



BITCOIN WELL

TSX.V:**BTCW** OTCQB:**BCNWF**

Unaudited Condensed Consolidated Interim Financial Statements

For the Three Months ended March 31, 2024 and 2023

As at	Note	March 31, 2024	December 31, 2023
Assets			
Current assets			
Cash	\$	3,085,056	\$ 1,668,922
Accounts receivable	11	568,840	570,689
Digital assets	3	16,657,840	10,224,666
Inventory	6	1,091,101	593,846
Deposits and prepaid expenses		659,620	600,984
		22,062,457	13,659,107
Non-current assets			
Property and equipment		643,024	731,195
Right of use assets		61,875	58,404
Intangible assets		177,493	339,698
Goodwill		105,427	105,427
Investments		12,365	12,365
Total assets	\$	23,062,641	\$ 14,906,196
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$	1,496,735	\$ 752,696
Lease liability		28,975	57,208
Contingent consideration		180,157	186,027
Line of credit	8	5,957,608	5,914,146
Loans payable		-	100,000
		7,663,475	7,010,077
Non-current liabilities			
Lease liability - long term		33,634	5,163
Convertible debt	7	6,121,316	6,121,316
Loans payable - cryptocurrency	5	17,845,588	10,920,226
Loans payable - long term		40,000	-
Total liabilities		31,704,013	24,056,782
Shareholders' deficit			
Share capital	12	14,864,721	13,246,686
Contributed surplus	12	3,556,910	3,332,772
Warrants	12	829,727	620,948
Accumulated deficit		(42,842,786)	(34,718,093)
Accumulated other comprehensive income		14,950,056	8,367,101
Total shareholders' deficit		(8,641,372)	(9,150,586)
Total liabilities and shareholders' equity	\$	23,062,641	\$ 14,906,196

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except for number of and earnings per share)

Three months ended March 31	2024	2023
Revenue		
Sales revenue	13 \$ 16,181,120	\$ 12,416,760
Cost of coins		
	(14,973,694)	(11,331,006)
Gross profit		
	1,207,426	1,085,754
Expenses		
General and administration	14 736,410	550,248
Salaries and wages	194,360	565,092
Depreciation and accretion	262,453	385,133
Financing fees	5, 7 644,147	449,802
Marketing and advertising	149,815	50,366
Professional fees	104,194	79,535
Software	48,112	55,618
	2,139,491	2,135,794
Loss before other items		
	(932,065)	(1,050,040)
Other items		
Fair value change - cryptocurrency loans	5 (7,876,112)	(3,453,925)
Share based compensation	(67,583)	(80,680)
Foreign exchange loss	(121,512)	(19,130)
Gain (loss) on debt settlement	20,000	(5,177)
Fair value change - cryptocurrency inventory	-	12,955
Realized gain on digital assets	852,579	405,502
Loss before income taxes		
	(8,124,693)	(4,190,495)
Income tax expense (recovery)		
Current	-	(279,903)
Deferred	-	(387,224)
Net loss		
	(8,124,693)	(3,523,368)
Other comprehensive income		
Revaluation gain on digital assets, net of tax	5 6,582,955	2,498,175
Unrealized exchange gain on foreign subsidiaries	-	19,111
Total comprehensive loss		
	\$ (1,541,738)	\$ (1,006,079)
Net loss per common share		
Basic	\$ (0.04)	\$ (0.02)
Diluted	\$ (0.04)	\$ (0.02)
Weighted average number of common shares outstanding:		
Basic	201,538,615	174,382,887
Diluted	201,538,615	174,382,887

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

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

Three months ended March 31	2024	2023
Cash provided by (used in):		
Operating activities		
Net loss	\$ (8,124,693)	\$ (3,523,368)
Adjustments for:		
Depreciation and accretion	262,453	385,133
Fair value change - cryptocurrency loans	7,876,112	3,453,925
Fair value change - cryptocurrency inventory	-	(12,955)
Realized gain on digital assets	(852,579)	(405,502)
Deferred income tax	-	(387,224)
Foreign exchange loss	121,512	19,130
Share based compensation	67,583	80,680
(Gain) loss on debt settlement	(20,000)	3,924
	(669,612)	(386,257)
Changes in non-cash working capital items:		
Accounts receivable	1,848	102,001
Deposits and prepaid expenses	(58,637)	(58,900)
Inventory	(497,254)	206,020
Digital assets	1,002,360	3,188,408
Current income tax receivable	-	(255,480)
Accounts payable and accrued liabilities	740,028	(136,098)
Cash provided by operating activities	518,733	2,659,694
Financing activities		
Repayment of cryptocurrency loans	(950,750)	(2,388,471)
Payments of contingent consideration	(5,870)	(11,869)
Proceeds received from convertible debt	-	1,121,316
Proceeds from (repayments of) loans	(40,000)	1,050,000
Proceeds from (repayments of) line of credit	(78,049)	(3,300,000)
Repayment of lease liability	(11,299)	(46,908)
Shares issued pursuant to private placement	1,983,369	-
Cash provided by (used in) financing activities	897,401	(3,575,932)
Change in cash	1,416,134	(916,238)
Cash, beginning of period	1,668,922	3,946,525
Cash, end of period	\$ 3,085,056	\$ 3,037,896

