



**BITCOIN WELL**

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

Unaudited Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023 and 2022

As at	Note	September 30, 2023	December 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 2,182,152	\$ 3,946,525
Accounts receivable		-	102,001
Current income tax receivable		-	266,238
Digital assets	6	8,024,411	5,999,847
Inventory	11	312,087	710,693
Deposits and prepaid expenses		880,570	55,124
		<b>11,399,220</b>	<b>11,080,428</b>
<b>Non-current assets</b>			
Property and equipment	7	861,932	1,390,999
Right of use assets	17	179,053	32,917
Intangible assets	8	479,928	1,064,705
Goodwill		105,427	105,427
Investments	5	350,000	350,000
<b>Total assets</b>		<b>\$ 13,375,560</b>	<b>\$ 14,024,476</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 597,129	\$ 681,393
Lease liability - current	17	94,631	39,489
Contingent consideration - current	4	190,612	102,313
Line of credit	14	5,406,014	7,300,000
Loans payable		100,000	-
		<b>6,388,386</b>	<b>8,123,195</b>
<b>Non-current liabilities</b>			
Contingent consideration - long term	4	-	216,519
Loans payable - cryptocurrency	10	8,682,447	6,416,495
Lease liability - long term	17	89,657	-
Convertible debt	12	6,121,316	5,000,000
Loans payable		-	100,000
<b>Total liabilities</b>		<b>21,281,806</b>	<b>19,856,209</b>
<b>Shareholders' deficit</b>			
Share capital	18	13,206,686	12,095,172
Contributed surplus	18	3,352,405	1,484,329
Warrants	18	620,948	1,636,581
Accumulated deficit		(29,513,504)	(22,693,769)
Accumulated other comprehensive income		4,427,219	1,645,954
<b>Total shareholders' deficit</b>		<b>(7,906,246)</b>	<b>(5,831,733)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 13,375,560</b>	<b>\$ 14,024,476</b>

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

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

		Three months ended		Nine months ended	
		September	September	September	September
		30, 2023	30, 2022	30, 2023	30, 2022
<b>Revenue</b>					
Sales revenue	19	\$ 13,412,337	\$ 14,354,002	\$ 40,941,790	\$ 48,469,160
<b>Cost of coins</b>		<b>(12,302,012)</b>	<b>(13,176,222)</b>	<b>(37,543,425)</b>	<b>(45,260,831)</b>
<b>Gross profit</b>		<b>1,110,325</b>	<b>1,177,780</b>	<b>3,398,365</b>	<b>3,208,329</b>
<b>Expenses</b>					
General and administration	20	671,660	560,090	1,993,790	2,467,231
Financing fees		621,964	355,777	1,555,302	775,930
Depreciation and accretion		350,136	403,269	1,119,798	1,798,267
Salaries and wages		241,756	650,301	1,405,637	3,108,810
Marketing and advertising		130,182	126,479	304,382	615,870
Software		50,002	52,839	171,000	141,022
Professional fees		90,419	153,994	188,078	457,658
		<b>(2,156,119)</b>	<b>(2,302,749)</b>	<b>(6,737,987)</b>	<b>(9,364,788)</b>
<b>Loss before other items</b>		<b>(1,045,794)</b>	<b>(1,124,969)</b>	<b>(3,339,622)</b>	<b>(6,156,459)</b>
<b>Other items</b>					
Fair value change - cryptocurrency loans	10	780,365	(222,795)	(3,092,371)	4,738,510
Share based compensation	18	(332,330)	(92,843)	(503,063)	(203,686)
Gain (loss) on the sale of fixed assets		18,904	-	(7,992)	-
Fair value change - cryptocurrency inventory	11	(542)	(434)	12,400	(46,597)
Foreign exchange gain (loss)		97	(582)	(18,414)	(1,750)
Realized gain on digital assets, net of tax	6	-	-	374,958	-
Gain (loss) on debt settlement		-	36,534	(3,924)	123,298
Restructuring		-	120,000	-	(3,188,022)
<b>Loss before income taxes</b>		<b>(579,300)</b>	<b>(1,285,089)</b>	<b>(6,578,028)</b>	<b>(4,734,706)</b>
<b>Income tax expense (recovery)</b>					
Current		826,787	(275,516)	241,707	(1,149,796)
Deferred		437,021	(26,078)	-	554,642
<b>Net loss</b>		<b>(1,843,108)</b>	<b>(983,495)</b>	<b>(6,819,735)</b>	<b>(4,139,552)</b>
<b>Other comprehensive (loss) income</b>					
Revaluation (loss) gain on digital assets, net of tax	6	(365,052)	207,899	2,762,553	(4,271,778)
Foreign exchange translation		(401)	3,078	18,712	18,941
<b>Total comprehensive loss</b>		<b>\$ (2,208,561)</b>	<b>\$ (772,518)</b>	<b>\$ (4,038,470)</b>	<b>\$ (8,392,389)</b>
<b>Net loss per common share</b>					
Basic		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.02)
Diluted		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.02)
<b>Weighted average common shares outstanding:</b>					
Basic		<b>183,130,373</b>	<b>174,382,887</b>	<b>177,334,978</b>	<b>174,022,133</b>
Diluted		<b>183,130,373</b>	<b>174,382,887</b>	<b>177,334,978</b>	<b>174,022,133</b>

