BITCOIN WELL

TSX.V:BTCW OTCQB:BCNWF

Consolidated Financial Statements

As at and for the years ended December 31, 2024 and 2023

KINGSTON
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March 11, 2025
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bitcoin Well Inc.

Opinion

We have audited the consolidated financial statements of Bitcoin Well Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $7,110,154 during the year ended December 31, 2024 and, as of that date, the Company's accumulated shareholders' deficit was $12,993,531. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section, we have determined that matters described below to be key audit matters to be communicated in our auditor's report.

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Existence, ownership and valuation of digital assets and inventory

We draw attention to Notes 3, 6 and 14 to the financial statements. The Company holds digital assets and inventory of $23,753,044 at December 31, 2024.

We considered this a key audit matter due to the magnitude of the digital assets and inventory and the audit effort involved in testing the existence, ownership and valuation of digital assets and inventory.

Our procedures included, but were not limited to, the following:

- Obtained confirmations of the quantities and ownership of digital assets and inventory directly from the third-party custodian.
- Tested the reconciliation of opening to closing digital assets and inventory balances, including comparing a sample of the additions and disposals to records on the public blockchain.
- Recalculated the fair value of the digital assets held using market pricing data and assessed the carrying value of inventory at the lower of cost and net realizable value.
- Assessed the Service Organization Controls Report (the “SOC Report”) of the third-party custodian attesting to the appropriateness and effectiveness of the internal control systems established by the custodian and to assess the design and operating effectiveness of the Company's complementary user entity controls.
- Observed the performance of the transfer of a small amount of bitcoin from the Company’s wallet with the custodian to a different wallet to test the rights and ownership of the digital assets.

We assessed the adequacy of the Company’s disclosures related to digital assets and inventory.

Recognition of revenue

We draw attention to Notes 3 and 21 to the financial statements. Revenue recognized for the year ended December 31, 2024 was $90,513,400.

Recognition of revenue is a key measure of financial performance and recognized at the point in time that transaction is processed. We considered this a key audit matter due to the magnitude of the revenue balance and the audit effort involved in testing the completeness and accuracy of the revenue transactions.

Our procedures included, but were not limited to, the following:

- Tested the existence, accuracy and valuation of information produced by the Company associated with revenue, which was used for purposes of recording in the Company’s General Ledger.
- Tested a sample of transaction revenue consummated during the year by selecting detail transactional data and recalculating the revenue earned based on agreed pricing data and receipt of fiat currency in exchange for the delivery of inventory.

We assessed the adequacy of the Company’s disclosures related to revenue.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Justin Rousseau.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31	Note		2024		2023
Assets					
Current assets					
Cash		**$**	**2,875,766**	$	1,668,922
Accounts receivable	5		**576,463**		570,689
Digital assets	6		**22,374,404**		10,224,666
Inventory	14		**1,378,640**		593,846
Deposits and prepaid expenses	7		**225,903**		600,984
			27,431,176		13,659,107
Non-current assets					
Property and equipment	8		**379,671**		731,195
Right of use assets	10		**38,672**		58,404
Intangible assets	9		**69,553**		339,698
Goodwill			**105,427**		105,427
Investments			**-**		12,365
Total assets		**$**	**28,024,499**	$	14,906,196
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	11	**$**	**562,134**	$	752,696
Deferred revenue	11		**734,893**		-
Lease liability	10		**32,403**		57,208
Acquisition consideration payable	4		**167,260**		186,027
Convertible debt - current	15		**243,698**		-
Line of credit	16		**9,643,793**		5,914,146
Loans payable			**-**		100,000
			11,384,181		7,010,077
Non-current liabilities					
Lease liability	10		**8,884**		5,163
Convertible debt	15		**7,397,069**		6,121,316
Loans payable – cryptocurrency	13		**22,187,896**		10,920,226
Loans payable			**40,000**		-
Total liabilities			**41,018,030**		24,056,782
Shareholders' deficit					
Share capital	20		**15,365,507**		13,246,686
Contributed surplus	20		**3,912,707**		3,332,772
Convertible debt - equity			**316,881**		-
Warrants	20		**872,520**		620,948
Accumulated deficit			**(52,495,210)**		(34,718,093)
Accumulated other comprehensive income			**19,034,064**		8,367,101
Total shareholders' deficit			**(12,993,531)**		(9,150,586)
Total liabilities and shareholders' deficit		**$**	**28,024,499**	$	14,906,196

/s/ Mitchell Demeter
Mitchell Demeter, Director

/s/ Terry Rhode
Terry Rhode, Director

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

(Expressed in Canadian dollars, except for number of and earnings per share)

Year ended December 31			**2024**		**2023**
Revenue					
Sales revenue	21	**$**	**90,513,400**	$	54,531,838
Cost of coins			**(86,542,792)**		(49,705,669)
Gross profit			**3,970,608**		4,826,169
Expenses					
General and administration	22		**2,807,515**		2,799,271
Salaries and wages			**971,847**		1,589,419
Depreciation and accretion	8, 9, 10		**651,902**		1,416,882
Financing fees	13, 15, 16		**2,567,439**		2,285,183
Marketing and advertising			**1,133,239**		384,779
Professional fees			**428,175**		286,950
Software			**285,722**		206,544
			8,845,839		8,969,028
Loss before other items and income taxes			**(4,875,231)**		(4,142,859)
Other items					
Fair value change - cryptocurrency loans	13		**(13,974,453)**		(7,421,089)
Fair value change - investments			**-**		(337,635)
Share based compensation	20		**(467,952)**		(483,430)
Gain (loss) on disposal of property and equipment			**481**		(7,991)
Foreign exchange loss			**(599,760)**		(9,846)
Gain (loss) on debt settlement			**19,063**		(14,703)
Fair value change - cryptocurrency inventory	14		**784,679**		12,401
Fair value change - convertible debt	15		**(1,194,636)**		-
Realized gain on digital assets	6		**2,530,692**		622,535
Loss before income taxes			**(17,777,117)**		(11,782,617)
Income tax expense					
Current	24		**-**		241,707
Net loss			**(17,777,117)**		(12,024,324)
Other comprehensive income					
Revaluation gain on digital assets	6		**10,666,963**		6,702,036
Unrealized exchange gain on foreign subsidiaries			**-**		19,111
Total comprehensive loss		**$**	**(7,110,154)**	$	(5,303,177)
Net loss per common share					
Basic	23	**$**	**(0.08)**	$	(0.07)
Diluted	23	**$**	**(0.08)**	$	(0.07)
Weighted average number of common shares outstanding:					
Basic			**212,397,679**		182,810,690
Diluted			**212,397,679**		182,810,690

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

(Expressed in Canadian dollars)

Year ended December 31		2024		2023
Cash provided by (used in):				*(Note 3q)*
Operating activities				
Net loss	**$**	**(17,777,117)**	$	(12,024,324)
Adjustments for:				
Depreciation and accretion		**651,902**		1,416,882
Fair value change - cryptocurrency loans		**13,974,453**		7,421,089
Fair value change - cryptocurrency inventory		**(784,679)**		(12,401)
Fair value change - investments		**-**		337,635
Fair value change - convertible debenture		**1,194,636**		-
Realized gain on digital assets		**(2,530,692)**		(622,535)
Gain (loss) on disposal of property and equipment		**(481)**		7,991
Foreign exchange loss		**599,760**		9,846
Share based compensation		**467,952**		483,430
Gain (loss) on debt settlement		**(19,063)**		14,703
		(4,223,329)		(2,967,684)
Changes in non-cash working capital items:				
Accounts receivable		**(5,774)**		(498,118)
Deposits and prepaid expenses		**375,081**		(545,860)
Inventory		**(114)**		116,846
Current income tax receivable		**-**		266,238
Accounts payable and accrued liabilities		**52,368**		65,614
Deferred revenue		**734,893**		-
Cash used in operating activities		**(3,066,875)**		(3,562,964)
Investing activities				
Proceeds on disposal of property and equipment		**5,527**		78,204
Purchase of digital assets *(Note 3r)*		**(2,354,888)**		(9,446,816)
Proceeds from disposal of digital assets *(Note 3r)*		**3,402,805**		12,546,568
Proceeds from disposal of investments		**12,365**		-
Cash provided by investing activities		**1,065,809**		3,177,956
Financing activities				
Proceeds of cryptocurrency loans		**-**		2,252,304
Repayment of cryptocurrency loans		**(2,706,783)**		(5,160,092)
Payments of acquisition consideration payable		**(18,767)**		-
Net proceeds received from convertible debt		**1,703,461**		1,621,316
Repayment of convertible debt		**(900,000)**		(500,000)
Repayment of debt		**(40,000)**		-
Proceeds received from line of credit		**3,129,887**		1,485,240
Repayment of line of credit		**-**		(2,893,986)
Repayment of lease liability		**(34,159)**		(94,896)
Shares issued pursuant to exercise of options and warrants		**90,901**		-
Shares issued pursuant to private placement		**1,983,370**		1,397,519
Cash provided by (used in) financing activities		**3,207,910**		(1,892,595)
Change in cash		**1,206,844**		(2,277,603)
Cash, beginning of year		**1,668,922**		3,946,525
Cash, end of year	**$**	**2,875,766**	$	1,668,922

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

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, except for number of shares)