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

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

	<u>Share Capital</u>					Accumulated Other Comprehensive Income	Total	
	Note	Number of Common Shares	Amount	Contributed Surplus	Warrants			Accumulated Deficit
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		1,333,333	40,000	-	-	-	-	40,000
Shares issued - Equibytes earn out		1,152,273	63,375	-	-	-	-	63,375
Shares and warrants issued - private placement		23,291,985	1,048,139	-	349,380	-	-	1,397,519
Share based compensation		-	-	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, net of tax		-	-	-	-	-	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 and warrants issued - private placement	12	13,781,368	1,618,035	156,555	208,779	-	-	1,983,369
Share based compensation	12	-	-	67,583	-	-	-	67,583
Net loss for the period		-	-	-	-	(8,124,693)	-	(8,124,693)
Revaluation gain on digital assets, net of tax		-	-	-	-	-	6,582,955	6,582,955
Balance at March 31, 2024		213,941,846	\$ 14,864,721	\$ 3,556,910	\$ 829,727	\$ (42,842,786)	\$ 14,950,056	\$ (8,641,372)

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 useful to everyday people to give them 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 a fleet of over 190 Bitcoin ATM machines placed and operating throughout Canada. The Online Bitcoin Portal platform offers customers the fastest and safest way to buy, sell and use bitcoin online. 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**".

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 21, 2024.

2. BASIS OF PRESENTATION

a) Statement of compliance and basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's audited consolidated financial statements for the year ended December 31, 2023 and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023. These consolidated financial statements have been prepared using the accrual basis of accounting, and fair value accounting where appropriate, except for cash flow information. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of March 31, 2024.

The preparation of these condensed consolidated interim financial statements in compliance with IAS 34 requires management to make certain accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgement and estimates have been made in preparing the financial statements are disclosed in note 2 of the Company's 2023 consolidated annual financial statements.

The functional currency for the Company and its subsidiaries is the Canadian dollar. The presentation currency for the Company is the Canadian dollar.

These condensed consolidated interim 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 three months ended March 31, 2024, the Company incurred a comprehensive loss of \$1,541,738 (Q1 2023 - loss of \$1,006,079) and reported a shareholders' deficit of \$8,641,372 at March 31, 2024 (December 31, 2023 - deficit of \$9,150,586).

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

Operations have been financed using a combination of equity cryptocurrency loans (Note 5), convertible debt (Note 7) which had balances of \$17,845,588 and \$6,121,316, respectively, at March 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 12). 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 expected operating expenses.

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.

b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, the Company's current active subsidiaries include Bitcoin Well Canada Ltd. and Ghostlab Inc. All intercompany transactions and balances have been eliminated on consolidation.

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

3. DIGITAL ASSETS

The Company classifies bitcoin holdings in excess of the inventory required for operations as digital assets. As at March 31, 2024, the price of bitcoin was \$96,463 which reflected an increase from its price of \$56,001 on December 31, 2023. The Company recognized an unrealized revaluation gain of \$6,582,955 during the quarter ended March 31, 2024 (three months ended March 31, 2023 - unrealized gain of \$2,498,175).

	Bitcoin	CAD \$ Value
Balance at December 31, 2022	267 \$	5,999,847
Additions	261	9,446,816
Transfers out	(345)	(11,924,033)
Revaluation	-	6,702,036
Balance at December 31, 2023	183 \$	10,224,666
Additions	2	151,890
Transfers out	(12)	(1,154,250)
Realized gain on disposal	-	852,579
Revaluation	-	6,582,955
Balance at March 31, 2024	173 \$	16,657,840

The Company recognizes realized gains and losses arising from the disposal of digital assets. Accordingly, for the three months ended March 31, 2024, a realized gain of \$852,579 (2023 - loss of \$3,924) was recognized.