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

Consolidated Statements of Cash Flows  
(Expressed in Canadian dollars)

Nine months ended September 30	2023	2022
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss	\$ (6,819,735)	\$ (4,139,552)
Adjustments for:		
Fair value change - cryptocurrency loans	3,092,371	(4,738,510)
Depreciation and accretion	1,119,798	1,798,267
Deferred income tax	-	(11,655)
Share based compensation	503,063	203,686
Realized gain on digital assets, net of tax	(374,958)	-
Foreign exchange loss	18,414	-
Fair value change - cryptocurrency inventory	(12,400)	46,597
Loss on disposal of property, plant and equipment	7,992	-
Loss (gain) on debt settlement	3,924	(123,298)
Restructuring	-	2,571,868
Changes in non-cash working capital items:		
Digital assets	1,077,808	(2,502,900)
Deposits and prepaid expenses	(825,446)	470,140
Current income tax receivable	266,238	(1,149,796)
Inventory	398,606	207,489
Accounts payable and accrued liabilities	(84,264)	(385,640)
Accounts receivable	102,001	305,213
<b>Cash used in operating activities</b>	<b>(1,526,588)</b>	<b>(7,448,091)</b>
<b>Investing activities</b>		
Proceeds on disposal (purchase) of property and equipment	78,204	(146,539)
Purchase of intangible assets	-	(425,413)
Purchase of investments	-	(6,066)
<b>Cash provided by (used in) investing activities</b>	<b>78,204</b>	<b>(578,018)</b>
<b>Financing activities</b>		
Repayment of cryptocurrency loans	(5,110,330)	-
Proceeds of cryptocurrency loans	4,310,765	3,145,302
Repayment of line of credit	(1,893,986)	-
Proceeds received from convertible debt	1,621,316	5,000,000
Repayment of convertible debt	(500,000)	-
Payments of contingent consideration	(128,220)	(87,055)
Repayment of lease liability	(76,428)	(93,794)
Shares issued pursuant to private placement	1,397,519	-
Shares issued for debt payment	63,375	-
Proceeds received from exercise of stock options	-	40,000
<b>Cash (used in) provided by financing activities</b>	<b>(315,989)</b>	<b>8,004,453</b>
<b>Change in cash</b>	<b>(1,764,373)</b>	<b>(21,656)</b>
Cash, beginning of period	3,946,525	4,799,849
<b>Cash, end of period</b>	<b>\$ 2,182,152</b>	<b>\$ 4,778,193</b>