		Share Capital							
	Note	**Number of Common Shares**	**Amount**	**Contributed Surplus**	**Convertible Debt - Equity**	**Warrants**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income**	**Total**
Balance at December 31, 2022		**174,382,887**	**$ 12,095,172**	**$ 1,484,329**	**$ -**	**$ 1,636,581**	**$ (22,693,769)**	**$ 1,645,954**	**$ (5,831,733)**
Shares issued - employment services received	20	1,333,333	40,000	-	-	-	-	-	**40,000**
Shares issued - Equibytes earn out	20	1,152,273	63,375	-	-	-	-	-	**63,375**
Shares and warrants issued - private placement	20	23,291,985	1,048,139	-	-	349,380	-	-	**1,397,519**
Share based compensation	20	-	-	211,862	-	271,568	-	-	**483,430**
Expired warrants		-	-	1,636,581	-	(1,636,581)	-	-	**-**
Net loss for the period		-	-	-	-	-	(12,024,324)	-	**(12,024,324)**
Revaluation gain on digital assets		-	-	-	-	-	-	6,702,036	**6,702,036**
Unrealized exchange gain on foreign subsidiaries		-	-	-	-	-	-	19,111	**19,111**
Balance at December 31, 2023		**200,160,478**	**$ 13,246,686**	**$ 3,332,772**	**$ -**	**$ 620,948**	**$ (34,718,093)**	**$ 8,367,101**	**$ (9,150,586)**
Shares issued - services received	20	2,540,887	246,339	-	-	-	-	-	**246,339**
Shares and warrants issued - private placement	20	13,781,368	1,618,035	156,556	-	208,779	-	-	**1,983,370**
Shares issued - warrants exercised	20	860,000	76,364	-	-	(33,364)	-	-	**43,000**
Shares issued - options exercised	20	1,071,629	129,300	(81,399)	-	-	-	-	**47,901**
Share based compensation	20	-	-	467,952	-	-	-	-	**467,952**
Net loss for the period		-	-	-	-	-	(17,777,117)	-	**(17,777,117)**
Revaluation gain on digital assets		-	-	-	-	-	-	10,666,963	**10,666,963**
Issuance of convertible debt	15	286,956	48,783	36,826	316,881	76,157	-	-	**478,647**
Balance at December 31, 2024		**218,701,318**	**$ 15,365,507**	**$ 3,912,707**	**316,881**	**$ 872,520**	**$ (52,495,210)**	**$ 19,034,064**	**$ (12,993,531)**

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

1. NATURE OF OPERATIONS

Operating businesses

Bitcoin Well Inc. (“Bitcoin Well” or the “Company”) is on a mission to enable independence. The Company does this by making bitcoin in self custody easy to use. The Company makes bitcoin useful by coupling the convenience of modern banking and the benefits of bitcoin.

The company operates two business units, consisting of (i) Bitcoin ATMs and (ii) the Online Bitcoin Portal. The Bitcoin ATM business unit operates approximately 165 Bitcoin ATM machines placed and operating throughout Canada. The Online Bitcoin Portal platform offers customers a fast and safe way to buy, sell and use bitcoin online in Canada and the USA. This business unit is designed to offer bank-like functionality coupled with the benefits of bitcoin.

Corporate administration

The address of the Company’s registered office is 1700 Enbridge Centre, 10175 – 101 Street NW, Edmonton, Alberta. The Company’s common shares are traded on the TSX Venture Exchange (the "TSXV") under the ticker symbol “**BTCW**” and on the OTCQB under the ticker symbol “**BCNWF**”.

Bitcoin Well was originally incorporated as Red River Capital Corp. (“Red River”) under the laws of the Province of Alberta on December 20, 2017. The Company was classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSXV. On June 11, 2021, the Company completed its Qualifying Transaction with 1739001 Alberta Ltd. (“Old Bitcoin Well”) (the “Transaction”). The Transaction constituted the Company’s “Qualifying Transaction” (as such term is defined in Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual).

The Transaction was completed by way of a three-cornered amalgamation, pursuant to which 2283971 Alberta Ltd., a wholly owned subsidiary of Red River, amalgamated with Old Bitcoin Well to form a newly amalgamated company, which now holds the assets of Bitcoin Well, as a wholly-owned subsidiary. Contemporaneous with the Transaction, Red River also changed its name to Bitcoin Well Inc.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRS issued as of December 31, 2024.

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21. The functional currency for the Company and its Canadian subsidiaries is the Canadian dollar. The functional currency for the Company's US subsidiary is the US dollar. The presentation currency for the Company is the Canadian dollar.

These consolidated financial statements have been prepared using the accrual basis of accounting, and fair value accounting where appropriate, except for cash flow information.

These consolidated financial statements have been prepared on a going concern basis which assumes the realization of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. For the year ended December 31, 2024, the Company incurred a comprehensive loss of $7,110,154 (2023 - loss of $5,303,177) and reported a shareholders' deficit of $12,993,531 (December 31, 2023 - deficit of $9,150,586).

Operations have been financed using a combination of cryptocurrency loans (Note 13) and convertible debt (Note 15) which had balances of $22.2 million and $7.6 million, respectively, as at December 31, 2024, with no financial covenants attached. In addition, the Company has raised capital through equity raises including a private placement for gross proceeds of $2.3 million completed in March 2024 (Note 20). Management applied judgements in preparing forecasts to support the going concern assumption, including the expected demand for the Company's current and future products, as well as the expected operating expenses, which are based on these demands.

These estimations may raise doubt about whether the Company will continue to operate as a going concern, and therefore, whether it will realize its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial statements. Should the Company be unable to meet its obligations as they become due, the preparation of these consolidated financial statements on a going concern basis may not be appropriate.

These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2025.

a) Basis of measurement

These consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense.

b) Significant judgments, estimates, and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Accounting policy choices that have the most significant effect on the amounts recognized in these consolidated financial statements are as follows:

<u>Determination of functional currency</u>

The Company determines the functional currency of the parent company as well as each of its subsidiaries through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

<u>Digital assets and inventory</u>

The Company accounts for the majority of its bitcoin as intangible assets, which are recorded at fair value using the revaluation model under IAS 38 with changes in fair value recorded in other comprehensive income. There was significant judgement applied by the Company in making this assessment as accounting for cryptocurrencies depends on the nature of the asset, the use of the asset including the expected timeline or use, and how the asset is held. This judgement included consideration of the operations, strategy and intent of management.

The Company classifies the majority of its bitcoin holdings as an intangible asset, with the remaining designated as Inventory under IAS 2, as these are the coins required for the Company to complete an operating cycle. As the Company's operations mature together with the industry, the accounting and classification of cryptocurrencies continue to be sources of critical judgement and estimation.

Digital assets are measured at fair value using the quoted price on Coinmarketcap. Coinmarketcap is a pricing aggregator, as the principal market or most advantageous market is not always known. The Company believes any price difference amongst the principal market and an aggregated price to be immaterial. Management considers this fair value to be a Level 2 input under IFRS 13 *Fair Value Measurement* fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges.

<u>Revenue recognition</u>

The Company recognizes revenue from the facilitation of ATM transactions, online transactions, and sales to cryptocurrency exchanges. Management exercises judgement in revenue recognition, as revenue is only recognized once cash is received and cryptocurrency is sent.

<u>Contingencies</u>

The Company accrues for estimated loss contingencies related to legal and regulatory matters when available information indicates that it is probable a liability has been incurred and the Company can reasonably estimate the amount of that loss. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where a loss is possible or an exposure to loss exists in excess of the liability already accrued, it is often not possible to reasonably estimate the size of the possible loss or range of loss possible or additional losses.

<u>Impairment of non-financial assets</u>

The Company performs impairment testing annually for non-financial assets, as well as when circumstances indicate that there may be impairment for these assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, as well as identifying a cash generating unit ("CGU") for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

<u>Useful life of property and equipment, and intangible assets</u>

Property and equipment, and intangible assets are depreciated over their estimated useful lives. Estimated useful lives are determined based on current facts and past experience and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations. Accordingly, these estimates are subject to measurement uncertainty.

<u>Digital asset and inventory valuation</u>

Digital assets are measured at fair value using the quoted price on Coinmarketcap. Coinmarketcap is a pricing aggregator, as the principal market or most advantageous market is not always known. The Company believes any price difference amongst the principal market and an aggregated price to be immaterial. Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges.

The Company estimates the amount of cryptocurrency inventory on hand that may not be recoverable and will allow for a write down of such amounts, as applicable.

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income, prior to the expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize a higher or lower level of deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Convertible debt

The Company determines if convertible debt is a compound financial instrument in accordance with IAS 32. The Company uses split accounting for compound financial instruments. In that the Company uses judgement to identify the various components of the convertible debt. Then the Company uses estimates to determine the fair value of the liability component of convertible debt, with any residual value allocated to the equity component of the financial instrument.

Share based compensation

Estimating fair value for granted stock options, warrants, and other equity instruments, requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The company utilizes the Black-Scholes options pricing model. This estimate requires determining the most appropriate input to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. As such, management's assessment of the above inputs could be affected, if material changes in assumptions occurred. Accordingly, these estimates are subject to measurement uncertainty.

<u>Leases</u>

The Company applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16. Leases that are recognized are subject to further judgment and estimation in various areas specific to the arrangement.