4. 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.

Three months ended March 31		2024	2023
Salary, fees, and other short-term benefits	\$	158,263	\$ 153,170
Share based payments (Note 12)		17,847	60,017
Total	\$	176,110	\$ 213,187

Other related party transactions

During the three months ended March 31, 2024, the Company incurred \$265,754 (three months ended March 31, 2023 - \$215,017) of interest on crypto currency loans and convertible debentures owing to directors and officers of the company (see Notes 5 and 7 for additional information related to these loans).

5. LOANS PAYABLE – CRYPTOCURRENCY

The Company has entered into agreements (“Use of Coin Agreements”) whereby various parties have loaned their bitcoin and ethereum to the Company. These Use of Coin Agreements were entered into to help meet customer demand for cryptocurrency, allowing the Company to secure its Line of Credit (Note 8) to help facilitate this demand.

As at March 31, 2024, the Company’s cryptocurrency loans consisted of 185 bitcoins with a fair value of \$17,845,588 (December 31, 2023 - 195 bitcoins valued at \$10,920,226). Of this amount, 50 bitcoins, valued at \$4,823,132 (December 2023 - \$2,800,058) was owing to the Chief Executive Officer of the Company and 10 bitcoins, valued at \$964,626 (December 2023 - \$560,012) was owing to a director of the Company. The changes in fair value were a result of the fluctuating prices of cryptocurrency.

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
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The loans are unsecured and bear interest at fixed annual rates ranging from 6.0% to 10.0% per annum or at a variable rate equal to bank prime plus 5% per annum, based on the value of the loans at the time of issuance. The loans are only redeemable by the holder with 12 months advance notice and, therefore, have been classified as long-term liabilities at March 31, 2024.

During the three months ended March 31, 2024, the Company repaid cryptocurrency loans consisting of 10 bitcoin, valued at \$950,750 (2023 - \$2,388,471).

The total interest paid under these agreements for the three months ended March 31, 2024 was \$224,386 (2023 - \$218,805) of which \$54,000 (2023 - \$54,000) was paid to the Chief Executive Officer and \$24,951 (2023 - \$36,257) was paid to a director of the Company. This expense has been recorded within Finance Fees. At March 31, 2024, deposits and prepaid expenses included \$95,821 in prepaid interest related to Use of Coin Agreements with the Chief Executive Officer and director of the Company (December 31, 2023 - \$160,412).

At each reporting period, the Company revalues the outstanding loans based on current market price of the cryptocurrencies, using CoinMarketCap. For the three months ended March 31, 2024, the Company recognized an unrealized fair value loss of \$7,876,112 (2023 - loss of \$3,453,925), as a result of the change in the price of the cryptocurrencies.

Whenever any borrowed cryptocurrencies are used in operations, an equal amount of cryptocurrency is purchased and held on the Line of Credit (Note 8), which effectively allows the Company to eliminate any price exposure to those borrowed coins once they have been used. Therefore, the \$7,876,112 in unrealized loss (2023 - loss of \$3,453,925) was mostly offset by the \$6,582,955 unrealized gain recorded in Other Comprehensive Income, related to cryptocurrencies held by the Company.

6. INVENTORY

As at	March 31, 2024		December 31, 2023	
	Value	Units	Value	Units
Bitcoin	\$ 964,626	10	\$ 560,012	10
Ethereum	84,269	17	26,276	9
Other	42,205		7,558	
Total	\$ 1,091,100		\$ 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.

7. CONVERTIBLE DEBT

The Company has an outstanding secured convertible debenture (the "Convertible Debenture") 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 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 Convertible Debenture with no penalty, at any time.

The Convertible Debenture 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.

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

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 three months ended March 31, 2024, the Company paid \$167,500 (2023 - \$123,288) in interest and \$9,899 (2023 - \$1,472) in royalties related to the Convertible Debenture.

In addition, the Company has outstanding secured convertible debentures in the principal amount of \$1,121,613 owing to various arm's length parties. 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 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 these debentures 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 three months ended March 31, 2024, the Company paid \$29,861 (2023 - \$nil) in interest related to these debentures.

8. LINE OF CREDIT

The Company has a line of credit with Ledn, a lending firm that provides bitcoin-backed loans. The line of credit incurs interest ranging from 14.0% to 14.9% per annum and matures in tranches expiring in November 2024 and March 2025. During the three months ended March 31, 2024, the tranches that were previously scheduled to mature in May 2024 were extended until March 2025.

