



**BIGG DIGITAL ASSETS INC.**

**Condensed Consolidated Interim Financial Statements  
For the Nine Months ended September 30, 2024 and 2023**

**(Unaudited)**

**(Expressed in Canadian dollars)**

### **NOTICE TO READER**

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

The accompanying unaudited condensed consolidated interim financial statements of BIGG Digital Assets Inc. as at September 30, 2024 and 2023, notes to unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
Expressed in Canadian dollars



As at	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 6,004,995	\$ 4,304,802
Restricted cash	5	7,873,306	5,590,708
Accounts and other receivables		2,430,815	1,596,778
Digital currency inventory	6	106,995,152	91,188,257
Prepays		692,303	977,429
<b>Total current assets</b>		<b>123,996,571</b>	<b>103,657,974</b>
Digital currencies	7	4,187,792	1,147,967
Investments	8	288,283	278,533
Investment tax credits receivable		871,875	1,001,605
Intangible assets	11	383,500	589,737
Goodwill	11	17,155,121	17,087,618
Right-of-use asset	12	41,298	56,556
Equipment	14	295,845	369,062
<b>Total assets</b>		<b>\$ 147,220,285</b>	<b>\$ 124,189,052</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	15, 17	\$ 3,714,088	\$ 3,482,604
Income tax payable		-	17,000
Contract liability		590,845	617,360
Customer deposits – cash		7,821,692	5,519,941
Customer deposits – digital currency		99,553,938	81,954,733
Lease liability	13	16,087	13,013
Provision	20	8,358,119	-
<b>Total current liabilities</b>		<b>120,054,769</b>	<b>91,604,651</b>
<b>Non-Current liabilities</b>			
Lease liability	13	31,422	45,554
<b>Total liabilities</b>		<b>120,086,191</b>	<b>91,650,205</b>
<b>Equity</b>			
Share capital	16	121,146,488	113,629,497
Equity reserves	16	17,215,520	16,167,651
Accumulated other comprehensive income		2,462,469	2,005,693
Deficit		(113,690,383)	(99,263,994)
<b>Total equity</b>		<b>27,134,094</b>	<b>32,538,847</b>
<b>Total liabilities and equity</b>		<b>\$ 147,220,285</b>	<b>\$ 124,189,052</b>

Going Concern [note 1]

Contingent liabilities and provisions [note 20]

On behalf of the Board:

“Lance Morginn” Director “Kim Evans” Director

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

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS**  
**(Unaudited)**  
**Expressed in Canadian dollars**



	Notes	Three months ended		Nine months ended	
		Sept 30, 2024	Sept 30, 2023	Sept 30, 2024	Sept 30, 2023
<b>Revenue</b>					
Subscription revenue		\$ 345,095	\$ 325,972	\$ 963,906	\$ 913,144
Service revenue		66,285	60,340	194,313	209,422
Transaction revenue	6	1,743,100	1,052,235	6,864,355	3,190,474
Metaverse studio and advisory revenue		(27,002)	-	205,033	-
		<b>2,127,478</b>	<b>1,438,547</b>	<b>8,227,607</b>	<b>4,313,040</b>
<b>Cost of sales</b>		<b>59,834</b>	<b>98,930</b>	<b>293,424</b>	<b>215,602</b>
		<b>2,067,644</b>	<b>1,339,617</b>	<b>7,934,183</b>	<b>4,097,438</b>
<b>Expenses</b>					
Acquisition costs		-	135,917	-	135,917
Advertising and promotion		228,877	164,008	697,913	1,403,176
Amortization and depreciation	11, 12, 14	90,927	77,362	285,300	216,733
Bad debt		17,732	(1,874)	45,042	13,631
Business operations expense		113,705	507,154	632,466	553,440
Consulting		119,207	21,623	364,427	163,807
Director's fees	17	31,139	27,967	88,353	83,901
Office and administration	20	3,316,494	779,763	5,617,673	2,429,424
Professional fees		672,771	556,793	1,622,587	1,394,682
Regulatory and listing fees		80,865	28,834	145,683	72,303
Research and development		732,863	264,071	1,991,617	800,020
Share-based compensation	17	35,226	309,010	393,217	2,150,831
Shareholder communications		8,820	5,445	74,832	11,929
Travel		44,254	1,113	55,780	13,726
Wages and benefits	17	2,216,205	2,028,190	6,959,966	6,393,833
<b>Loss from operating activities</b>		<b>(5,641,441)</b>	<b>(3,565,759)</b>	<b>(11,040,673)</b>	<b>(11,739,915)</b>
<b>Other Income (Expenses)</b>					
Interest income		107,736	36,915	319,514	124,520
Foreign exchange gain (loss)		4,713	(154,320)	262,141	(357,117)
Gain on sale of investments		-	544,393	-	544,393
Loss on derivative financial asset		-	(523,435)	-	(523,435)
Gain (loss) on sale of digital currencies		(18)	(223,072)	(21)	244,890
Gain on sale of digital currency inventory		30,272	99,867	775,454	102,879
Unrealized gain (loss) on investments	8	(858)	32,202	4,290	(3,718)
Unrealized gain (loss) on digital currencies		(13,346)	60,900	(226,632)	81,988
Unrealized gain (loss) on digital currency inventory		(474,191)	(783,606)	1,699,546	2,862,251
Share of loss from investment in associate	9	-	(657,503)	-	(1,415,232)
Impairment of digital land	11	(20,343)	-	(126,023)	-
Gain (loss) on equipment		(213)	645	(498)	645
<b>Loss before income taxes</b>		<b>\$ (6,007,689)</b>	<b>\$ (5,132,773)</b>	<b>\$ (8,332,902)</b>	<b>\$ (10,077,851)</b>
Tax expense	20	6,089,370	100	6,093,487	1,111
<b>Net loss for the period</b>		<b>\$ (12,097,059)</b>	<b>\$ (5,132,873)</b>	<b>\$ (14,426,389)</b>	<b>\$ (10,078,962)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.03)</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>		<b>355,577,559</b>	<b>256,770,296</b>	<b>346,530,506</b>	<b>255,729,944</b>

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

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF**  
**COMPREHENSIVE LOSS**  
**(Unaudited)**  
**Expressed in Canadian dollars**



	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>Sept 30, 2024</b>	<b>Sept 30, 2023</b>	<b>Sept 30, 2024</b>	<b>Sept 30, 2023</b>
<b>Net loss for the period</b>	<b>\$ (12,097,059)</b>	<b>\$ (5,132,873)</b>	<b>\$ (14,426,389)</b>	<b>\$ (10,078,962)</b>
<b>Other comprehensive income (loss)</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Unrealized gain (loss) on digital currencies	(9,739)	31,528	476,057	1,435,226
Unrealized loss on investment in associate	-	(56,054)	-	(57,459)
<i>Item that may be reclassified to profit or loss</i>				
Currency translation adjustment	(46,172)	14,253	(19,281)	(20,797)
<b>Other comprehensive income (loss) for the period</b>	<b>(55,911)</b>	<b>(10,273)</b>	<b>456,776</b>	<b>1,356,970</b>
<b>Comprehensive loss for the period</b>	<b>\$ (12,152,970)</b>	<b>\$ (5,143,146)</b>	<b>\$ (13,969,613)</b>	<b>\$ (8,721,992)</b>

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**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited)  
Expressed in Canadian dollars