When a lease contract contains an option to extend or terminate a lease, the Company must use their best estimate to determine the appropriate lease term. Management must consider all facts and circumstances to determine if there is an economic benefit to exercise an extension option or to not exercise a termination option. The lease term must be reassessed if a significant event or change in circumstance occurs.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the right of use ("ROU") asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognizing a gain or loss in net earnings that reflects the proportionate decrease in scope.

Lease liabilities recognized have been estimated using a discount rate equal to the Company's estimated incremental borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment.

c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. The Company's current subsidiaries include Ghostlab Inc., Bitcoin Well Canada Ltd., 2624894 Alberta Ltd. and Independent Well USA Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct and indirect wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash

Cash consists of cash held in ATMs, credit unions, cryptocurrency exchanges, and on hand in safes.

b) Inventory

Inventory consists of bitcoin and other cryptocurrencies, as described in Note 14. Cryptocurrency inventory assets meet the definition of inventory in IAS 2 Inventories, as they are assets held for sale in the ordinary course of business.

They are initially recorded at cost and are subsequently measured at the lower of cost and net realizable value under the general inventory model required by IAS 2. inventory cost is calculated utilizing the first-in first-out (FIFO) method.

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c) Digital Assets

The Company's digital assets consist of bitcoin. Digital assets meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and subsequently re-measured using the revaluation method. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital assets at the end of each month. To the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

d) Property and Equipment

The Company's property and equipment consists of ATM machines, furniture and equipment, and leasehold improvements. Items are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the following annual rates:

ATM Machines	Straight-Line	20%
Furniture and equipment	Straight-Line	over lease term
Leasehold improvements	Straight-Line	over lease term

Property and equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses.

e) Intangible Assets

Intangible assets consist of the host agreements (exclusive right to operate cryptocurrency ATMs at specific host locations) and technology platforms, both purchased and internally generated technology. The host agreements and technology platforms meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the cost model is used to measure the intangible assets subsequently. After their initial recognition, the host agreement asset is carried at its cost less any accumulated amortization and any accumulated impairment losses, while technology platforms are amortized on a straight-line basis over the useful life. Amortization rates are reviewed annually to ensure they are aligned with estimates of the remaining economic useful lives of the associated intangible assets.

The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights obtained.

The Company has determined that the useful life of the host agreement assets are the periods contained in the contracts that allows the Company to operate exclusively in a host location. This typically ranges from 12-24 months, depending on the specific host. The Company's technology platforms are amortized over estimated lives of 3 to 5 years.

f) Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed in a business combination. If this consideration is lower than the fair value of the net assets acquired, the difference is recognized as a gain for the period. After initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Goodwill is allocated as of the business combination date to the Company's cash-generating units (CGUs) expected to benefit from the business combination, irrespective of whether the assets and liabilities of the acquired business are assigned to the same CGUs. If a business unit is disposed of, associated goodwill is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Goodwill is tested for impairment annually or more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each operating segment to which the goodwill relates. Where the recoverable amount of the operating segment (including the carrying value of the allocated goodwill) is less than the carrying value, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

g) Foreign Currency Translation

The Company's consolidated financial statements are presented in Canadian dollars, the parent Company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's foreign operations are translated into its reporting currency (Canadian dollars) as follows: assets and liabilities are translated at the rate of exchange in effect at the consolidated statement of financial position date, and revenue and expense items (including depreciation and amortization) are translated at the average rate of exchange for the month. The resulting unrealized exchange gains and losses on foreign subsidiaries are recognized in accumulated other comprehensive income.

h) Non-Monetary Transactions

Where the Company is settling a liability for the purchase of goods and services where the price was established in a fiat currency, the difference between the liability settled and the fair value of the digital assets transferred is recognized as a gain or loss on settlement. Otherwise, the transaction is measured based on the fair value of the digital assets exchanged. Any difference between the fair value of the digital assets exchanged and the carrying amount of the digital assets is recognized in profit and loss.

i) Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows to another party.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and accounts receivable are measured at amortized cost. The Company has designated investments as financial assets measured at fair value through profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A substantial modification to the terms of an existing financial asset results in the derecognition of the financial asset and the recognition of a new financial asset at fair value. In the event that the modification to the terms of an existing financial asset does not result in a substantial difference in the contractual cash flows the gross carrying amount of the financial asset is recalculated and the difference resulting from the adjustment in the gross carrying amount is recognized in profit or loss.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on the lifetime expected credit losses on the asset. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the year.

IFRS 9 permits that expected credit losses be calculated using a simplified approach, granted the assets are trade receivables or assets which do not contain a significant financing component. The Company has selected the simplified approach to calculate expected credit losses, as its applicable assets are trade receivables and other assets that do not contain a significant financing component.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are initially measured at their fair value less any directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost except for cryptocurrency loans, which are measured at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Accounts payable and accrued liabilities, deferred revenue, lease obligations, convertible debt, line of credit and loans payable, are classified as and measured at amortized cost and carried on the statement of financial position at amortized cost. The Company has designated cryptocurrency loans payable at FVPTL.

Financial liabilities are derecognized when the liability is extinguished. A substantial modification of the terms of an existing financial liability is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

Where a financial liability is modified in a way that does not constitute an extinguishment (generally when there is a change of less than 10% in the present value of cash flows discounted at the original effective interest rate), the modified cash flows are discounted at the liability's original effective interest rate. Transaction costs paid to third parties in a modification are amortized over the remaining term of the modified debt.

j) Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. An increase in the provision due to the passage of time is recognized as a finance expense.

k) Revenue Recognition

The Company recognizes revenue when it has persuasive evidence of a contract, performance obligations have been identified and satisfied, payment items have been identified, and it is probable that the Company will collect.

The Company recognizes revenue from the facilitation of ATM transactions, online transactions, and sales to cryptocurrency exchanges. The Company charges the following types of fees:

a) A flat fee per transaction;
b) A percent spread based on transaction size for buying and selling cryptocurrency.

Revenue is recognized when funds for the transactions have been received and the cryptocurrency is sent to the customer. Payments received from customers for gift cards that will be utilized to acquire cryptocurrency that has not yet been delivered are recorded as deferred revenue.

l) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted price on the issue date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded in equity.

m) Share Based Transactions

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged to profit or loss, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where the options have vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

n) Income Taxes

Income tax on profit and loss for the year is comprised of current and deferred taxes. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment of tax paid or payable in respect to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within government jurisdictions.

o) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

p) Leases

The Company assesses whether a contract is or contains a lease, which is the right to control the leased asset's use, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are presented separately from property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of loss and comprehensive loss.

The length of the leases at inception were as follows:

Office building:	5 years

q) Reclassification

Certain comparative amounts in the statement of cash flows for the year ended December 31, 2023 have been reclassified to better present the nature of the transactions. Cash proceeds or disbursements from the sale or purchase of digital assets, which are accounted for as intangible assets under IAS 38, have been reclassified from cash flows from operating activities to cash flows from investing activities.

The reclassification caused a $3,099,752 decrease in cash flows from operating activities and a $3,099,752 increase in cash flows from investing activities for the comparative year ended December 31, 2023.

r) Cash Flow Statement

The Company displays its cash flow statement using the indirect method.

s) Recent Adoptions

The following amendments became effective on January 1, 2024 and did not have a material impact on the Company's financial statements:

- In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) that provides guidance on how covenants may affect an entity's right to defer settlement of a liability for at least twelve months after the reporting period, which may determine whether a liability should be presented as current or non-current.

t) Future Adoptions

- In June 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures which set out requirements for an entity to disclose information about its sustainability and climate related risks and opportunities. Both Standards are effective for the fiscal years beginning January 1, 2024, but certain transitional reliefs are available.
  The ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board Standards to identify sustainability-related risks, opportunities and appropriate metrics. The Company is currently evaluating the impact of these reporting requirements.

- In March 2024, the Canadian Sustainability Standards Board proposed two exposure drafts on Canadian Sustainability Disclosure Standards ("CSDS") 1, General Requirements for Disclosure of sustainability related Financial Information and CSDS 2, Climate-related Disclosures. Both exposure drafts align with IFRS S1 and S2 with modifications to align with Canadian-specific needs which includes: extending voluntary adoption dates for CSDS 1 and 2 from January 1, 2024 to January 1, 2025; extending the proposed transition relief for disclosures beyond climate-related risks and opportunities to two years; and extending the proposed transition relief for disclosure of Scope 3 Greenhouse gas emissions from one year granted by the ISSB to two years.

Entities that voluntarily adopt the CSSB on January 1, 2025, will be required to disclose all sustainability-related risks and opportunities as well as Scope 3 Greenhouse gas emissions from the reporting period beginning on or after January 1, 2027.

- In August 2023, the IASB issued Lack of Exchangeability (amendments to IAS 21), which clarifies that entities must estimate the spot exchange rate when it is determined that a currency lacks exchangeability. The amendments apply for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted.

- In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. IFRS 18 will introduce a standardized structure for the statement of profit or loss including disclosures on management-defined performance measures and new principles for the aggregation and disaggregation of information. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted.