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. On March 31, 2024, the lender held 140 Bitcoin as security over the line of credit, with a fair value of \$13.5 million, representing a Loan to Value of 44%.

9. SEGMENTED INFORMATION

The Company reports two operating business segments: Bitcoin ATMs and Online (relating directly to the Online Bitcoin Portal), 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 Company recently expanded its Online Portal to now serve customers located in the United States. During the three months ended March 31, 2024, the Company generated \$289 thousand (\$214,000 USD) from customers located in the United States. During the year ended December 31, 2023, revenue generated from customers located in the United States was nominal. All of the Company's property and equipment, intangibles assets and goodwill are located in Canada.

The Bitcoin ATMs segment comprises sales and expenses related to the Company's Bitcoin ATMs, while the Online Bitcoin Portal segment includes sales and expenses related to the Company's bitcoin platform and prior to Q4 2023 OTC sales revenue. OTC services were integrated into the Online Bitcoin Portal in Q3 2023. Management reviews the financial information for each of these segments separately when making business decisions.

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

Three months ended March 31, 2024	ATMs	Online	Head office	Total
Sales	\$ 6,512,285	\$ 9,668,835	\$ -	\$ 16,181,120
Cost of coins	(5,393,754)	(9,579,940)	-	(14,973,694)
Gross profit	1,118,531	88,895	-	1,207,426
Gross profit margin %	17.2%	0.9%		7.5%
Expenses				
General and administration	467,631	29,807	238,972	736,410
Salaries and wages	49,698	55,606	89,056	194,360
Depreciation and accretion	183,469	-	78,984	262,453
Financing fees	-	-	644,147	644,147
Marketing and advertising	-	-	149,815	149,815
Professional fees	3,388	3,388	97,418	104,194
Software	-	-	48,112	48,112
Other items	-	-	7,192,628	7,192,628
Segment income (loss)	414,345	94	(8,539,132)	(8,124,693)
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Total assets	\$ 2,491,158	\$ 1,013,731	\$ 19,557,752	\$ 23,062,641
Total liabilities	\$ -	\$ -	\$ 31,704,013	\$ 31,704,013

Three months ended March 31, 2023	ATMs	Online	Head office	Total
Sales	\$ 7,155,669	\$ 5,261,091	\$ -	\$ 12,416,760
Cost of coins	(6,259,182)	(5,071,824)	-	(11,331,006)
Gross profit	896,487	189,267	-	1,085,754
Gross profit margin %	12.5%	3.6%		8.7%
Expenses				
General and administration	393,900	17,472	138,876	550,248
Salaries and wages	140,397	157,089	267,606	565,092
Depreciation and accretion	324,378	-	60,758	385,133
Financing fees	-	-	449,802	449,802
Marketing and advertising	-	-	50,366	50,366
Professional fees	-	-	79,535	79,535
Software	-	-	55,618	55,618
Other items	-	-	3,140,456	3,140,456
Segment income (loss)	37,815	14,706	(4,243,017)	(4,190,496)
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Total assets	\$ 3,684,765	\$ 477,042	\$ 8,790,469	\$ 12,952,276
Total liabilities	\$ -	\$ -	\$ 19,709,411	\$ 19,709,411

10. 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, see Note 8.

11. RISK MANAGEMENT

11.1 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 potentially subject the Company to credit risk consist primarily of cash and digital assets.

The Company limits its exposure to credit loss by placing its cash with high quality financial institutions. 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.

As disclosed in the annual consolidated financial statements for the year ended December 31, 2023, 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 amount included in accounts receivable at March 31, 2024 and December 31, 2023 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 March 31, 2024 the Company had a positive working capital balance of \$14,398,982 (December 31, 2023 - \$6,649,030).

Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

As at March 31, 2024, the Company had cash of \$3,085,056(December 31, 2023 – \$1,668,922) and short term liabilities in the table below:

	March 31,		December 31,
	2024		2023
Accounts payable	\$ 1,048,746	\$	490,218
Accrued liabilities	447,989		262,478
Lease liability - current	28,975		57,208
Contingent consideration - current	180,157		186,027
Line of credit	5,957,608		5,914,146
Loans payable	-		100,000
Total	\$ 7,663,475	\$	7,010,077

Accounts payable, accrued liabilities, lease liabilities, and contingent consideration will be paid within the next 12 months, 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.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. During the three months ended March 31, 2024, the Company improved its liquidity further by completing an equity offering for gross proceeds of \$2.3 million, see Note 12. 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 March 31, 2024, a 5% increase or decrease in the exchange rate would result in a gain or loss of \$298,000. 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, inventory, cryptocurrency loans, and its line of credit. 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% increase to the price of bitcoin, the Company's digital assets at March 31, 2024 would increase to \$18,323,624 and a 10% reduction in the price of bitcoin would cause the Company's digital assets to reduce to \$14,992,056.