	Share capital		Equity Reserves	Revaluation Reserve	Cumulative Translation Adjustment	Deficit	Total
	Number of Shares	Amount					
<b>Balance at December 31, 2022</b>	253,785,401	\$ 98,784,811	\$ 12,466,125	\$ 57,459	\$ 8,626	\$ (88,197,015)	\$ 23,120,006
Shares issued for TerraZero acquisition <i>[note 4]</i>	62,305,177	14,018,665	1,275,223	-	-	-	15,293,888
Shares issued on option exercises	1,925,000	388,892	(186,892)	-	-	-	202,000
Share issue costs	-	(5,090)	-	-	-	-	(5,090)
Share-based compensation	-	-	2,150,831	-	-	-	2,150,831
Loss for the period	-	-	-	-	-	(10,078,962)	(10,078,962)
Other comprehensive income (loss)	-	-	-	1,377,767	(20,797)	-	1,356,970
<b>Balance at September 30, 2023</b>	318,015,578	\$ 113,187,278	\$ 15,705,287	\$ 1,435,226	\$ (12,171)	\$ (98,275,977)	\$ 32,039,643
<b>Balance at December 31, 2023</b>	319,298,939	\$ 113,629,497	\$ 16,167,651	\$ 2,034,282	\$ (28,589)	\$ (99,263,994)	\$ 32,538,847
Shares issued for private placement, net of costs <i>[note 16]</i>	33,333,333	5,918,346	1,384,574	-	-	-	7,302,920
Shares issued on option exercises	3,148,548	1,601,574	(729,922)	-	-	-	871,652
Share issue costs	-	(2,929)	-	-	-	-	(2,929)
Share-based compensation	-	-	393,217	-	-	-	393,217
Income for the period	-	-	-	-	-	(14,426,389)	(14,426,389)
Other comprehensive income	-	-	-	476,057	(19,281)	-	456,776
<b>Balance at September 30, 2024</b>	355,780,820	\$ 121,146,488	\$ 17,215,520	\$ 2,510,339	\$ (47,870)	\$ (113,690,383)	\$ 27,134,094

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

**BIGG DIGITAL ASSETS INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited)  
Expressed in Canadian dollars



	<b>For the Nine Months Ended</b>	
	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Loss for the period	\$ (14,426,389)	\$ (10,078,962)
Restricted cash	(2,282,598)	(398,946)
Items not involving cash		
Amortization and depreciation	285,300	216,733
Income tax expense	6,093,487	(9,196)
Share-based compensation	393,217	2,150,831
Foreign exchange (gain) loss	(5,460)	480
Loss (gain) on sale of digital currencies	21	(244,890)
Gain on the sale of digital currency inventory	(775,454)	(102,879)
Loss on derivative financial asset	-	523,435
Gain on investment in associate	-	(544,393)
Unrealized (gain) loss on equity investments	(4,290)	3,718
Unrealized loss (gain) on digital currencies	226,632	(81,988)
Unrealized loss (gain) on digital currency inventory	(1,699,546)	(2,862,251)
Share of loss from investment in associate	-	1,415,232
Impairment of digital land	126,023	-
Other	2,946	1,888
Changes in non-cash working capital items:		
Accounts and other receivables	(704,307)	1,245,590
Prepays	285,126	(324,438)
Accounts payable and accrued liabilities	231,484	(724,225)
Interest and penalties on tax provision	2,286,731	-
Contract liability	(26,515)	(56,341)
Customer deposits	19,900,956	22,026,922
Digital currency inventory	(20,280,793)	(20,406,850)
Net cash used in operating activities	(10,373,429)	(8,250,530)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of equipment	(112,937)	(57,105)
Purchase of intangible assets	(4,171)	-
Purchase of digital currencies	(3,039,825)	(160,570)
Proceeds from sale of digital currencies	-	3,720,331
Proceeds from sale of digital currency inventory	6,948,897	-
Cash and cash equivalents received on acquisition of TerraZero	-	4,303,109
Net cash from investing activities	3,791,964	7,805,765
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares	8,174,571	202,000
Share issue costs	(2,929)	(5,090)
Lease payments	(13,506)	(23,127)
Net cash from financing activities	8,158,136	173,783
<b>Change in cash for the period</b>	<b>1,576,671</b>	<b>(270,982)</b>
<b>Cash, beginning of period</b>	<b>4,305,178</b>	<b>5,678,236</b>
<b>Effect of foreign exchange on cash</b>	<b>123,146</b>	<b>(142)</b>
<b>Cash, end of period</b>	<b>\$ 6,004,995</b>	<b>\$ 5,407,112</b>

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

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

BIGG Digital Assets Inc. (the “Company” or “BIGG”), was incorporated on October 17, 2014 under the *Business Corporations Act* (British Columbia). On November 30, 2017, the Company acquired Blockchain Technology Group Inc. (“BTGI”) through a reverse acquisition transaction. BTGI was incorporated under the *Business Corporations Act* (British Columbia) on May 31, 2010. On September 26, 2019, the Company changed its name to BIGG Digital Assets Inc. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “BIGG”. The Company’s head office and principal place of business is Suite 220 - 1130 West Pender Street, Vancouver, BC, Canada.

On August 1, 2023, the Company incorporated a new subsidiary entity, 1431224 B.C. Ltd. (“Subco”), to complete the acquisition of TerraZero Technologies Inc. and all of its subsidiaries (“TerraZero”). At closing of the acquisition on September 28, 2023, TerraZero was then immediately amalgamated into Subco, and the amalgamated entity adopted the name TerraZero Technologies Inc. (the “TerraZero Acquisition”, Note 4). TerraZero is a vertically integrated Metaverse development group and leading Web3 technology company specializing in helping brands create immersive experiences.

The Company’s principal business activity is investing in companies innovating in the digital assets space. Digital assets are revolutionizing the way we use, store, trade and value assets. BIGG has three operating divisions which provide: blockchain search products to large enterprises with significant data requirements in the financial and ecommerce sectors globally; brokerage and exchange software to make the purchase and sale of cryptocurrency easily accessible to the mass consumer and investor with a focus on compliance and safety; and immersive metaverse experiences.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. For the period ended September 30, 2024, the Company reports net loss of \$14,426,389, negative cash flow from operations of \$10,373,429 and an accumulated deficit of \$113,690,383.

The Company has been subject to an ongoing GST/HST audit by the Canada Revenue Agency (“CRA”) in relation to Netcoins’ fiscal 2018 operations. Subsequent to September 30, 2024, the CRA issued a notice of reassessment in the amount of \$8,358,119, inclusive of interest and penalties. A provision for the reassessed amount has been made as at September 30, 2024 (see Note 20). The Company disputes and intends to contest CRA’s reassessment. The Company will pursue its appeal rights under Canadian federal tax legislation. If we are unsuccessful and the outcome of our dispute with CRA results in significant taxes, interest charges and penalties, this could have a material adverse effect on our liquidity, financial position, results of operations and cash flows.

The Company has incurred losses and has had negative cash flows from operations since inception that have primarily been funded through financing activities. The Company continues to rely on financing through equity raises or debt instruments to support its operations and expects to do so until the business operates with sufficient cash flows from operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Management cannot provide assurance that the Company will achieve profitable operations or become cash flow positive, or raise additional funds via equity issuances or debt instruments. Its ability to continue as a going concern depends upon whether it develops profitable operations and continues to raise adequate financing. These factors indicate a material uncertainty and may cast a significant doubt on the Company’s ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.



## **2. BASIS OF PRESENTATION**

### **a) Statement of Compliance**

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. As a result, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated annual financial statements for the year ended December 31, 2023. In preparation of these condensed consolidated interim financial statements, the Company has consistently applied the same accounting policies as disclosed in note 3 to the audited consolidated annual financial statements for the year ended December 31, 2023.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on November 28, 2024.