(Expressed in Canadian dollars, except where otherwise stated)

4. ACQUISITION CONSIDERATION PAYABLE

The Company's acquisition consideration payable that arose from prior business acquisitions consisted of the following components as at December 31, 2024 and 2023:

		CryptoKiosk		Equibytes		Total
Balance at December 31, 2022	$	213,993	$	104,839	$	318,832
Payments made		(27,966)		(5,035)		(33,001)
Extinguishment of liability		-		(99,804)		(99,804)
Balance at December 31, 2023	$	186,027	$	-	$	186,027
Payments made		(18,767)		-		(18,767)
Balance at December 31, 2024	**$**	**167,260**	**$**	**-**	**$**	**167,260**

The acquisition consideration payable related to CryptoKIosk at December 31, 2024 incurs interest at an annual rate of 8.0% and is repayable in blended principal and interest payments of $2,500 per month with the full remaining balance due on June 15, 2025.

During the prior year ended December 31, 2023, the Company extinguished the remaining balance of the acquisition consideration liability related to Equibytes by issuing 1,152,273 common shares valued at $63,275. The difference between the liability extinguished and the value of the common shares issued was recognized in profit and loss.

(Expressed in Canadian dollars, except where otherwise stated)

5. ACCOUNTS RECEIVABLE

At December 31		**2024**		**2023**
Trade receivables	$	73,241	$	-
Other receivables		503,222		570,689
	$	**576,463**	**$**	**570,689**

In October 2023, Rapid Cash ATM Ltd. (“Rapid Cash”) suddenly uninstalled and removed the Company’s software from Rapid Cash’s ATMs that were operating in the Company’s partner program. As a result, the Company terminated its hosting agreement with Rapid Cash who previously operated approximately 100 ATM machines under the Company’s partner program. The Company is vigorously pursuing its rights under the contract and has commenced an action against Rapid Cash before the Alberta Court of King’s Bench.

The Company's cash in ATM machines withheld by Rapid Cash constitutes the primary component of other receivables as of December 31, 2024. The Company expects to recover these funds within the next year.

(Expressed in Canadian dollars, except where otherwise stated)

6. DIGITAL ASSETS

The Company classifies bitcoin holdings in excess of the inventory required for operations as digital assets. As at December 31, 2024, the price of bitcoin was $134,469 which reflected an increase from its price of $56,001 on December 31, 2023. The Company recognized an unrealized revaluation gain of $10,666,963 during the year ended December 31, 2024 (2023 - gain of $6,702,036).

	Bitcoin		CAD $ Value
Balance at December 31, 2022	267	$	5,999,847
Additions	261		9,446,816
Disposals	(345)		(12,546,568)
Realized gain on sale of digital assets			622,535
Revaluation	-		6,702,036
Balance at December 31, 2023	183	$	10,224,666
Additions	22		2,354,888
Disposals	(39)		(3,402,805)
Realized gain on sale of digital assets			2,530,692
Revaluation	-		10,666,963
Balance at December 31, 2024	166	$	22,374,404

(Expressed in Canadian dollars, except where otherwise stated)

7. DEPOSITS AND PREPAID EXPENSES

As at December 31		**2024**		**2023**
Prepaid interest on loans payable - crypto currency	$	-	$	529,675
Prepaid expenses		202,200		59,771
Office lease deposit		23,703		11,538
Total deposits and prepaid expenses	**$**	**225,903**	**$**	600,984

Prepaid interest on loans payable consisted of interest amounts owing on certain cryptocurrency loans that were prepaid from proceeds received from an equity private placement completed on September 1, 2023.

8. PROPERTY AND EQUIPMENT

		ATM		**Furniture & Equipment**		**Leasehold Improvements**		**Total**
Cost								
Balance at December 31, 2022	$	2,259,480	$	195,726	$	360,775	$	2,815,981
Additions		-		-		-		-
Disposals		(143,229)		(51,143)		(360,775)		(555,147)
Balance at December 31, 2023	$	2,116,251	$	144,583	$	-	$	2,260,834
Additions		-		-		-		-
Disposals		(350,569)		(68,011)		-		(418,580)
Balance at December 31, 2024	**$**	**1,765,682**	**$**	**76,572**	**$**	**-**	**$**	**1,842,254**
Accumulated Amortization								
Balance at December 31, 2022	$	975,200	$	113,625	$	336,157	$	1,424,982
Amortization		500,206		44,638		24,618		569,462
Disposals		(65,983)		(38,047)		(360,775)		(464,805)
Balance at December 31, 2023	$	1,409,423	$	120,216	$	-	$	1,529,639
Amortization		340,085		6,392		-		346,477
Disposals		(345,522)		(68,012)		-		(413,534)
Balance at December 31, 2024	**$**	**1,403,986**	**$**	**58,596**	**$**	**-**	**$**	**1,462,582**
Net Book Value								
Balance at December 31, 2023	$	706,828	$	24,367	$	-	$	731,195
Balance at December 31, 2024	$	**361,696**	**$**	**17,976**	**$**	**-**	**$**	**379,672**

(Expressed in Canadian dollars, except where otherwise stated)

9. INTANGIBLE ASSETS

		Host Agreements (i)		Software Applications		Internally generated Software (ii)		Total
Costs								
Balance at December 31, 2022	$	1,342,894	$	206,660	$	1,992,529	$	3,542,083
Additions		-		-		-		-
Balance at December 31, 2023	$	1,342,894	$	206,660	$	1,992,529	$	3,542,083
Disposals		(1,342,894)		(206,660)		(1,751,851)		(3,301,405)
Balance at December 31, 2024	**$**	**-**	**$**	**-**	**$**	**240,678**	**$**	**240,678**
Accumulated Amortization								
Balance at December 31, 2022	$	1,052,127	$	51,859	$	1,373,392	$	2,477,378
Amortization		193,871		115,345		411,748		720,964
Adjustments		-		4,043		-		4,043
Balance at December 31, 2023	$	1,245,998	$	171,247	$	1,785,140	$	3,202,385
Amortization		96,896		35,413		137,835		270,144
Disposals		(1,342,894)		(206,660)		(1,751,850)		(3,301,404)
Balance at December 31, 2024	**$**	**-**	**$**	**-**	**$**	**171,125**	**$**	**171,125**
Net Book Value								
Balance at December 31, 2023	$	96,896	$	35,413	$	207,389	$	339,698
Balance at December 31, 2024	**$**	**-**	**$**	**-**	**$**	**69,553**	**$**	**69,553**

i) Host agreements include contracts purchased in order for the Company to operate ATM machines at specific locations.

ii) Internally generated software includes the fair value of the software technology acquired in the acquisition of Ghostlab Inc. in 2021. Internally generated software additions consist of expenditures incurred to develop new software applications to enhance bitcoin transaction capabilities. These expenditures met the criteria in IAS 38 to be capitalized as internally generated intangible.

(Expressed in Canadian dollars, except where otherwise stated)

10. RIGHT OF USE ASSETS AND LEASE LIABILITIES

During the year ended December 31, 2024, the Company amended and extended its existing lease agreement, which commenced Feb 1, 2024 and expires March 31, 2026. This amendment resulted in a right of use asset and liability of 67,031 being recognized. The Company recognizes its obligations under the right of use lease at the present value of future lease payments due. The obligations under the right of use lease at December 31, 2024 incurs interest at an annual rate of 15.0% per annum and is repayable in current monthly blended principal and interest payments of $3,036. This lease liability corresponds with right of use assets with a net book value of $38,672 at December 31, 2024 (December 31, 2023 – $58,404).

Future minimum lease payments required over the next five years for obligations under right of use lease were as follows:

As at December 31	**2024**	**2023**
Within one year	**$ 36,428**	$ 62,736
Thereafter	**9,107**	5,228
Total minimum lease payments	**45,535**	67,964
Less: amount representing interest	**4,248**	5,593
Present value of minimum lease payments	**41,287**	62,371
Less: current portion	**32,403**	57,208
	$ 8,884	$ 5,163

(Expressed in Canadian dollars, except where otherwise stated)

Right-of-Use Assets

Right-of-use assets consist of leases of offices. Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

Changes in the Company's right-of-use assets were as follows:

Cost:		
At December 31, 2022	$	416,499
Additions		232,280
Disposals		(540,956)
At December 31, 2023	$	107,823
Additions		67,031
Disposals		(107,823)
At December 31, 2024	**$**	**67,031**
Accumulated Depreciation:		
At December 31, 2022	$	383,582
Depreciation		109,994
Disposals		(444,157)
At December 31, 2023	$	49,419
Depreciation		32,852
Disposals		(53,912)
At December 31, 2024	**$**	**28,359**
Net Book Value:		
At December 31, 2023		58,404
At December 31, 2024	**$**	**38,672**

11. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND DEFERRED REVENUE

As at December 31		**2024**		**2023**
Accounts payable	**$**	**268,544**	$	490,218
Accrued liabilities		**293,590**		262,478
Total		**562,134**		752,696

(Expressed in Canadian dollars, except where otherwise stated)

Deferred revenue	$	**734,893**	$	-

Deferred revenue primarily consists of payments received from customers for gift cards that will be utilized to acquire cryptocurrency that has not yet been delivered.

12. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management includes members of the Board of Directors and its executive officers. The aggregate value of compensation relating to key management personnel and entities over which they have control or significant influence were as follows.

