Plan, the Company has granted 3,000,000 RSUs to officers and directors of the Company. The RSUs will vest in tranches, with each 25% tranche vesting quarterly. During the nine months ended April 30, 2025, the Company recorded $46,268 (2024 - $Nil) of stock-based compensation relating to the vesting of RSUs.

During the nine months ended April 30, 2025, 8,000 RSU's were cancelled. As at April 30, 2025, 3,006,666 (July 31, 2024 – 14,665) RSUs were outstanding under the RSU plan and 6,666 RSUs were exercisable.

(Expressed in Canadian Dollars)

10. Share Capital (continued)

Share-based payment reserve

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

Net income per share

	Three months ended		Nine months ended	
	April 30, 2025 $	April 30, 2024 $	April 30, 2025 $	April 30, 2024 $
Net income (loss) attributable to common shareholders from continuing operations	(216,672)	203,862	(629,139)	1,004,240
Basic weighted average number of common shares outstanding	39,866,754	40,200,087	38,913,677	14,537,914
Effect of dilutive securities:				
Stock options	-	-	-	-
Warrants	-	16,288,388	-	16,288,388
Diluted weighted average number of common shares outstanding	39,866,754	56,488,475	38,913,677	30,826,302
Basic net income (loss) per common share	(0.01)	0.01	(0.02)	0.07
Diluted income (loss) per common share	(0.01)	0.00	(0.02)	0.03

11. Related Parties

Related party balances

The following amounts are owed to related parties at:

	April 30, 2025 $	July 31, 2024 $
Amounts owed to directors of the Company	29,409	32,876
Amounts owed to the Company's former management	-	14,233
	29,409	47,109

Related party transactions

During the nine months ended April 30, 2025, the Company paid and/or accrued office, management, corporate development and consulting fees of $148,720 (2024 - $113,114) to the Company's key management.

During the nine months ended April 30, 2025, the Company also incurred stock-based compensation to key management personnel related to the vesting of RSUs of $46,268 (2024 - $Nil) and $Nil relating to vesting of options (2024 - $3,732).

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

(Expressed in Canadian Dollars)

12. Financial Risk and Capital Management

(a) Fair value measurements:

Financial hierarchy:

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

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

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

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

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at April 30, 2025 and July 31, 2024:

	As at April 30, 2025		
	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash	138,794	-	-

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

Financial risk management:

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

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

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at April 30, 2025, the Company has cash of $138,794 (July 31, 2024 - $899,817) available to apply against short-term business requirements and current liabilities of $678,592 (July 31, 2024 - $1,352,354).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. As at April 30, 2025, it is management's conclusion that the exposure to market risk is not material.

(Expressed in Canadian Dollars)

13. Segmented Information

At April 30, 2025 and July 31, 2024, the Company operated in one geographic area and one operating segment.

14. Capital Management

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

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period ended April 30, 2025.

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

15. Revenues

The following is a break-down of revenues earned:

	Three months ended April 30,		**Nine months ended April 30,**	
	2025	2024	**2025**	2024
	$	$	**$**	$
NFT sales	**-**	651,138	**-**	1,953,419
Design services revenue	**-**	25,000	**22,500**	25,000
	-	676,138	**22,500**	1,978,419

During the period ended April 30, 2025, the Company recorded $20,000 in revenue pursuant to the completion of the development of a blockchain-based carbon credit registry as per the definitive agreement dated May 12, 2024. In addition, the Company recorded $2,500 in revenue pursuant to the completion of design services for an open metaverse initiative as per a definitive agreement dated March 20, 2024.

16. Development Costs

During the nine months ended April 30, 2025, the Company incurred $21,252 (2024 - $Nil) of software development costs which consist primarily of platform development costs which were expensed as incurred as they did not meet the criteria for capitalization.

17. Marketing Expenses

During the nine months ended April 30, 2025, the Company recognized $43,481 (2024 - $19,311) of marketing and sales expenses which consist of advertising, marketing and promotional expenses. These costs consist mainly of digital advertising and promotion designed to raise awareness and interest in the Company's projects.

18. Contingencies

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

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

19. Subsequent Event

On May 21, 2025, the Company issued 3,019,905 common shares to various creditors to settle outstanding liabilities totaling $158,545 pursuant to debt settlement agreements.