### **b) Basis of Consolidation**

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries Blockchain Technology Group Inc., 2140 Software Solutions Inc., BitRank Verification Services Inc., Dark Fibre Systems Inc., QLUÉ Forensic Systems Inc., CFC Digital Inc., BIG Blockchain Intelligence Group Inc. (Texas), 1208810 B.C. Ltd., Netcoins Inc., NTC Holdings Corp., Netcoins USA, Inc., TerraZero Technologies Inc., TerraZero Technologies US Inc. and TerraZero Metaverse Services LLC (Dubai). The accounts of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All significant intercompany transactions and balances have been eliminated upon consolidation.

## **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies, critical accounting estimates and judgments adopted in the audited consolidated annual financial statements for the year ended December 31, 2023, except as otherwise noted herein.

### *Changes in Material Accounting policies*

In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* titled *Non-current Liabilities with Covenants*. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override and incorporate the previous amendments, *Classification of Liabilities* as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and are applied retrospectively. The application of these amendments did not have an impact on the Company's condensed consolidated interim financial statements.

## **4. ACQUISITION OF TERRAZERO**

On September 28, 2023, the Company completed the acquisition of TerraZero Technologies Inc. and its subsidiaries by purchasing all of the issued and outstanding shares of TerraZero not already owned by the Company. TerraZero is a leader in the Web3/Metaverse sector, developing metaverse projects for Fortune 500 brands across the industries of finance, beauty, consumer packaged goods, food and beverage, and others. The acquisition of TerraZero enhances the Company's position as a diversified digital assets company.

#### 4. ACQUISITION OF TERRAZERO (cont'd...)

Pursuant to a definitive amalgamation agreement, the Company issued 62,305,177 common shares to TerraZero shareholders, based on an exchange ratio of 1.6886 BIGG share for each TerraZero share held (the "Exchange Ratio"). The BIGG shares were valued at the market price per common share at closing of the Acquisition. Certain of the

BIGG shares are subject to escrow restrictions (Note 16). TerraZero was amalgamated with 1431224 B.C. Ltd., a newly incorporated subsidiary entity of the Company, and the amalgamated entity adopted the name TerraZero Technologies Inc.

The Acquisition has been accounted for as a business combination. The assets acquired and the liabilities assumed are to be recorded at their estimated fair value at the acquisition date, in accordance with IFRS 3, *Business Combinations*.

The following tables summarizes the fair value of consideration transferred, and its provisional allocation to estimated fair values assigned to each major class of assets acquired and liabilities assumed at the September 28, 2023 acquisition date. The Company may adjust the provisional purchase price allocation, as necessary, up to one year after the business combination date as new information is obtained about facts and circumstances that existed as of the closing date. The purchase price allocation process was not completed at the publication date of these condensed consolidated interim financial statements.

The preliminary and final allocation of purchase consideration is as follows:

<b>Assets acquired and liabilities assumed:</b>	<b>Preliminary Allocation September 28, 2023</b>	<b>Finalized Allocation September 28, 2023</b>
Cash and cash equivalents	\$ 4,298,527	\$ 4,298,527
Accounts and other receivables	272,882	272,882
Prepays	343,240	343,240
Tax credits receivable	826,280	758,807
Equipment	3,587	3,587
Intangible assets	523,759	523,759
Accounts payable and accrued liabilities	(377,802)	(377,802)
Contract liability	(12)	(12)
Net assets acquired	\$ 5,890,461	\$ 5,822,988
<b>Consideration</b>	\$ 21,906,258	\$ 21,906,258
<b>Goodwill</b>	\$ 16,015,797	\$ 16,083,270
<b>The consideration consists of the following components:</b>		
Fair value of previously held interest (i)	6,612,370	6,612,370
Share consideration	14,018,665	14,018,665
Stock options consideration	1,013,225	1,013,225
Warrants consideration	261,998	261,998
	\$ 21,906,258	\$ 21,906,258

- (i) Remeasurement at fair value of the Company's previously held interests in TerraZero resulted in the recognition of a \$216,663 loss in earnings which was presented under the consolidated statement of comprehensive loss for the year ended December 31, 2023.

As part of the transaction, the Company replaced the existing stock options and warrants of TerraZero, after giving effect to the Exchange Ratio, with those of the Company. The fair value of the TerraZero options and warrants already vested as of the date of acquisition was incorporated into the purchase price consideration.

As part of the transaction, the Company replaced the existing stock options and warrants of TerraZero, after giving effect to the Exchange Ratio, with those of the Company. The fair value of the TerraZero options and warrants already vested as of the date of acquisition was incorporated into the purchase price consideration.

#### **4. ACQUISITION OF TERRAZERO (cont'd...)**

The following assumptions were used in the calculation of the fair value of options per the Black-Scholes option pricing model:

Share price at measurement date	\$0.38
Risk-free interest rate	4.30%
Exercise Price	\$0.15 to \$0.70
Expected life of options	3.69 years
Expected volatility	100%
Dividend yield	Nil

The following assumptions were used in the calculation of the fair value of warrants per the Black-Scholes option pricing model:

Share price at measurement date	\$0.38
Risk-free interest rate	4.68%
Exercise Price	\$0.70
Expected life of warrants	9.74 years
Expected volatility	100%
Dividend yield	Nil

The resulting goodwill is attributable to certain intangible assets, including synergies from combining operations, expected growth, value of its assembled workforce and the highly specialized nature of the acquired business, which do not qualify for separate recognition, and the fact that additional value is generated through the collective use of the acquired assets rather than individually. Goodwill is included in the business segment and is not expected to be deductible for tax purposes.

The Company measured the fair value of the intangible assets using the historical costs, less impairment, of the digital land held by TerraZero.

Acquisition-related costs of \$191,064, recorded to professional fees, were not included as part of consideration transferred and were recognized as an expense in the consolidated statements of loss for the year ended December 31, 2023.

During the year ended December 31, 2023, TerraZero contributed \$6,768 to the Company's revenue and incurred a loss of \$1,209,474 to total comprehensive loss since the acquisition date. If the acquisition had occurred on January 1, 2023, management estimates that the consolidated revenue would have been \$8,005,526 and consolidated loss for the year would have been \$15,462,388. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same as if the acquisition had occurred on January 1, 2023.

## 5. RESTRICTED CASH

	September 30, 2024	December 31, 2023
TD GIC – Visa credit lines	\$ 82,500	\$ 82,500
Customer cash deposits held in trust	7,790,806	5,508,208
	\$ 7,873,306	\$ 5,590,708

At September 30, 2024, the Company held restricted cash of:

- (a) \$82,500 (December 31, 2023 - \$82,500) in a Guaranteed Investment Certificate (GIC), at an interest rate of 4.5% with a maturity date of October 10, 2024, pursuant to a demand operating facility agreement with the Toronto-Dominion Bank, to support Visa credit lines of \$75,000; and
- (b) \$7,790,806 (December 31, 2023 - \$5,508,208) in customer cash deposits, which are held in trust and represent the aggregate customer cash holdings on deposit in the Netcoins App.

## 6. DIGITAL CURRENCY INVENTORY

The Company holds digital currencies as inventory as follows:

	September 30, 2024	December 31, 2023
Bitcoin	\$ 52,695,179	\$ 40,451,491
Ethereum	19,314,467	19,083,393
XRP	17,754,548	17,485,984
USDC	827,926	388,299
LTC	1,176,365	1,306,332
XLM	1,016,262	1,368,834
BCH	512,098	516,524
DOGE	847,745	570,394
SHIB	1,544,124	958,776
SOL	4,250,551	2,427,740
ADA	795,846	1,062,798
Other digital currencies	6,260,041	5,567,692
	\$ 106,995,152	\$ 91,188,257

During the period ended September 30, 2024, revenue from digital currency brokerage sales was \$6,809,035 (2023 - \$3,190,474).