Year Ended December 31		2024		2023
Salary, fees, and other short-term benefits	$	**587,364**	$	590,444
Share based payments (Note 20)		**82,291**		372,465
Total	**$**	**669,655**	**$**	962,909

Other related party transactions

During the year ended December 31, 2024, the Company incurred $944,630 (2023 - $1,021,600) of interest on loans payable - crypto currency and convertible debentures owing to directors and officers of the company (see Notes 13 and 15 for additional information related to these loans).

(Expressed in Canadian dollars, except where otherwise stated)

13. LOANS PAYABLE – CRYPTOCURRENCY

The Company has secured loans of bitcoin and ethereum from various lenders through Use of Coin Agreements. These agreements were established to fulfill customer demand for cryptocurrency and to serve as security for the Company's Line of Credit (Note 16).

	Ethereum	Bitcoin	CAD $ Value
Balance at December 31, 2022	211	271	6,416,495
Additions	-	60	2,252,300
Repayments	(211)	(136)	(5,169,658)
Revaluation	-	-	7,421,089
Balance at December 31, 2023	-	195	10,920,226
Repayments	-	(30)	(2,706,782)
Revaluation	-	-	13,974,453
Balance at December 31, 2024	**-**	**165**	**22,187,897**

As at December 31, 2024, the Company’s cryptocurrency loans consisted of 165 bitcoins with a fair value of $22,187,897 (December 31, 2023 – 195 bitcoins valued at $10,920,226).

Of this amount, 40 bitcoins, valued at $5,379,259 (December 2023 - 50 bitcoins valued at $2,800,058) was owing to an officer and director of the Company and 10 bitcoins, valued at $1,344,691 (December 2023 - $560,012) was owing to a director of the Company. The changes in fair value were primarily due to changes in the market price of the cryptocurrency.

The company repaid cryptocurrency loans totaling $2,706,782 during the year ending December 31, 2024. These loans consisted of 30 bitcoin, including 10 bitcoin valued at $867,564 repaid to an officer and director of the Company.

The loans are unsecured and bear interest at fixed monthly fees ranging from 6.0% to 10.0% per annum, based on the value of the loans at the time of issuance or at a variable rate equal to bank prime plus 5% per annum based on the current value of the loan .

The total interest incurred under these agreements for the year ended December 31, 2024 was $810,581 (2023 - $927,939), of which $202,228 (2023 - $216,000) was incurred with an officer and director of the Company and $95,358 (2023 - $103,407) was incurred with a director of the Company. This expense has been recorded within Finance fees.

Of the total balance of 165 bitcoins outstanding at December 31, 2024, 75 bitcoins valued at $10,085,183 were initially due to mature on March 20, 2025, but automatically renew for successive annual terms unless the holder provides a notice to forego the renewal at least 90 days prior to the initial maturity date. As no such notice was received, the maturity date of these loans has been extended to March 20, 2026. The remaining 90 bitcoins, valued at $12,102,714, are redeemable by the holder with 12 months' advance notice. Consequently, all outstanding cryptocurrency loans have been classified as long-term liabilities as at December 31, 2024.

At each reporting period, the Company revalues the outstanding loans based on current market price of the cryptocurrencies, using CoinMarketCap. For the year ended December 31, 2024, the Company recognized an unrealized fair value loss of $13,974,453 (2023 – loss of $7,421,089), as a result of an increase in the price of the cryptocurrencies.

Whenever any borrowed cryptocurrencies are used in operations or to secure borrowings under the line of credit (Note 16), an equal amount of cryptocurrency is purchased, which effectively allows the Company to eliminate any price exposure to those borrowed coins once they have been used. Therefore, the $13,974,453 in unrealized loss (2023 - $7,421,089 unrealized loss) was mostly offset by a $2,530,692 realized gain (2023 - $622,535 realized gain) and a $10,666,963 unrealized gain (2023 - $6,702,036 unrealized gain) recorded in Other Comprehensive Income, that were recognized related to cryptocurrencies held by the Company in digital assets.

(Expressed in Canadian dollars, except where otherwise stated)

14. INVENTORY

As at		December 31, 2024			December 31, 2023	
		Value	Units		Value	Units
Bitcoin	$	1,344,691	10	$	560,012	10
Ethereum		22,174	5		26,276	9
Other		11,775			7,558	
Total	**$**	**1,378,640**		$	**593,846**	

At each reporting period, the Company revalues its cryptocurrency inventory balances at the lower of cost or net realizable value. Any reversal of amounts previously written down are recognized on the income statement in the period in which the reversal occurs. Write-downs are limited to the cost of the inventory, as previously stated.

Changes in the market value of bitcoin and other cryptocurrencies held as inventory are considered outside the normal course of operations. The company maintains a static amount of bitcoin inventory for regular business activities. Therefore, increases or decreases in inventory cost and valuation due to market value fluctuations are presented separately from the cost of coins sold. For the year ended December 31, 2024, a fair value gain of $784,679 (2023 – gain of $12,401) was recognized due to these market value changes.

(Expressed in Canadian dollars, except where otherwise stated)

15. CONVERTIBLE DEBT

Year Ended December 31		2024		2023
Debenture A	**$**	**4,100,000**	$	5,000,000
Debenture A - Royalty liability		**1,194,636**		-
Debentures B		**1,121,316**		1,121,316
Debentures C		**1,224,815**		-
Total		**7,640,767**		6,121,316
Less: current portion		**(243,698)**		-
	$	**7,397,069**	**$**	6,121,316

Debenture A

The Company had an outstanding secured convertible debenture ("Debenture A") in the principal amount of $5,000,000 owing to Beyond the Rhode Corp ("BTR"), a company controlled by a director of Bitcoin Well. The convertible Debenture incurs interest at Prime + 6.2% per annum, matures on May 1, 2028, and is convertible into common shares of the Company at a price of $0.25 per share at the election of the holder at any time. The outstanding principal balance of Debenture A was reduced to $4,100,000 as of December 31, 2024, due to a $900,000 principal repayment in December 2024.

The Company has the right to force conversion of the principal amount if the volume weighted average trading price of the common shares for ten trading days equals or exceeds $0.50 per common share. The Company also has the option to repay any amounts of the Debenture A with no penalty, at any time.

The Debenture A also provides for the payment of a monthly royalty to the holder equal to between 12% and 20% of the gross profit, defined as revenue less the cost of coins, generated from the Online Bitcoin Portal, until the latter of three months after the most recent conversion date or the maturity date. No royalty payments shall be made if the aggregate amount of all interest payments, future interest payments and royalty payments would exceed 24% per annum.

During the year ended December 31, 2024, the Company incurred interest of $646,043 (2023 - $688,348) and paid royalties of $66,558 (2023 - $10,611) related to Debenture A.

Debenture A - Royalty liability

The Company has determined that the royalty payments, which are required by Debenture A, constitute an embedded derivative liability that needs to be measured at fair value every reporting period. The Company had previously concluded that the fair value of these royalty payments was not substantial enough to affect the company's consolidated financial statements, the situation has now changed. Due to a projected significant increase in future gross profit from the Online Bitcoin Portal, the Company has re-evaluated the royalty embedded derivative. The revised fair value is $1,194,636 as of December 31, 2024, and the resulting change in fair value has been recognized in profit and loss. This fair value was determined by discounting the revised expected future cash flows from the Bitcoin Online Portal at an annual rate of 15%.

Debentures B

The Company has outstanding secured convertible debentures in the principal amount of $1,121,613 owing to various arm's length parties (the “Debentures B”). The convertible debentures incur interest at the Bank of Canada policy interest rate + 8% per annum and mature between February 16, 2026 and March 28, 2026, subject to two automatic one year extensions. The Debentures B are convertible into common shares of the Company at a price of $0.15 per share at the election of the holder at any time.

The Company has the right to force conversion of the principal amount of the Debentures B if the volume weighted average trading price of the common shares for ten trading days equals or exceeds $0.30 per common share. The Company also has the option to repay any amounts of these debentures with no penalty, with 30 days notice.

During the year ended December 31, 2024, the Company recognized $140,218 (2023 - $127,132) in interest related to the Debentures B.

Debentures C

On December 30, 2024, the Company issued 2,000 convertible debenture units of Bitcoin Well (the "Debenture Units") at a price of $1,000 per Debenture Unit for aggregate gross proceeds of $2,000,000 pursuant to a brokered and non-brokered offering (collectively the "Offering"). Each Debenture Unit consisted of: (i) one 8% $1,000 principal amount of unsecured convertible debenture (Debentures C); and (ii) 4,347 common share purchase warrants of the Company (each, a "Warrant"). Pursuant to the Offering, the Company issued a total of $2,000,000 principal amount of Debentures C and 8,694,000 Warrants.

The Debentures C bear interest of 8% per annum, payable semi-annually in arrears, on the first business day in July and January of each year, with the first interest payment to be made on July 2, 2025 (the "Interest Payment Date") and maturing on December 30, 2029 (the "Maturity Date"). The Company shall pay, on each Interest Payment Date, all interest in the form of common shares of the Company (the "PIK Interest Payment") or in cash, at the sole discretion of the Company. In the event the Company elects to make a PIK Interest Payment, it shall deliver such number of common shares, within 10 business days of the Interest Payment Date, as is determined by dividing the accrued and unpaid interest due and payable on the Interest Payment Date by the 10 day volume weighted average trading price ("VWAP") of the Common Shares on the TSXV, immediately preceding the Interest Payment Date.