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

	Note	<u>Share Capital</u>				Accumulated Deficit	Accumulated Other Comprehensive Income	Total
		Number of Common Shares	Amount	Contributed Surplus	Warrants			
<b>Balance at December 31, 2021</b>		<b>173,530,813</b>	<b>\$ 11,935,399</b>	<b>\$ 1,804,137</b>	<b>\$ 1,636,581</b>	<b>\$ (16,702,268)</b>	<b>\$ 7,315,790</b>	<b>\$ 5,989,639</b>
Shares issued - employment services received	18	478,244	86,076	-	-	-	-	<b>86,076</b>
Contingent share consideration restructuring		-	-	(600,000)	-	-	-	<b>(600,000)</b>
Share based compensation	18	-	-	313,889	-	-	-	<b>313,889</b>
Stock options exercised	18	373,830	73,697	(33,697)	-	-	-	<b>40,000</b>
Net loss for the period		-	-	-	-	(5,991,501)	-	<b>(5,991,501)</b>
Revaluation loss on digital assets, net of tax		-	-	-	-	-	(5,682,094)	<b>(5,682,094)</b>
Unrealized exchange gain on foreign subsidiaries		-	-	-	-	-	12,258	<b>12,258</b>
<b>Balance at December 31, 2022</b>		<b>174,382,887</b>	<b>\$ 12,095,172</b>	<b>\$ 1,484,329</b>	<b>\$ 1,636,581</b>	<b>\$ (22,693,769)</b>	<b>\$ 1,645,954</b>	<b>\$ (5,831,733)</b>
Share based compensation	18	-	-	231,495	271,568	-	-	<b>503,063</b>
Shares issued - Equibytes earn-out	18	1,152,273	63,375	-	-	-	-	<b>63,375</b>
Expired warrants	18	-	-	1,636,581	(1,636,581)	-	-	<b>-</b>
Shares and warrants issued - private placement	18	23,291,985	1,048,139	-	349,380	-	-	<b>1,397,519</b>
Net loss for the period		-	-	-	-	(6,819,735)	-	<b>(6,819,735)</b>
Revaluation gain on digital assets, net of tax		-	-	-	-	-	2,762,553	<b>2,762,553</b>
Unrealized exchange gain on foreign subsidiaries		-	-	-	-	-	18,712	<b>18,712</b>
<b>Balance at September 30, 2023</b>		<b>198,827,145</b>	<b>\$ 13,206,686</b>	<b>\$ 3,352,405</b>	<b>\$ 620,948</b>	<b>\$ (29,513,504)</b>	<b>\$ 4,427,219</b>	<b>\$ (7,906,246)</b>

*The accompanying notes are an integral part of these condensed consolidated interim 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 previously operated three business units. Bitcoin ATMs, Bitcoin Well Infinite (OTC) and the Online Bitcoin Portal. In Q3 2023 the Company integrated its Bitcoin Well Infinite (OTC) services into the Online Bitcoin Portal enabling a faster and easier way to buy and sell bitcoin in large quantities with decreased overhead. Thus, Bitcoin Well is now a two business unit organization that offers the convenience of modern banking with the benefits of bitcoin.

The first business unit is operating a fleet of over 180 Bitcoin ATM machines placed and operating throughout Canada.

The second business unit is a non-custodial Online Bitcoin Portal. Launched in Q4 2022 this platform offers Canadians 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 2500 Stantec Tower, 10220 – 103 Avenue 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. The principal business of the Company was to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction (the “Transaction”).

On June 11, 2021, the Company completed its Qualifying Transaction with 1739001 Alberta Ltd. ("Old Bitcoin Well"). 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.

The Transaction was a reverse take-over acquisition under which Old Bitcoin Well was identified as the accounting acquirer. As a result, these consolidated financial statements represent the continuation of Old Bitcoin Well.

## **2. BASIS OF PRESENTATION**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") 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 and effective as of September 30, 2023.