During the nine months ended September 30, 2024, the Company offered digital currency inventory staking service to its customers, resulting in net staking revenue of \$55,320 (2023 - Nil). As at September 30, 2024, the total digital currency inventory staked, included in digital currency inventory, was \$3,043,747 (2023 - \$1,135,489).

**BIGG DIGITAL ASSETS INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
Expressed in Canadian dollars  
For the Nine Months ended September 30, 2024



**7. DIGITAL CURRENCIES**

The Company holds digital currencies as investments as follows:

		Digital currencies (units)									
		Bitcoin	Solarcoin	Bitcoin Cash	Bitcoin Gold	Bitcoin SV	Lumen	USDT	USDC	XDC	Other
<b>Balance, December 31, 2022</b>	<b>\$ 3,126,394</b>	<b>135.22</b>	<b>25,916.45</b>	<b>21.48</b>	<b>25.20</b>	<b>24.96</b>	<b>524.93</b>	<b>699.00</b>	<b>4,696.21</b>	<b>2,240,309.67</b>	<b>13.30</b>
Digital currencies purchased or received <sup>(i)</sup>	276,418	0.83	-	-	-	-	-	21,578.47	98,440.14	2,240,301.00	-
Traded for cash or digital currencies <sup>(ii)</sup>	(6,318,316)	(119.30)	-	(21.48)	-	-	(524.93)	(699.00)	(102,981.35)	(2,240,335.67)	(9.00)
Used for research and development <sup>(iii)</sup>	(5,317)	(0.11)	-	-	-	-	-	-	(155)	-	-
Gain on sale of digital currencies <sup>(iv)</sup>	51,061	-	-	-	-	-	-	-	-	-	-
Revaluation of digital currencies <sup>(iv)</sup>	4,017,727	-	-	-	-	-	-	-	-	-	-
<b>Balance, December 31, 2023</b>	<b>\$ 1,147,967</b>	<b>16.64</b>	<b>25,916.45</b>	<b>-</b>	<b>25.20</b>	<b>24.96</b>	<b>-</b>	<b>21,578.47</b>	<b>-</b>	<b>2,240,275.00</b>	<b>4.30</b>
Digital currencies purchased or received <sup>(i)</sup>	2,800,373	30.08	-	-	-	-	-	-	51,180.54	-	-
Traded for cash or digital currencies <sup>(ii)</sup>	(8,404)	-	-	-	-	-	-	-	(6,165.00)	-	-
Used for research and development <sup>(iii)</sup>	(1,569)	(0.02)	-	-	-	-	-	-	-	-	-
Loss on sale of digital currencies <sup>(iv)</sup>	-	-	-	-	-	-	-	-	-	-	-
Revaluation of digital currencies <sup>(iv)</sup>	249,425	-	-	-	-	-	-	-	-	-	-
<b>Balance, September 30, 2024</b>	<b>\$ 4,187,792</b>	<b>46.70</b>	<b>25,916.45</b>	<b>-</b>	<b>25.20</b>	<b>24.96</b>	<b>-</b>	<b>21,578.47</b>	<b>45,015.54</b>	<b>2,240,275.00</b>	<b>4.30</b>

- (i) During the period ended September 30, 2024, the Company purchased or received 30.08 Bitcoin valued at \$2,730,427 (2023 – 0.83 Bitcoin valued at \$22,800) and 51,180.54 USDC valued at \$69,946 (2023 - 98,440.14 USDC valued at \$135,817). In the same period of the prior year, the Company received 2,240,300.00 XDC valued at \$88,238.
- (ii) During the period ended September 30, 2024, the Company exchanged 6,165.00 USDC valued at \$8,404 for cash. In the same period of the prior year, the Company exchanged digital currencies for cash or currencies as follows: 104.27 Bitcoin valued at \$5,313,571, 21.48 Bitcoin Cash valued at \$9,352, 524.93 Lumen valued at \$85, 699.00 USDT valued at \$955, 102,981.35 USDC valued at \$141,868 and 2,240,300.00 XDC valued at \$88,238.
- (iii) During the period ended September 30, 2024, the Company used 0.02 BTC valued at \$1,569 for research and development purposes. In the prior year, the Company used 0.06 BTC valued at \$2,879 and 155 USDC valued at \$173 for research and development purposes.
- (iv) Digital currencies held are revalued each reporting period based on the fair market value of the price of the digital currencies on the reporting date. As at September 30, 2024, a revaluation gain of \$249,425 (2023 - \$1,403,698) was recorded. A loss of \$21 (2023 - gain of \$244,890) was realized on disposal of coins, an unrealized loss of \$226,632 (2023 - gain of \$81,988) was recorded to the consolidated statement of loss and an unrealized gain of \$476,057 (2023 - \$1,435,226) was recorded to the consolidated statement of comprehensive loss.

## 8. INVESTMENTS

At September 30, 2024 and December 31, 2023, the Company held the following equity investments:

	September 30, 2024			December 31, 2023			
	Shares #	Cost \$	Fair Value \$	Shares #	Warrants #	Cost \$	Fair Value \$
LQwD FinTech Corp.	28,600	100,100	18,304	28,600	-	100,100	14,014
ZenLedger Inc.	70,062	251,859	269,979	70,062	-	251,859	264,519
Luxxfolio Holdings Inc.	-	-	-	-	12,500,000	944,643	-
Totals	98,662	351,959	288,283	98,662	12,500,000	1,296,602	278,533

During the period ended September 30, 2024, the Company:

- held a total of 28,600 common shares of LQwD FinTech Corp. ("LQwD") at a cost of \$100,100. LQwD, a publicly traded company listed on the TSX Venture Exchange under the symbol LQWD, is Lightning Network, layer-two software developer. At September 30, 2024 and December 31, 2023, it was related via a director in common;
- held a total of 70,062 shares of Series A preferred stock in ZenLedger, Inc. ("ZenLedger") at a cost of \$251,859 (USD\$199,999). The valuation of the ZenLedger securities, which are unlisted, has been measured using the market approach which was unchanged. During the period ended September 30, 2024, a foreign exchange gain of \$5,460 (2023 - loss of \$480) was recorded. ZenLedger, Inc., a US-based company, is a leading cryptocurrency tax platform; and,
- recorded the expiry of 12,500,000 share purchase warrants of Luxxfolio Holdings Inc. ("Luxxfolio") that entitled it to acquire 12,500,000 common share of Luxxfolio at a price of \$0.21 until June 8, 2024. Luxxfolio had suspended its operations and was actively seeking to restructure and/or refinance. As a result, the Company had previously written-down its investment to \$Nil.

The Company records its investments as FVTPL. During the period ended September 30, 2024, the Company recorded a gain of \$4,290 (2023 - loss of \$3,718) on revaluation of its securities to their fair market value.

## 9. INVESTMENT IN ASSOCIATE

At December 31, 2021, the Company held an aggregate 650,000 common shares of TerraZero at a cost of \$200,000 and fair value of \$260,000.

On February 9, 2022, the Company acquired an additional 14 million common shares and 2 million warrant exercisable at \$0.90 per warrant share for a period of five years (the "TerraZero Warrant"), at a cost of \$9,800,000, representing a 31.81% ownership interest in TerraZero. In connection with this transaction, the Company and TerraZero entered into an Investor Rights Agreement entitling the Company to propose one member of three of the TerraZero Board of Directors.