The Debentures C are unsecured obligations of the Company and subordinated in right of payment to the prior payment in full of all secured indebtedness of the Company. The Debentures C will rank pari-passu with all existing subordinated debentures and all additional subordinated debentures issued by the Company from time to time.

Each $1,000 principal amount of Debentures is convertible into 4,347 common shares of the Company at the option of the holder thereof, at a conversion price of $0.23 per share.

Beginning on the date that is four months and one day following the closing date of December 30, 2024, if the VWAP of the common shares on the TSXV is greater than $0.32 for a period of 10 consecutive trading days, the Company may, within 10 business days of the occurrence of such event, force the conversion of the Debentures C by giving notice (the "Debenture Conversion Notice") to the holders of the Debentures C, and issuing a concurrent press release, and, in such case, the conversion date of the Debentures C shall be the date specified by the Company in the Debenture Conversion Notice, provided such date shall not be less than 30 trading days following delivery of the Debenture Conversion Notice.

Each Warrant is exercisable to acquire one common share for an exercise price of $0.30 until December 30, 2029. If, at any time prior to the expiry date of the Warrants, the VWAP of the common shares on the TSXV is greater than $0.42 for a period of 10 consecutive trading days, the Company may, within 10 business days of the occurrence of such event, accelerate the expiry date of the Warrants by giving notice (the "Warrant Acceleration Notice"), and issuing a concurrent press release, and, in such case, the expiry date of the Warrants shall be the date specified by the Company in the Warrant Acceleration Notice, provided such date shall not be less than 30 trading days following delivery of the Warrant Acceleration Notice.

In connection with the brokered portion of the Offering, the Company: (i) paid to the agents a cash commission of $77,000; (ii) issued to the agents 334,782 non-transferrable compensation options of the Company (the "Compensation Options"), with each Compensation Option exercisable at any time prior to December 30, 2029 at $0.23 to purchase one unit of the company (the "Compensation Option Units"), with each Compensation Option Unit comprised of one common share in the capital of the Company and one Warrant; and (iii) paid a corporate finance fee of $66,000, satisfied by way of issuing 286,956 units of the Company (the "Corporate Finance Fee Units"), with each Corporate Finance Fee Unit comprised of one common share and one Warrant.

The Debentures C are classified as a liability in the consolidated statement of financial position with an equity component representing the conversion feature as well as the Warrants issued. The liability component was initially recognized at fair value, calculated as the present value of future cash flows discounted at a market rate of interest of 15.0% for similar non-convertible instruments. The residual amount was allocated to the equity components and recorded within equity. The effective interest rate method is being used to amortize the liability component over the term of the Debentures.

The net proceeds were allocated to the liability component in the amount of $1,224,815 (net of share issuance costs of $294,700), to the conversion option in the amount of $316,881 (net of issue costs of $76,244), and to the Warrants in the amount of $76,157 (net of issuance costs of $16,943).

The net proceeds of the Offering will be used for working capital, general corporate purposes and for the purchase of bitcoin.

16. LINE OF CREDIT

The Company has a line of credit with Ledn, a lending firm that provides bitcoin-backed USD denominated loans. As at December 31, 2024, the line of credit accrues interest at 13.4% per annum and matures in various tranches from October 2025 to December 2025. These tranches can be extended for additional 12-month terms, subject to mutual agreement.

The line of credit requires the Company to hold a mix of cryptocurrency assets and cash (collectively the "Collateral") with the lender such that the debt outstanding will not exceed 70% of the Collateral (the "Loan to Value"). If the Loan to Value exceeds 70%, the lender may require the Company to deposit additional collateral with the lender to reduce the Loan to Value to 50%. If the Loan to Value exceeds 80%, the Company will be in default and the lender will be able to immediately demand repayment of the line of credit and exercise all of its rights and remedies available to collect on the outstanding balance, including liquidating the collateral held.

As at December 31, 2024, the lender held 142 Bitcoin with a fair value of $19.1 million as security over the line of credit, representing a Loan to Value of 51%.

During the year ended December 31, 2024, the Company recognized $930,851 in interest related to the line of credit (2023 - 360,552).

17. SEGMENTED INFORMATION

The Company reports two operating business segments: Bitcoin ATMs and Online, as well as a head office segment that includes overhead and administrative expenditures applicable to the whole business. These segments have been identified by management based on components of the business containing similar economic characteristics.

The Bitcoin ATMs segment comprises sales and expenses related to the Company's Bitcoin ATMs, while the Online segment includes sales and expenses related to the Company's online bitcoin portal and Bitcoin Well Infinite (large bitcoin transactions) sales revenue. Management reviews the financial information for each of these segments separately when making business decisions.

Included in the Online segment for the year ended December 31, 2024 was fee revenue of $87,537 generated from customers located in the United States. Revenue generated from customers located in the United States was nominal for the year ended December 31, 2023. All of the Company's operations, property and equipment, intangible assets and goodwill are located in Canada.

(Expressed in Canadian dollars, except where otherwise stated)

Year ended December 31, 2024	ATMs	Online	Head office	Total
Sales	$ 24,247,848	$ 66,265,552	$ -	$ 90,513,400
Cost of coins	(21,222,120)	(65,320,672)	-	(86,542,792)
Gross profit	3,025,728	944,880	-	3,970,608
Gross profit margin %	12.5%	1.4%		4.4%
Expenses				
General and administration	1,678,545	114,356	1,014,614	2,807,515
Salaries and wages	248,501	278,045	445,301	971,847
Depreciation and accretion	436,982	-	214,920	651,902
Financing fees	-	-	2,567,439	2,567,439
Marketing and advertising	-	-	1,133,239	1,133,239
Professional fees	3,388	3,388	421,399	428,175
Software	-	24,930	260,792	285,722
Other items	-	-	12,901,886	12,901,886
Segment income (loss)	658,312	524,161	(18,959,590)	(17,777,117)
Total assets	$ 2,590,295	$ 623,707	$ 24,810,497	$ 28,024,499
Total liabilities	$ -	$ -	$ (41,018,030)	$ (41,018,030)

Year ended December 31, 2023	ATMs	Online	Head office	Total
Sales	$ 32,499,930	$ 22,031,908	$ -	$ 54,531,838
Cost of coins	(28,020,544)	(21,685,125)	-	(49,705,669)
Gross profit	4,479,386	346,783	-	4,826,169
Gross profit margin %	13.8%	1.6%		8.9%
Expenses				
General and administration	1,900,366	117,519	781,386	2,799,271
Salaries and wages	398,514	445,893	745,012	1,589,419
Depreciation and accretion	694,077	-	722,805	1,416,882
Financing fees	-	-	2,285,183	2,285,183
Marketing and advertising	-	-	384,779	384,779
Professional fees	6,193	6,194	274,563	286,950
Software	-	-	206,544	206,544
Other items	-	-	7,639,758	7,639,758
Segment income (loss)	1,480,236	(222,823)	(13,040,030)	(11,782,617)
Total assets	$ 2,768,206	$ 218,602	$ 11,919,388	$ 14,906,196
Total liabilities	$ -	$ -	$ 24,056,782	$ 24,056,782

18. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its shareholders' equity, convertible debt, loans payable, loans payable - cryptocurrency, and line of credit. The Company's objectives when managing capital are:

- Maintaining adequate liquidity reserves and access to capital.
- Ensuring sufficient liquidity to support its corporate and administrative functions as well as being able to execute on strategic initiatives.
- Minimizing the impact of the current market and economic conditions through active capital management.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company is subject to externally imposed capital requirements related to its line of credit, see Note 16.

19. RISK MANAGEMENT

19.1 Financial Risk Management

The Company may be exposed to various financial risks, which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management strategy is to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. Assets that subject the Company to credit risk consist primarily of cash, digital assets, and accounts receivable.

The Company limits its exposure to credit loss related to its cash by placing its cash with high quality financial institutions. The Company is also exposed to the risk of loss from theft of its cash held in ATM machines or in transit from ATM machines to financial institutions. This risk is mitigated by having no concentration of cash in any one location, the regular collection of cash from ATM machines and by using reputable service organizations to transport cash from its ATM machines to financial institutions.

Credit risks related to the Company's digital assets include that a portion of these assets are held by third parties, including lenders and liquidity partners. The Company is also exposed to the risk of loss associated with digital assets held in its controlled wallets. To mitigate these risks, the Company has implemented rigorous levels of internal controls to ensure the safety and security of its digital assets, including but not limited to multi-signature wallets, the use of cold storage wallets, and signing authority limitations.

The Company may, from time to time, hold a net asset position with its liquidity partners. The Company limits its exposure to potential credit loss by ensuring it is working with liquidity partners who have a high standard of care, and that a reasonable degree of oversight and review over their internal controls has been maintained, including the requirement of a current Systems and Organization Controls 2 ("SOC 2") report in order for the Company to work with the liquidity partner.

A significant portion of the Company's digital assets are also held by its lender as collateral for the line of credit (note 16). The Company does not hold, or have rights to the potential economic benefits of the cryptocurrency assets that comprise the collateral for the duration of the line of credit. The lender is also not required to deposit the collateral with a custodial service for safekeeping, and the lender can pledge, sell, lend, or transfer the collateral to third parties.