With a 10% increase to the price of bitcoin, the Company's crypto currency loans at March 31, 2024 would increase to \$19,630,147 and a 10% reduction in the price of bitcoin would cause the Company's crypto currency loans to reduce to \$16,061,029.

11.2 Fair Values

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities, loans payable, and line of credit approximate their fair values due to their short-term nature. The carrying value of the Company's convertible debt 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.

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Investment and cryptocurrency loans are measured at fair value through profit and loss, using level 3 valuation techniques.

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).

The Company's financial instruments 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

As at March 31, 2024	Level 1	Level 2	Level 3	Total
Fair value through profit and loss				
Cryptocurrency loans	-	-	17,845,588	\$ 17,845,588
Investments	-	-	12,365	12,365
Fair value through other comprehensive income				
Digital assets	-	16,753,047	-	16,753,047

12. EQUITY

12.1 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.

12.2 Shares issued

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.

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The net proceeds have been allocated between share capital and Warrants in the amounts of \$1,618,035 (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 \$0.1555 at the closing of the private placement with the residual value being allocated to the value of the Warrants.

The Company is using the net proceeds of the Offering for sales and marketing, working capital and for general corporate purposes.

12.3 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. Options vest within two to three years of the grant date and expire after a term of 5 years.

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	9,650,000	0.14
Forfeited	-	-
Options outstanding, March 31, 2023	17,736,245 \$	0.12
Options exercisable, December 31, 2023	4,819,280 \$	0.10
Options exercisable, March 31, 2024	5,871,163 \$	0.10

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The Company had the following stock options outstanding and exercisable, at March 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	22	\$ 0.20	150,000
0.30	200,000	0.30	22	0.30	200,000
0.34	294,117	0.34	16	0.34	294,117
0.31	91,553	0.31	30	0.31	91,553
0.18	896,278	0.18	33	0.18	597,519
0.07	2,929,881	0.07	40	0.07	2,197,411
0.05	2,978,961	0.05	42	0.05	2,340,564
0.06	545,455	0.06	48	0.06	-
0.14	9,650,000	0.14	21	0.14	-
	17,736,245	\$ 0.12	29	\$ 0.10	5,871,163

During the three months ended March 31, 2024, the Company recorded a total of \$67,583 (2023 - \$80,680) 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:

Three months ended March 31	2024	2023
Expected life (years)	1.8	5.0
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

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12.4 Warrants

During the three months ended March 31, 2024, the Company issued 6,890,684 Warrants in conjunction with the March 2024 non-brokered 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.

Warrants issued are summarized below:

	Number of options	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 \$	0.18
Granted	6,890,684	0.275
Expired	-	-
Warrants outstanding, March 31, 2023	37,182,669 \$	0.20

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

Exercise price	Number of warrants	Expiry Date
\$ 0.05	7,000,000	September 7, 2028
\$ 0.18	23,291,985	September 1, 2026
\$ 0.275	6,890,684	March 22, 2027
Warrants outstanding, March 31, 2024	37,182,669	

12.5 Agent Options

In connection with the March 2024 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. The Agent Options were

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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 Option granted	\$ 0.175

As at March 31, 2024, all of the Agent Options remained outstanding.

13. 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.

Three months ended March 31	2024	2023
Customers	\$ 11,724,205	\$ 11,497,635
Cryptocurrency exchanges	4,456,915	919,125
Total sales	\$ 16,181,120	\$ 12,416,760

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 before selling it to customers.

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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.

14. GENERAL AND ADMINISTRATION

Three months ended March 31	2024	2023
Service costs	\$ 546,981	\$ 458,725
Office expenses	55,957	83,548
Travel and meals	12,241	2,675
Automobile	607	2,043
Rent and lease payments	6,814	(8,124)
Consulting fees	113,810	12,634
Other	-	(1,253)
Total	\$ 736,410	\$ 550,248

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

15. SUBSEQUENT EVENTS

Stock option grant

Subsequent to March 31, 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.

Share issuances

Subsequent to March 31, 2024, the Company issued 571,478 common shares at a price of \$0.105 per share for services received in the amount of \$60,000. In addition, the Company issued 60,000 common shares at a price of \$0.05 per share upon the exercise of certain outstanding warrants of the Company.