On September 7, 2022, the Company acquired 1,650,000 preferred shares at a cost of \$82,500, bringing the Company's equity stake in TerraZero to 14,650,000 common shares, 2 million warrants and 1,650,000 preferred shares at an aggregate cost of \$10.08 million.

The Company applied equity accounting to the investment in the common shares of TerraZero as the Company had significant influence over TerraZero due to the Company's share ownership and representation on TerraZero's Board of Directors. As a result, the investment was recognized at cost with the carrying amount of the investment increasing or decreasing at each reporting period to recognize the Company's share of the net income or loss of TerraZero for the particular period.

A gain or loss on the dilution of the Company's investment in TerraZero was calculated as the difference between the Company's ownership interest in the consideration received by the investee for the issuance of new shares and the reduction in ownership interest in the previous carrying amount.

**9. INVESTMENT IN ASSOCIATE (cont'd...)**

TerraZero is a vertically integrated Metaverse development group and leading Web3 technology company specializing in helping brands create immersive experiences. No quoted market prices were available for its shares. It has a December 31 year-end, the same as the Company. There were no mutual transactions outside of the Company's equity investment into TerraZero.

On completion of the TerraZero Acquisition (Note 4), the investment was remeasured at fair value and subsequently derecognized. This previously held investment is considered part of what was given up by the Company to obtain control of TerraZero. Accordingly, the fair value of the investment is included in the purchase consideration of the acquisition.

The following table summarizes the Company's investment accounted for using the equity method as at September 30, 2024 and 2023:

	September 30, 2024	September 30, 2023
Balance, beginning of year	\$ -	\$ 7,143,761
Additions		
Investment in TerraZero	-	-
Share of loss in investment accounted for using the equity method:		
Share of investee's loss	-	(1,478,786)
Associate revaluations	-	6,095
Derecognition of investment on acquisition (Note 4)	-	(5,671,070)
Balance, end of period	\$ -	\$ -

The Company's percentage of ownership in TerraZero was 100% at September 30, 2024 and September 30, 2023.

**10. DERIVATIVE FINANCIAL ASSET**

The Company determined that the TerraZero Warrant is classified as a derivative financial instrument on the consolidated statements of financial position, fair valued using the Black-Scholes valuation model at initial recognition, and subsequently remeasured to fair value as at each reporting date. Any change in the fair value of the derivative was recognized to revaluation loss (gain) in the consolidated statements of comprehensive income (loss).

On completion of the TerraZero Acquisition (Note 4), the derivative financial instrument was remeasured at fair value and subsequently derecognized. This previously held investment is considered part of what was given up by the Company to obtain control of TerraZero. Accordingly, the fair value of the investment is included in the purchase consideration of the acquisition.

## 11. GOODWILL & INTANGIBLE ASSETS

	LMS Platform	Netcoins App	Netcoins. com	TerraZero domains	Metaverse Land	Blockchain Intelligence Group domains	Subtotal – Intangible Assets	Goodwill	Total
<b>Cost</b>									
December 31, 2022	\$ 129,972	\$ 882,000	\$ 181,464	\$ -	\$ -	\$ -	\$ 1,193,436	\$ 1,071,851	\$ 2,265,287
Additions through acquisition	-	-	-	299,750	224,009	-	523,759	16,015,767	16,539,526
December 31, 2023	129,972	882,000	181,464	299,750	224,009	-	1,717,195	17,087,618	18,804,813
Additions	-	-	-	-	-	4,171	4,171	-	4,171
Reallocation	-	-	-	-	-	-	-	67,503	67,503
Disposals/impairment	-	-	-	-	(126,023)	-	(126,023)	-	(126,023)
September 30, 2024	129,972	882,000	181,464	299,750	97,986	4,171	1,595,343	17,155,121	18,750,464
<b>Accumulated amortization</b>									
December 31, 2022	129,972	882,000	59,555	-	-	-	1,071,527	-	1,071,527
Additions	-	-	36,288	19,643	-	-	55,931	-	55,931
December 31, 2023	129,972	882,000	95,843	19,643	-	-	1,127,458	-	1,127,458
Additions	-	-	27,241	57,028	-	116	84,385	-	84,385
September 30, 2024	129,972	882,000	123,084	76,671	-	116	1,211,843	-	1,211,843
December 31, 2023	\$ -	\$ -	\$ 85,621	\$ 280,107	\$ 224,009	\$ -	\$ 589,737	\$ 17,087,618	\$ 17,677,355
September 30, 2024	\$ -	\$ -	\$ 58,380	\$ 223,079	\$ 97,986	\$ 4,055	\$ 383,500	\$ 17,155,121	\$ 17,538,621

During the year ended December 31, 2021, the Company recognized \$181,464 as an intangible asset, comprising the Netcoins.com domain, acquired from a third-party, which is amortized on a straight-line basis over a period of five years representing the estimated useful life of the intangible asset.

During the year ended December 31, 2023, the Company recognized \$299,750 as intangible assets comprising three domains upon the acquisition of TerraZero (Note 4). The domains are amortized on a straight-line basis over a period of five years representing the estimated useful life of the intangible assets.

During the year ended December 31, 2019, the Company recognized \$882,000 as an intangible asset comprising the Netcoins App upon the acquisition of Netcoins Inc. The Netcoins App was amortized on a straight-line basis over a period of three years representing the estimated useful life of the intangible asset.

Goodwill of \$1,071,851 was recorded in connection with the Netcoins acquisition, attributable to the workforce and the highly specialized nature of the acquired business, and is not deductible for tax purposes.

Goodwill of \$16,083,270 was recorded in connection with the TerraZero Acquisition (Note 4), attributable to the workforce and the highly specialized nature of the acquired business, and is not deductible for tax purposes.

Amortization of intangible assets for the period ended September 30, 2024 was \$84,385 (2023 - \$27,141).



## 12. RIGHT-OF-USE ASSET

At September 30, 2024, the right-of-use asset is an office lease, as amended, entered into by the Company commencing March 1, 2021, which terminates on February 28, 2027. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

	<b>Office Operating Lease</b>
Balance at December 31, 2022	\$ 23,685
Additions	51,303
Depreciation	(18,432)
Balance at December 31, 2023	\$ 56,556
Depreciation	(15,258)
Balance at September 30, 2024	\$ 41,298

## 13. LEASE LIABILITIES

The lease liability is measured at the present value of the lease payments and discounted using the Company's incremental borrowing rate of 8%. Lease liabilities are recorded as follows:

	<b>Office Operating Lease</b>
Balance at December 31, 2022	\$ 35,908
Lease payments	(30,863)
Interest expense on lease liability	2,219
Additions	51,303
Balance at December 31, 2023	\$ 58,567
Lease payments	(13,506)
Interest expense on lease liability	2,448
Balance at September 30, 2024	\$ 47,509
Current	\$ 16,087
Non-current	\$ 31,422