(Expressed in Canadian dollars, except where otherwise stated)

As disclosed in Note 5, in October 2023, Rapid Cash suddenly uninstalled and removed the Company's software from Rapid Cash's ATMs that were operating in the Company's partner program. As a result, the Company terminated its hosting agreement with Rapid Cash who previously operated approximately 100 ATM machines under the Company's partner program. The Company is vigorously pursuing its rights under the contract and has commenced an action against Rapid Cash before the Alberta Court of King's Bench.

The amount included in accounts receivable - other at December 31, 2024 primarily consists of the Company's cash in ATM machines that was withheld by Rapid Cash. The Company believes it will be successful in recovering its cash from Rapid Cash, but there can be no certainty of this, and therefore, the Company's accounts receivable is also subject to credit risk.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they come due. As at December 31, 2024 the Company had a positive working capital balance of $16,046,995 (December 31, 2023 – $6,649,030).

As at December 31, 2024, the Company had cash of $2,875,766 (December 31, 2023 – $1,668,922) and short term liabilities in the table below:

As at December 31		**2024**		**2023**
Accounts payable	$	**268,544**	$	490,218
Accrued liabilities		**293,590**		262,478
Deferred revenue		**734,893**		-
Lease liability		**32,403**		57,208
Convertible debt - current		**243,698**		-
Acquisition consideration payable		**167,260**		186,027
Line of credit		**9,643,793**		5,914,146
Loans payable		**-**		100,000
Total	**$**	**11,384,181**	**$**	7,010,077

Accounts payable, accrued liabilities, deferred revenue, lease liabilities, current portion of convertible debt, and acquisition consideration payable will be paid in fiscal year 2025, as they become due.

The line of credit is expected to continue to be extended as required by the Company and agreed to by the lender. However, there is no guarantee the tranches advanced under the line of credit will be extended by the lender in the future. The Company's line of credit is also subject to minimum collateral covenants, which if insufficient, could result in default, and the requirement to immediately repay any balances outstanding. Should such an event occur, the lender may also dispose of the digital assets that it currently holds as collateral for the line of credit. See *note 16* for additional information.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. During the year ended December 31, 2024, the Company improved its liquidity further by completing an equity offering for gross proceeds of $2.3 million (see Note 20) as well as a convertible debenture offering for gross proceeds of $2.0 million (see Note 15). The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

c) Foreign Currency Risk

The Company is exposed to foreign currency risk in relation to its line of credit, which is denominated in USD. Based on the balance of the line of credit denominated in USD at December 31, 2024, a 5% increase or decrease in the exchange rate would result in a gain or loss of $482,190. The Company is not currently exposed to any other significant foreign exchange risk.

d) Digital Asset and Market Risk

Digital asset and market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to market risk on cryptocurrency held as digital assets and inventory, as well as its cryptocurrency loans. Cryptocurrency 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 cryptocurrencies could negatively impact the Company's future operations. The Company has not hedged the conversion of its inventory into sales. Cryptocurrencies have a limited history, and the fair value historically has been volatile. Historical performance of cryptocurrencies is not indicative of their future price performance. The Company's inventory consists primarily of Bitcoin and Ethereum.

With a 10% change to the price of bitcoin, the Company's digital assets at December 31, 2024 would increase or decrease by $2,237,440 and the Company's loans payable - crypto currency would increase or decrease by $2,218,790.

e) Interest rate risk

The Company is exposed to interest rate cash flow risk associated with its Debenture A and Debentures B as these instruments bear interest at a variable market rate. With a 100 basis point change in market interest rates, the Company's annual interest expense related to these debts would increase or decrease by $52,213.

The Company is not exposed to significant interest rate risk on its line of credit, Debenture C, and loans payable - crypto currency as the majority of these liabilities incur interest at a fixed rate.

19.2 Fair Values

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, loans payable, acquisition consideration payable, and line of credit approximate their fair values due to their short-term nature. The carrying value of the Company's convertible debt (excluding the royalty derivative liability) does not differ significantly from its carrying value using observable inputs as the debt bears interest at a variable rate or at fixed rates that approximate market rates for debt of similar characteristics.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(Expressed in Canadian dollars, except where otherwise stated)

The Company's financial instruments and digital assets have been classified as follows:

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair value through profit and loss				
Cryptocurrency loans	$ -	$ -	$ 10,920,226	$ 10,920,226
Investments	-	-	12,365	12,365
Fair value through other comprehensive income				
Digital assets	-	10,224,666	-	10,224,666
Total	**$ -**	**$ 10,224,666**	**$ 10,932,591**	**$ 21,157,257**

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair value through profit and loss				
Cryptocurrency loans	$ -	$ -	$ 22,187,896	$ 22,187,896
Royalty liability	-	-	1,194,636	1,194,636
Fair value through other comprehensive income				
Digital assets	-	22,374,404	-	22,374,404
Total	**$ -**	**$ 22,374,404**	**$ 23,382,532**	**$ 45,756,936**

20. EQUITY

20.1 Authorized Share Capital

The Company is authorized to issue the following:

- Unlimited number of voting common shares, without nominal or par value.
- Unlimited number of non-voting preferred shares, without nominal or par value.

20.2 Shares issued

Fiscal 2024

On March 22, 2024, the Company completed a private placement offering of an aggregate of 13,352,797 units of the Company ("Units") at a price of $0.175 per Unit for aggregate gross proceeds of $2,336,740. Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at a price of $0.275 per share, subject to adjustment in certain events, at any time until March 22, 2027.

In connection with the offering, the Company paid to the agent, Haywood Securities Inc., (i) a cash commission of $156,556; (ii) non-transferrable compensation options of the Company exercisable at any time prior to March 22, 2027 to acquire up to 894,603 Units of the Company ("Agent Options") at a price of $0.175 per option; and (iii) a corporate finance fee of $100,000 (plus applicable taxes), which was paid 25% in cash and 75% by the issuance of 428,571 Units of the Company (the "Corporate Finance Fee Units"). The Agent Option Units and the Corporate Finance Fee Units have the same terms as the Units sold in the private placement.

The net proceeds have been allocated between share capital and Warrants in the amounts of $1,681,035 (net of share issuance costs of $451,648), and $208,779 (net of issue costs of $58,278), respectively. The gross proceeds allocated to share capital was based on the market value of the Company's common shares of $0.155 at the closing of the private placement with the residual value being allocated to the value of the Warrants.

The Company used the net proceeds of the equity private placement for sales and marketing, working capital and for general corporate purposes.

During the year ended December 31, 2024, the Company also issued the following common shares:

- 2,540,887 common shares were issued to various non-arm's length parties for marketing and sponsorship services provided to the Company in the amount of $246,339;
- 1,071,629 common shares were issued upon the exercise of stock options;
- 860,000 common shares were issued upon the exercise of warrants; and
- 286,956 common shares were issued related to a corporate finance fee paid to the agents as part of the December convertible debt private placement.

Fiscal 2023

On September 1, 2023, the Company closed a non-brokered private placement totaling 23,291,985 units of Bitcoin Well at a price of $0.06 per unit for aggregate gross proceeds of $1,397,519. Each unit was composed of one common share in the Company and one common share purchase warrant exercisable into one common share at a price of $0.18 per share until September 1, 2026.

During the year ended December 31, 2023, the Company also issued 1,152,273 common shares value at $63,275 to the former shareholders of Equibytes in order to extinguish the remainder of its acquisition consideration payable liability.

20.3 Incentive Plan

Long-term Incentive Plan ("LTIP")

The Company periodically grants stock options to purchase common shares of the Company to certain officers, directors, and employees.

On February 28, 2024, the Company granted 9,650,000 stock options to officers, directors, and employees of the Company pursuant to the Company's stock option Plan. Each stock option is exercisable to acquire one common share at a price of $0.14 per share until December 31, 2025.

(Expressed in Canadian dollars, except where otherwise stated)

On April 15, 2024, the Company granted 500,000 stock options to a consultant of the Company pursuant to the Company's stock option Plan. Each stock option is exercisable to acquire one common share at a price of $0.12 per share until April 15, 2026. Stock options issued are summarized below:

	Number of options		Weighted average exercise price
Options outstanding, December 31, 2022	10,051,339		0.12
Granted	966,249		0.06
Forfeited	(2,931,343)		0.09
Options outstanding, December 31, 2023	**8,086,245**	**$**	**0.09**
Granted	10,150,000		0.14
Forfeited	(1,712,221)		0.14
Exercised	(1,071,629)		0.05
Options outstanding, December 31, 2024	**15,452,395**	**$**	**0.12**
Options exercisable, December 31, 2023	4,819,280	$	0.10
Options exercisable, December 31, 2024	**7,386,816**	**$**	**0.10**

The Company had the following stock options outstanding and exercisable, at December 31, 2024:

Outstanding				Exercisable	
Exercise Price	Number of options outstanding	Weighted average exercise price	Weighted average remaining life (months)	Weighted average exercise price	Number of options exercisable
$ 0.20	150,000	$ 0.20	13	$ 0.20	150,000
0.30	200,000	0.30	13	0.30	200,000
0.34	294,117	0.34	7	0.34	294,117
0.31	91,553	0.31	21	0.31	91,553
0.18	896,278	0.18	24	0.18	597,518
0.07	2,929,881	0.07	31	0.07	2,929,881
0.05	2,740,566	0.05	29	0.05	2,623,747
0.14	7,650,000	0.14	12	0.14	-
0.12	500,000	0.12	15	0.12	500,000
	15,452,395	**$ 0.12**	**19**	**$ 0.10**	**7,386,816**

(Expressed in Canadian dollars, except where otherwise stated)

During the year ended December 31, 2024, the Company recorded a total of $467,952 (2023 - $211,862) as share based payments related to stock options.