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, 2022. These condensed interim consolidated financial statements should be read in conjunction with Company's annual financial statements for the year ended December 31, 2022. 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 three months and nine months ended September 30, 2023, the Company incurred comprehensive losses of \$2,208,561 and \$4,038,470, respectively (September 30, 2022 had losses of \$772,518 and \$4,921,908, respectively) and had a shareholder equity deficit of \$7,906,246 at September 30, 2023 (December 31, 2022 had a deficit of \$5,831,733). Operations have been financed to date from a combination of share issuances, cryptocurrency loans and convertible debt. 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 those 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 interim financial statements on a going concern basis may not be appropriate.

As an update to the Company's December 31, 2022 audited financial statements, significant accounting policy relating to its cash is as follows. Cash is comprised of cash held in ATMs, credit unions, cryptocurrency exchanges, and safes.

### **3. SEGMENTED INFORMATION**

The Company reports three segments: Bitcoin ATMs (formerly in-person), online (relating directly to the Online Bitcoin Portal), and a head office segment. These segments have been identified by management based on components of the segment containing similar economic characteristics.

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. The head office segment encompasses other administrative expenses and salaries which are attributable to both of the other segments. Management reviews the financial information for each of these segments separately when making business decisions.



Notes to the Consolidated interim Financial Statements  
For the three and nine months ended September 30, 2023  
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

Three months ended September 30, 2023	ATMs	Online	Head office	Total
Sales	\$ 10,012,322	\$ 3,400,014	\$ -	\$ 13,412,337
Cost of coins	(8,924,046)	(3,377,966)	-	(12,302,012)
Gross profit	1,088,276	22,049	-	1,110,325
Gross profit margin %	10.87%	0.65%		8.28%
<b>Expenses</b>				
General and administration	371,179	11,536	288,945	671,660
Salaries and wages	57,275	64,084	120,397	241,756
Financing fees	-	-	621,964	621,964
Depreciation and accretion	-	-	350,136	350,136
Marketing and advertising	-	-	130,182	130,182
Software	-	7,863	42,140	50,002
Professional fees	20,001	5,000	65,418	90,419
Other items	-	-	(466,493)	(466,493)
<b>Segment income (loss)</b>	639,821	(66,434)	(1,152,688)	(579,300)
Total assets	\$ 1,912,148	\$ 77,731	\$ 11,385,682	\$ 13,375,561
Total liabilities	\$ -	\$ 7,121,316	\$ 14,160,490	\$ 21,281,806

  

Three months ended September 30, 2022	ATMs	Online	Head office	Total
Sales	\$ 13,591,454	\$ 762,548	\$ -	\$ 14,354,002
Cost of coins	(12,450,658)	(725,564)	-	(13,176,222)
Gross profit	1,140,796	36,864	-	1,177,780
Gross profit margin %	8.39%	4.85%		8.21%
<b>Expenses</b>				
General and administration	385,165	7,515	167,410	560,090
Salaries and wages	154,755	146,584	348,962	650,301
Financing fees	-	-	355,777	355,777
Depreciation and accretion	-	-	403,269	403,269
Marketing and advertising	-	-	126,479	126,479
Professional fees	-	7,505	45,334	52,839
Software	21,521	8,542	123,931	153,994
Other items	-	-	160,120	160,120
<b>Segment income (loss)</b>	579,355	(133,162)	(1,731,282)	(1,285,089)
Total assets, at Dec 31, 2022	\$ 1,725,415	\$ 85,156	\$ 12,213,905	\$ 14,024,476
Total liabilities, at Dec 31, 2022	\$ -	\$ 6,952,365	\$ 12,903,844	\$ 19,856,209

Notes to the Consolidated interim Financial Statements  
For the three and nine months ended September 30, 2023  
(Unaudited - Expressed in Canadian dollars, except where otherwise stated)