## 14. EQUIPMENT

<b>Cost</b>	<b>Total</b>
<b>Balance at December 31, 2022</b>	<b>\$ 1,747,796</b>
Additions and reallocations	60,855
Additions through acquisition	3,065
Disposals	-
<b>Balance at December 31, 2023</b>	<b>\$ 1,811,716</b>
Additions and reallocations	112,937
Disposals	(4,888)
<b>Balance at September 30, 2024</b>	<b>\$ 1,919,765</b>
<b>Accumulated depreciation</b>	
<b>Balance at December 31, 2022</b>	<b>\$ 1,203,158</b>
Disposals	-
Depreciation for the period	239,496
<b>Balance at December 31, 2023</b>	<b>\$ 1,442,654</b>
Disposals	(498)
Depreciation for the period	181,764
<b>Balance at September 30, 2024</b>	<b>\$ 1,623,920</b>
<b>Carrying amounts</b>	
<b>At December 31, 2023</b>	<b>\$ 369,062</b>
<b>At September 30, 2024</b>	<b>\$ 295,845</b>

**15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2024	December 31, 2023
Accounts payable	\$ 2,304,782	\$ 1,517,430
Accrued liabilities	1,023,217	1,579,188
Payroll liabilities	386,089	385,986
	<b>\$ 3,714,088</b>	<b>\$ 3,482,604</b>

**16. SHARE CAPITAL**

**Authorized share capital**

Unlimited number of common shares and preferred shares, without par value

**Share Issuances**

**2024**

During the period ended September 30, 2024, the Company:

- (i) issued an aggregate 3,148,548 common shares upon the exercise of options for gross proceeds of \$871,652; and,
- (ii) closed a private placement offering for gross aggregate proceeds of \$8,000,000. A total of 33,333,333 units were issued at a price of \$0.24, with each unit comprising one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share of the Company at a price of \$0.30 for a period of five years from closing of the offering. A.G.P. Canada Investments ULC ("AGP"), the sole agent and bookrunner, received cash fees of \$529,396, reimbursement of related expenses of \$54,054 and 2,151,166 compensation warrants (each, a "Broker Warrant"). Each Broker Warrant entitles AGP to purchase a common share of the Company at a price of \$0.30 for a period of five years. The Broker Warrants were valued at \$384,574 and credited to reserves-share based. Fair value was determined using the Black-Scholes valuation model, based on a risk free interest rate of 3.47%, an expected life of five years, an expected volatility of 133.43% and a dividend rate of nil.

**2023**

During the period ended September 30, 2023, the Company issued:

- (i) an aggregate 1,925,000 common shares upon the exercise of options for gross proceeds of \$202,000; and,
- (ii) a total of 62,305,177 common shares at a price of \$0.225 per share in connection with the TerraZero Acquisition.

**Share purchase warrants**

The Company may issue share purchase warrants to acquire its common shares either in combination with share offerings, or on a stand-alone basis to its consultants and advisors. The terms of warrants issued are determined by the Company's Board of Directors.

Share purchase warrant transactions are summarized for the nine months ended September 30, 2024 and year ended December 31, 2023.

	For the Nine Months Ended September 30, 2024		For the Year Ended December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening balance	4,079,576	\$ 0.46	9,988,550	\$ 2.07
Issued for business combination (Note 4)	-	-	4,079,576	0.46
Issued	35,484,499	0.30	-	-
Expired	-	-	(9,988,550)	2.07
Ending balance	39,564,075	\$ 0.32	4,079,576	\$ 0.46
Warrants exercisable	39,564,075	\$ 0.32	3,467,912	\$ 0.47

**16. SHARE CAPITAL (cont'd...)**

**Share purchase warrants (cont'd...)**

As at September 30, 2024 and December 31, 2023, the following share purchase warrants were outstanding:

	Expiry Date	Exercise Price	September 30, 2024		December 31, 2023		Weighted Average Remaining Contractual Life
			Number Outstanding	Number Exercisable	Number Outstanding	Number Exercisable	
Warrants	February 8, 2025	\$ 0.53	1,688,600	1,688,600	1,688,600	1,688,600	0.36 years
Warrants	March 1, 2025	\$ 0.41	337,720	337,720	337,720	337,720	0.42 years
Warrants	October 31, 2025	\$ 0.41	422,150	422,150	422,150	422,150	1.08 years
Warrants	March 12, 2029	\$ 0.30	33,333,333	33,333,333	-	-	4.45 years
Broker warrants	March 12, 2029	\$ 0.30	2,151,166	2,151,166	-	-	4.45 years
Warrants	June 21, 2033	\$ 0.41	1,631,106	1,631,106	1,631,106	1,019,442	8.73 years
			39,564,075	39,564,075	4,079,576	3,467,912	

**Stock options**

The Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Stock option transactions are summarized for the nine months ended September 30, 2024 and year ended December 31, 2023.

	For the Nine Months Ended September 30, 2024		For the Year ended December 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	30,459,338	\$ 0.52	13,998,750	\$ 0.79
Granted	-	-	12,859,000	0.31
Granted for business combination (Note 4)	-	-	8,122,166	0.27
Exercised	(3,148,548)	0.28	(3,208,361)	0.15
Expired	(4,555,437)	0.83	(822,056)	0.95
Forfeited/cancelled	(1,250,468)	0.32	(490,161)	0.40
Ending balance	21,504,885	\$ 0.51	30,459,338	\$ 0.52
Options exercisable	19,539,385	\$ 0.53	24,865,995	\$ 0.56

**16. SHARE CAPITAL (cont'd...)**

**Stock options (cont'd...)**

Weighted Average Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life
\$ 0.08	January 14, 2025	115,000	115,000	0.29 years
\$ 0.20	July 27, 2025	325,000	325,000	0.82 years
\$ 0.75	February 5, 2026	2,670,000	2,670,000	1.35 years
\$ 1.75	March 3, 2026	525,000	525,000	1.42 years
\$ 3.00	April 22, 2026	65,000	65,000	1.56 years
\$ 1.40	July 13, 2026	1,420,000	1,420,000	1.78 years
\$ 1.60	November 2, 2026	500,000	500,000	2.09 years
\$ 0.09	November 12, 2026	2,068,535	2,068,535	2.12 years
\$ 0.24	January 28, 2027	1,426,867	1,426,867	2.33 years
\$ 0.50	June 8, 2027	1,535,000	1,535,000	2.69 years
\$ 0.41	June 8, 2027	1,637,942	1,637,942	2.69 years
\$ 0.45	September 1, 2027	570,000	570,000	2.92 years
\$ 0.32	January 18, 2028	3,081,250	2,963,750	3.30 years
\$ 0.41	March 17, 2028	734,541	734,541	3.46 years
\$ 0.30	December 4, 2028	4,830,750	2,982,750	4.18 years
		21,504,885	19,539,385	

**Share-based compensation**

During the nine month period ended September 30, 2024, the Company recorded share-based compensation totaling \$393,217 (2023 - \$2,150,831) as follows:

- \$373,944 (2023 - \$2,150,831) in relation to the stock options, which was expensed as share-based compensation in operations; and
- \$19,273 (2023 - Nil) related to the vesting of warrants issued pursuant to a business combination (Note 4).

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and amortized over the vesting period of the underlying options. The assumptions used to calculate the fair value were as follows:

	For the Year Ended December 31, 2023
Share price at measurement date	\$0.225 to \$0.31
Risk-free interest rate	2.80 to 4.30%
Exercise price	\$0.09 to \$0.41
Expected life of options	3.31 to 5 years
Expected volatility	133 - 139%
Forfeiture rate	12%
Dividend yield	Nil

**Escrowed shares**

As at the date of the TerraZero Acquisition described in Note 4, 39,148,287 common shares of the Company were subject to an escrow and voting trust agreement dated August 25, 2023, pursuant to which 3,568,755 shares were released upon closing of the TerraZero Acquisition with the remaining escrowed shares scheduled to be released over a period of 24 months, as follows:

	2023			2024			2025	Total
	Oct 28	Nov 28	Dec 28	Jan 28	Mar 28	Sept 28	Mar 28	escrow
	2,077,160	2,077,160	2,077,160	2,077,161	7,936,415	7,936,422	5,699,027	35,579,532

At September 30, 2024, a total of 24,181,478 common shares had been released from escrow and an aggregate 11,398,054 common shares remain in escrow.