The compensation expense was based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model. The weighted average valuation assumptions used in valuing the stock options granted were as follows:

Year ended December 31		**2024**		**2023**
Expected life (years)		1.8		5
Expected volatility		162%		195%
Dividend rate		-		-
Risk-free interest rate		4.30%		3.40%
Weighted average fair value per option granted	**$**	**0.10**	**$**	**0.05**

20.4 Warrants

Warrants issued are summarized below:

	Number of warrants		**Weighted average exercise price**
Warrants outstanding, December 31, 2022	14,569,000		0.375
Granted	30,291,985		0.18
Expired	(14,569,000)		0.375
Warrants outstanding, December 31, 2023	**30,291,985**	**$**	**0.15**
Granted - equity private placement	6,890,684		0.275
Granted - convertible debenture private placement	8,980,956		0.30
Exercise of warrants	(860,000)		0.05
Warrants outstanding, December 31, 2024	**45,303,625**	**$**	**0.20**

(Expressed in Canadian dollars, except where otherwise stated)

The following table summarizes the warrants that were outstanding as at December 31, 2024:

Exercise price	Number of warrants	Expiry Date
$ 0.05	6,140,000	September 7, 2028
$ 0.18	23,291,985	September 1, 2026
$ 0.275	6,890,684	March 22, 2027
$ 0.30	8,980,956	December 30, 2029
Warrants outstanding, December 31, 2024	**45,303,625**	

Fiscal 2024

During the year ended December 31, 2024, the Company issued 6,890,684 Warrants in conjunction with the March 2024 equity private placement. The Warrants are exercisable into one common share at a price of $0.275 per share, expiring on March 22, 2027. The warrants were valued at $208,779 (net of issue costs of $58,278), being the residual value of the Units issued after deducting the value of the common shares issued in the private placement.

As part of a private placement of convertible debt in December 2024, the Company issued 8,694,000 Warrants to subscribers and 286,956 Warrants related to a corporate finance fee paid to the agents. In total, 8,980,956 Warrants were issued. The Warrants are exercisable into one common share at a price of $0.30 per share, expiring on December 30, 2029. The Warrants were valued at $76,157 (net of issue costs of $16,943), being the residual value after deducting the value of the convertible debt issued in the private placement.

Fiscal 2023

During the year ended December 31, 2023, the Company issued 23,291,985 Warrants in conjunction with a non-brokered equity private placement. The Warrants are exercisable into one Common Share at a price of $0.18 per share for a period of three years, expiring on September 1, 2026. In addition, the Company granted 7,000,000 warrants to two former employees. These warrants are exercisable into common shares at a price of $0.05 per warrant and expire on September 7, 2028.

(Expressed in Canadian dollars, except where otherwise stated)

20.5 Agent Options

In connection with the March 2024 equity private placement, the Company granted Agent Options to acquire 894,603 Units. The Agent Options are exercisable at a price of $0.175 per option and expire on March 22, 2027. Each Unit consisted of one common share and one Warrant of the Company, exercisable at a price of $0.275 per share, and expiring on March 22, 2027. The Agent Options were valued at $156,555 using the Black-scholes option pricing model with the following assumptions:

Agent Options issued		
Expected life (years)		3
Expected volatility		157%
Dividend rate		-
Risk-free interest rate		4.13%
Fair value per Agent Options granted	**$**	**0.175**

In connection with the December 2024 convertible debenture private placement, the Company granted Compensation Options to acquire 334,782 Compensation Option Units. The Compensation Options are exercisable at a price of $0.23 per option and expire on December 30, 2029. Each Compensation Option Unit consists of one common share and one Warrant, exercisable at a price of $0.30 per Warrant and expiring on December 30, 2029. The Compensation Options were valued at $36,826 using the Black-scholes option pricing model with the following assumptions:

Agent Options issued		
Expected life (years)		5
Expected volatility		138%
Dividend rate		-
Risk-free interest rate		2.94%
Fair value per Agent Option granted	**$**	**0.11**

As at December 31, 2024, all of the Agent Options and Compensation Options remained outstanding.

(Expressed in Canadian dollars, except where otherwise stated)

21. REVENUE

The Company generates revenue through the sale of its inventory (cryptocurrency). These sales are transacted to customers, as well as to arms-length cryptocurrency exchanges. The below table summarizes both sources of revenue reported.

Year ended December 31		2024		2023
Customers	$	**63,676,126**	$	49,191,914
Cryptocurrency exchanges		**26,749,737**		5,339,924
Transaction fee revenue		**87,537**		-
Total sales	$	**90,513,400**	$	54,531,838

The Company recognizes revenue when customers purchase cryptocurrency and it is transferred to the customer's account. The Company's performance obligation is the confirmed transfer of the purchased cryptocurrency to the customer's wallet. The Company purchases bitcoin and other cryptocurrencies from cryptocurrency exchanges and applies a margin spread before selling it to customers.

The amounts sold to and purchased from the Company's customers are recorded as revenue on a gross basis, and the inventory sold is the cost of coin, as the Company is the principal in the cryptocurrency sale transaction. The Company has been determined to be the principal because it controls the cryptocurrency before delivery to the customer, the Company is primarily responsible for the delivery of the cryptocurrency to the customer, the Company is exposed to risks arising from fluctuations in the market prices of cryptocurrencies before delivery to the customer, and the Company has discretion in setting prices charged to the customer. Sales to cryptocurrency exchanges represents coins sold to exchanges as a function of managing the Company's coin inventory balance.

Cryptocurrency revenue may fluctuate as a result of changes in customer demand or the market price of the cryptocurrencies.

(Expressed in Canadian dollars, except where otherwise stated)

The Company recently expanded its Online Portal to serve customers located in the United States. Transactions conducted with US based customers are currently facilitated through a third party service provider that purchases and sells the cryptocurrency directly with the customers. The Company is compensated by the third party service provider through a monthly per transaction fee based on a sliding scale dependent on quarterly volumes.

22. GENERAL AND ADMINISTRATION

Year ended December 31		**2024**		**2023**
Service costs	$	**1,879,312**	$	2,214,182
Office expenses		**195,382**		322,579
Travel and meals		**47,980**		15,331
Automobile		**6,774**		6,701
Rent and lease payments		**42,993**		27,907
Consulting fees		**632,093**		116,745
Other		**2,981**		95,826
Total	**$**	**2,807,515**	$	2,799,271

Service costs include cash logistics, ATM operating costs, and costs related to hosting ATMs.

(Expressed in Canadian dollars, except where otherwise stated)

23. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share for the years ended December 31, 2024 and 2023.

Year ended December 31		2024		2023
Numerator				
Net loss for the period	$	**(17,777,117)**	$	(12,024,324)
Denominator				
Basic - weighted average number of shares outstanding		**212,397,679**		182,810,690
Effective dilution - nil as loss position for 2024 and 2023		**-**		-
Diluted - weighted average number of shares outstanding		**212,397,679**		182,810,690
Loss per share - basic	$	**(0.08)**	$	(0.07)
Loss per share - diluted	$	**(0.08)**	$	(0.07)

24. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported income tax expense is as follows:

Year ended December 31		2024		2023
Loss before income taxes	$	**(17,777,117)**	$	(11,782,617)
Statutory income tax rate		**23.48%**		24.12%
Expected income tax expense (recovery)	$	**(4,174,949)**	$	(2,842,065)
Non-deductible expenses		**111,599**		127,104
Change in unrecognized deductible temporary differences		**4,063,350**		2,714,961
Total income tax expense	$	**-**	$	-

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates.

(Expressed in Canadian dollars, except where otherwise stated)

The significant components of the Company's deferred tax assets and liabilities are as follows:

As at December 31		2024		2023
Property and equipment	$	**138,481**	$	85,794
Intangible assets		**173,203**		170,746
Digital assets		**(4,028,785)**		(1,391,465)
Loans payable – crypto currency		**4,663,109**		1,418,611
Right of use assets and lease liabilities		**615**		958
Non-capital losses carried forward		**4,324,899**		3,977,090
		5,271,522		4,261,734
Unrecognized deferred tax asset		**(5,271,522)**		(4,261,734)
Net deferred tax asset	$	-	$	-

The Company's Canadian non-capital losses available to carry forward were $18,415,610 at December 31, 2024 and expire in years ranging from 2040 to 2044. The Company did not recognize any net deferred tax assets related to its non-capital losses due to the uncertainty that sufficient taxable income will be generated in the future to utilize these losses.

25. SUBSEQUENT EVENTS

Shares for Debt Settlement

Subsequent to December 31, 2024, the Company issued 536,408 common shares in the capital of the Company at a deemed price of $0.19 per share and 206,381 common shares at a deemed price of $0.152 per share to settle total outstanding debt obligations of $133,289. The debt obligations related to accrued interest owing pursuant to certain cryptocurrency loans and a convertible debt agreement.