Nine months ended September 30, 2023	ATMs	Online	Head office	Total
Sales	\$ 34,591,848	\$ 6,349,943	\$ -	\$ 40,941,790
Cost of coins	(31,228,793)	(6,314,632)	-	(37,543,425)
Gross profit	3,363,055	35,310	-	3,398,365
Gross profit margin %	9.72%	0.56%		8.30%
<b>Expenses</b>				
General and administration	1,317,752	43,430	632,608	1,993,790
Salaries and wages	333,187	372,800	699,650	1,405,637
Financing fees	-	-	1,555,302	1,555,302
Depreciation and accretion	-	-	1,119,798	1,119,798
Marketing and advertising	-	14,370	290,012	304,382
Software	669	10,995	159,337	171,000
Professional fees	53,772	47,535	86,771	188,078
Other items	-	-	3,238,406	3,238,406
<b>Segment income (loss)</b>	1,657,675	(453,820)	(7,781,883)	(6,578,028)
Total assets	\$ 1,912,148	\$ 77,731	\$ 11,385,682	\$ 13,375,561
Total liabilities	\$ -	\$ 7,121,316	\$ 14,160,490	\$ 21,281,806

  

Nine months ended September 30, 2022	ATMs	Online	Head office	Total
Sales	\$ 46,961,026	\$ 1,508,134	\$ -	\$ 48,469,160
Cost of coins	(43,824,239)	(1,436,592)	-	(45,260,831)
Gross profit	3,136,788	71,542	-	3,208,330
Gross profit margin %	6.68%	4.74%		6.62%
<b>Expenses</b>				
General and administration	1,168,495	14,098	1,284,638	2,467,231
Salaries and wages	777,838	843,745	1,487,227	3,108,810
Financing fees	110,860	4,254	660,816	775,930
Depreciation and accretion	-	-	1,798,267	1,798,267
Marketing and advertising	-	-	615,870	615,870
Professional fees	-	48,845	92,177	141,022
Software	57,394	17,260	383,004	457,658
Other items	-	-	(1,421,753)	(1,421,753)
<b>Segment income (loss)</b>	1,022,201	(856,660)	(4,900,246)	(4,734,706)
Total assets, at Dec 31, 2022	\$ 1,725,415	\$ 85,156	\$ 12,213,905	\$ 14,024,476
Total liabilities, at Dec 31, 2022	\$ -	\$ 6,952,365	\$ 12,903,844	\$ 19,856,209

#### 4. BUSINESS ACQUISITIONS

##### Contingent consideration

The Company's contingent consideration payable that arose from its business acquisitions consisted of the following components as at September 30, 2023:

	CryptoKiosk	Equibytes	Ghostlab	Total
Balance at December 31, 2021	\$ 303,012	\$ 118,133	\$ 600,000	\$ 1,021,145
Current liability	153,864	49,848	-	203,712
Non-current liability	149,148	68,285	-	217,433
<b>Total contingent consideration payable</b>	<b>\$ 303,012</b>	<b>\$ 118,133</b>	<b>\$ -</b>	<b>\$ 421,145</b>
Payments made	(89,019)	(13,294)	-	(102,313)
Expired contingent consideration	-	-	(600,000)	(600,000)
<b>Balance at December 31, 2022</b>	<b>\$ 213,993</b>	<b>\$ 104,839</b>	<b>\$ -</b>	<b>\$ 318,832</b>
Payments made	(23,381)	(104,839)	-	(128,220)
<b>Balance at September 30, 2023</b>	<b>\$ 190,612</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 190,612</b>
Current liability	190,612	-	-	190,612
Non-current liability	-	-	-	-
<b>Total contingent consideration payable</b>	<b>\$ 190,612</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 190,612</b>

#### 5. INVESTMENTS

The Company is invested in private entities that are accounted for at fair value through profit or loss. As at September 30, 2023, the Company holds a 16% ownership in Veriself and a 5% ownership in Imperium Digital. The Company has no significant influence in any of these entities. At September 30, 2023, the fair value of these investments was \$350,000 (December 31, 2022 - \$350,000).

The Company performed a valuation analysis of Veriself by calculating a present value analysis of cost savings that could be obtained by using Veriself's next generation customer verification software in the future. Significant unobservable inputs used in the valuation included when Veriself's software would be operational, and the estimated savings the verification would save on the Company's future customers.