## 17. RELATED PARTY TRANSACTIONS

### Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

	For the Nine Months Ended September 30,	
	2024	2023
Director's fees	\$ 88,353	\$ 83,901
Consulting	14,700	-
Wages and benefits	1,630,517	1,278,424
Share-based compensation	92,448	1,571,179
Total	\$ 1,826,018	\$ 2,933,504
Accounts payable due to related parties	\$ 148,226	\$ 77,895

As at September 30, 2024 and 2023, the following deposits were held by key management personnel:

	For the Nine Months Ended September 30,	
	2024	2023
Deposits held on Netcoins App	\$ 668,121	\$ 307,358
Digital currencies held in trust by a director of the Company	\$ 88,577	\$ -

## 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels in accordance with IFRS.

The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which an instrument is classified in its entirety is based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability; and;

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

The following table presents the fair value hierarchy for the Company's assets and liabilities measured at fair value by level as at September 30, 2024 and December 31, 2023:

	September 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Digital currency inventory	\$ -	\$ 106,995,152	\$ -	\$ -	\$ 91,188,257	\$ -
Digital currencies	-	4,187,792	-	-	1,147,967	-
Investments	18,304	-	269,979	14,014	-	264,519
Total	\$ 18,304	\$ 111,182,944	\$ 269,979	\$ 14,014	\$ 92,336,224	\$ 264,519
<b>Liabilities</b>						
Customer deposits - digital currency	\$ -	\$ 99,553,938	\$ -	\$ -	\$ 81,954,733	\$ -

*Valuation of Assets / Liabilities that use Level 1 Inputs ("Level 1 Assets / Liabilities").* Consists of the Company's investments which are valued at the public closing price in active markets.

**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Valuation of Assets / Liabilities that use Level 2 Inputs ("Level 2 Assets / Liabilities").* Consists of the Company's inventory and digital currencies held, where quoted prices in active markets are available. For inventory and digital currencies, the fair value is determined by the volume-weighted average of prices across principal exchanges as of 12:00 am UTC.

*Valuation of Assets / Liabilities that use Level 3 Inputs ("Level 3 Assets / Liabilities").* Consists of certain of the Company's investments. Non-marketable equity investments in privately-held companies are generally accounted for under the measurement alternative, defined as cost, less impairments, adjusted for subsequent observable price changes and are periodically assessed for impairment when events or circumstances indicate that a decline in value may have occurred.

Level 3 Continuity

The following is a reconciliation of Level 3 assets for the nine months ended September 30, 2024 and year ended December 31, 2023:

	Fair Value at December 31, 2023	Purchases	Sales	Net Realized Gain (Loss) on Investments	Net Unrealized Gain (Loss) on Investments	Transfers in/(out) of Level 3	Fair Value at September 30, 2024
<b>Assets</b>							
Investments	\$ 264,519	\$ -	\$ -	\$ -	\$ 5,460	\$ -	\$ 269,979

	Fair Value at December 31, 2022	Purchases	Sales	Net Realized Gain (Loss) on Investments	Net Unrealized Gain (Loss) on Investments	Transfers in/(out) of Level 3	Fair Value at December 31, 2023
<b>Assets</b>							
Investments	\$ 353,379	\$ -	\$ -	\$ 544,393	\$ (6,360)	\$ (626,893)	\$ 264,519
Derivative financial asset	942,865	-	-	(523,435)	-	(419,430)	-
	\$ 1,296,244	\$ -	\$ -	\$ 20,958	\$ (6,360)	\$(1,046,323)	\$ 264,519

Transfers in and out of Level 3 are considered to have occurred at the beginning of the period the transfer occurred.

	Fair value at September 30, 2024	Valuation technique	Unobservable input	Range (weighted average)
Private equity investments	\$ 269,979	Market comparable companies	Discount for lack of marketability <sup>(a)</sup> Control premium <sup>(a)</sup>	10-35% (10%) 10-50% (10%)
	Fair value at December 31, 2023	Valuation technique	Unobservable input	Range (weighted average)
Private equity investments	\$ 264,519	Market comparable companies	Discount for lack of marketability <sup>(a)</sup> Control premium <sup>(a)</sup>	10-35% (18%) 10-50% (22%)

(a) Represents amounts used when the Company has determined that market participants would take into account these discounts and premiums when pricing the investments.

The fair value of Level 3 assets and liabilities is inherently subjective. Specifically, because of the uncertainty of determining the fair value of investments that do not have readily ascertainable market values, the Company's conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

## 18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

As at September 30, 2024 and December 31, 2023, the fair value of cash, restricted cash and customer deposits-cash held by the Company approximates carrying value and was based on level 1 of the fair value hierarchy. Investments, where quoted prices in active markets are available, are level 1 assets. The carrying values of accounts and other receivables, accounts payable and accrued liabilities and other current assets and liabilities are based on level 2 inputs and approximate fair value due to their short-term maturities. The carrying value of the Company's lease liability is measured as the present value of the discounted future cash flows.

### **Risk**

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

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk arising from operations. The Company has cash balances but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, restricted cash and accounts receivable. Credit risk associated with digital currencies proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 to 15 days. The Company's credit risk has not changed significantly from the prior year.

The Company also utilizes third-party liquidity providers in the execution of customer trades. Trade execution and settlement is typically completed within milliseconds of the customer's execution of a trade order; however, there is credit risk that a liquidity provider will not fulfill its obligation or be delayed in fulfilling its obligation. Management believes the credit risk with respect to its use of liquidity partners to be remote. In the remote case of a liquidity partner not fulfilling its obligation, the Company expects to use its cash and/or digital currencies to complete the trade.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short-term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met by accessing financing through public equity offerings and private placements.

Accounts payable and accrued liabilities, other than accrued compensation, generally have maturities of 30 days or less or are due on demand.

<b>Commitments - operational</b>	<b>2024</b>	<b>2025 - 2027</b>
Lease payments	\$ 3,066	\$ 51,431
Accounts payable	2,304,782	-
Accrued liabilities	1,409,306	-
<b>Total contractual obligations</b>	<b>\$ 3,717,154</b>	<b>\$ 51,431</b>

#### *Market risk*

Market risk is the risk 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: interest rate risk, foreign currency risk and other price risk, such as commodity and equity price risk.

##### i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.



**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Market risk (cont'd...)*

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has investment assets, some liabilities and revenue or expenses denominated in a foreign currency, so is exposed to foreign currency risk. The Company does not currently hedge its exposure to foreign currency cash flows as management has determined that currency risk is not significant. The Company's main risk is associated with fluctuations in US dollars. The following amounts are presented in to demonstrate the effect on net income or loss of changes in foreign exchange rates:

		September 30, 2024	December 31, 2023
Cash held	USD	\$ 274,793	\$ 323,631
Accounts and other receivables	USD	2,115,268	790,404
Accounts payable	USD	24,421	234,101
Effect of +/- 5% change in exchange rate		\$ 162,478	\$ 88,028

ii. Commodity and equity price risk

Commodity and equity price risk arises from market fluctuations in commodity and equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk includes declines in the values and volumes of (i) its own equity shares which could impede its ability to raise additional funds when required and (ii) its investment in various marketable securities.

All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. At September 30, 2024, management's estimate of the effect on equity to a +/- 5% change in its investments is +/- \$14,400 (December 31, 2024 - \$13,900).

*Digital currencies risk*

Digital asset 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. Further, digital currencies have no underlying backing or contracts to enforce recovery of invested amounts.

At September 30, 2024, the Company held with reputable custodians and liquidity providers digital currency inventory valued at \$106,995,152 (December 31, 2023 - \$91,188,257) and digital currency investments of \$4,187,792 (December 31, 2023 - \$1,147,967). At September 30, 2024, had the market price of the Company's digital currency assets changed by 10% with all other variables remaining constant, the corresponding digital asset value change would be approximately \$11,118,300 (December 31, 2023 - \$9,233,600).

The profitability of the Company is directly related to the current and future market price of digital assets. In addition, the Company may not be able liquidate its digital currency inventory at its desired price if required. Investing in digital currencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends. 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 sales of digital assets. Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance.

There is a risk that some or all of the Company's holdings of cryptocurrencies could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by the primary custodian with the public addresses that hold the Company's cryptocurrencies including customers crypto assets and/or destruction of storage hardware. Multiple thefts of cryptocurrencies and other digital assets from other holders have occurred in the past. Because of the decentralized process for transferring cryptocurrencies, thefts can be difficult to trace, which may make cryptocurrencies a particularly attractive target for theft.



**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

*Digital currencies risk (cont'd...)*

The Company utilizes BitGo Trust Company, Inc. ("BitGo") as its primary custodian for the majority of its digital currency inventory holdings (cold wallets solution). The Company also utilizes BitGo and Fireblocks Ltd.'s ("Fireblocks") self-custody technology (hot wallets solution) for the remaining digital currency inventory to support its daily transactions. As at September 30, 2024 and December 31, 2023, approximately 90% (September 30, 2023 - ~90%) of total digital currency inventory was held in custody with BitGo.

BitGo maintains a comprehensive insurance policy for digital assets covering \$250 million in losses for crypto assets held in custody, in the event of copying and theft of private keys, insider theft of dishonest acts by BitGo employees or executives or loss of keys.

**19. CAPITAL MANAGEMENT**

The Company includes all components of equity in the definition of capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its blockchain technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash and investments on hand. The Company is not currently subject to any externally imposed capital requirements.

The Company has been dependent upon external financings to fund activities. Until such time as it begins to generate revenue, in order to carry out planned expenditures and pay for administrative costs the Company will spend its existing working capital and may seek to raise additional funds as needed.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in interest bearing Canadian chartered bank accounts. Some cash is kept on deposit with fiat to cryptocurrency exchanges in order to facilitate the Company's business. There have been no significant changes to the Company's approach to capital management during the periods ended September 30, 2024 and 2023.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**20. CONTINGENT LIABILITIES AND PROVISIONS**

*Contingent liabilities*

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Company.

On October 28, 2019, the Company received Notice of Civil Claim in the Supreme Court of British Columbia by a former employee, alleging constructive dismissal. The claimant has claimed \$450,000 in damages. The claim is being contested by the Company. The Company believes the claim has no merit and will vigorously defend against the claim. No provision has been recognized in respect to this claim as there is no present obligation and the probability of settlement cannot be determined.

## 20. CONTINGENT LIABILITIES AND PROVISIONS (cont'd...)

### *Provisions*

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount of the obligation is adjusted upward or downward, with a corresponding loss or gain recognised in profit or loss, if the Company's best estimate of the amount of the obligation changes.

### CRA Reassessment

Subsequent to September 30, 2024, the Company received a notice of reassessment from Canada Revenue Agency in relation to Netcoins Inc.'s ("Netcoins") 2018 tax year. It is the CRA's position that Netcoins owes GST/HST of \$6,071,388, plus interest and penalties of \$2,286,731. CRA has determined that Netcoins was not acting as an agent on behalf of its customers or its merchant partners and was, instead, acting as principal to acquire and sell cryptocurrency on its own account. As a result, CRA takes the position that the sale of crypto assets prior to May 18, 2019 is treated as a sale of intangible personal property ("IPP") and is assessing GST/HST based on the location of Netcoins' customers.

Netcoins' 2018 transactional sales realized revenue of \$989,173. CRA has reassessed Netcoins based on sales of \$58,535,327 – nearly 60 times the realized revenue. The Company disputes CRA's finding that it was not acting as agent or intermediary on behalf of its customers or its merchant partners and will contest the CRA reassessment, pursuing its appeal rights under Canadian federal tax legislation. However, to reflect the uncertainties of CRA's appeals process and litigation, the Company has recorded a liability in its condensed consolidated interim financial statements in the amount of \$8,358,119. Resolution of this matter as stipulated by CRA would be material to the Company's financial position, results of operations and liquidity in the year(s) of resolution.

The application of GST/HST to cryptocurrencies was very controversial in 2018. The CRA had not issued guidance to taxpayers regarding the application of GST/HST to cryptocurrency transactions beyond a technical interpretation in an income tax context stating that Bitcoin was a commodity for purposes of the *Income Tax Act* as well as for GST purposes. CRA is of the view that cryptocurrency was IPP prior to the amendment to the *Excise Tax Act* on May 18, 2019. The application of GST/HST to transactions involving cryptocurrencies has not been considered by the courts.

Netcoins was a private company prior to its acquisition by Netcoins Holdings Inc. in March 2018. Netcoins was acquired by the Company pursuant to an agreement dated May 24, 2019, with the purchase completed on August 1, 2019.

## 21. SEGMENTED INFORMATION

The Company operates three business segments: blockchain technology development, digital currency sales via the Netcoins App and immersive metaverse experiences. The parent entity manages the business segments and activities associated with the Company being a public company.

The summarized financial information for the Company's business segments is as follows:

For the Nine Months ended September 30, 2024					
	Parent	Blockchain	Netcoins	TerraZero	Total
Total assets	\$ 19,557,978	\$ 2,615,834	\$122,699,542	\$ 2,346,931	\$ 147,220,285
Total liabilities	919,116	728,589	118,096,169	342,317	120,086,191
Total revenue	-	1,158,219	6,864,355	205,033	8,227,607
Net (loss) income	(2,410,580)	(1,988,509)	(6,266,741)	(3,760,559)	(14,426,389)

  

For the Nine Months ended September 30, 2023					
	Parent	Blockchain	Netcoins	TerraZero	Total
Total assets	\$ 21,027,752	\$ 2,444,894	\$ 68,651,717	\$ 5,432,214	\$ 97,556,577
Total liabilities	971,504	629,700	63,705,878	209,852	65,516,934
Total revenue	-	1,122,566	3,190,474	-	4,313,040
Net (loss) income	(5,131,341)	(2,895,568)	(2,010,802)	(41,251)	(10,078,962)

**21. SEGMENTED INFORMATION (cont'd...)**

Revenues from external customers are attributed to geographic areas based on the location of the contracting customers. The following table sets forth external revenue by geographic areas:

	<b>September 30, 2024</b>		<b>September 30, 2023</b>	
	<b>Revenues</b>	<b>Non-current Assets</b>	<b>Revenues</b>	<b>Non-current Assets</b>
Canada	\$ 6,301,218	\$ 22,953,735	\$ 3,333,346	\$ 20,450,920
USA	1,161,177	269,979	487,264	270,399
Europe	194,292	-	203,224	-
Other	570,920	-	289,206	-
	<b>\$ 8,227,607</b>	<b>\$ 23,223,714</b>	<b>\$ 4,313,040</b>	<b>\$ 20,721,319</b>