The Company performed a valuation analysis of Imperium Digital by calculating the present value of Imperium Digital's expected earnings. Significant unobservable inputs used in the valuation included expected earnings, which were based on a number of conservative assumptions about the bitcoin mining industry in which Imperium Digital operates, and the future price of bitcoin over the coming years.

Sensitivity analysis was performed for both of the above valuations separately, to ensure an accurate valuation for each investment was calculated. A 10% increase or decrease in the forecasted cost savings of Veriself's verification software would result in a \$101,574 increase or decrease, respectively, of the fair value of the investment reported. A 10% increase or decrease in the forecasted earnings of Imperium Digital would result in a \$4,317 increase or decrease, respectively, of the fair value of the investment reported. Changes in the unobservable inputs may result in a significantly higher or lower fair value for these investments.

	<b>JustCash</b>	<b>Veriself</b>	<b>Imperium Digital</b>	<b>Total</b>
Balance at December 31, 2021	\$ 650,000	179,000	100,000	929,000
Additions	-	71,000	-	71,000
Payments	(64,934)	-	-	(63,934)
Fair value adjustments	(585,066)	-	-	(585,066)
Fair value at December 31, 2022	\$ -	\$ 250,000	\$ 100,000	\$ 350,000
Additions	-	-	-	-
Fair value adjustments	-	-	-	-
<b>Fair value at September 30, 2023</b>	<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ 100,000</b>	<b>\$ 350,000</b>

## 6. DIGITAL ASSETS

The Company classifies bitcoin holdings in excess of inventory required for operations as digital assets. As at September 30, 2023, the price of bitcoin was \$36,651, which reflected an increase from its price of \$22,454 on December 31, 2022. The Company recognized an unrealized revaluation (loss) gain, net of tax, of (\$365,052) and \$2,762,553, respectively, during the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - unrealized gain (loss) of \$207,899 and (4,271,778), respectively). These unrealized gains or losses related to digital assets are offset by the unrealized gains or losses related to the cryptocurrency loans (Note 10).

Digital assets held are made up of bitcoin held as an investment, bitcoin held with liquidity partners in order to maintain the required minimum asset balance extended under the Line of Credit (Note 14), as well as bitcoin used in operations to settle financial obligations from time to time. As at September 30, 2023, the Company held 220 bitcoins (\$8,024,411 at then market value) with its liquidity partners (December 31, 2022 - 267 bitcoins - \$5,995,247 at then market value), and 10 bitcoins in a combination of Company controlled wallets (December 31, 2022 - 12 bitcoins). As at September 30, 2023, 220 of these bitcoins were classified as Digital Assets (December 31, 2022 - 267), with the remaining balance classified as inventory (Note 11).

	Bitcoin	CAD \$ Value
Balance at December 31, 2021	146 \$	8,596,949
Additions	147	4,769,098
Transfers out	(26)	(1,351,192)
Revaluation - pre-tax	-	(6,015,008)
Balance at December 31, 2022	267 \$	5,999,847
Additions	263	9,300,920
Transfers out	(310)	(10,046,308)
Revaluation - pre-tax	-	2,769,952
<b>Balance at September 30, 2023</b>	<b>220 \$</b>	<b>8,024,411</b>

The carrying value of digital assets, if they were measured using the cost model, was \$7,200,498 as of September 30, 2023.

## 7. PROPERTY AND EQUIPMENT

	ATM	Furniture & Equipment	Leasehold Improvements	Total
<b>Costs</b>				
Balance at December 31, 2021	\$ 2,320,555	\$ 198,283	\$ 759,573	\$ 3,278,411
Additions	112,581	12,705	22,005	147,291
Disposals	(173,656)	(15,262)	-	(188,918)
Impairment	-	-	(420,803)	(420,803)
Balance at December 31, 2022	\$ 2,259,480	\$ 195,726	\$ 360,775	\$ 2,815,981
Additions	-	-	-	-
Disposals	(143,229)	(51,142)	-	(194,371)
<b>Balance at September 30, 2023</b>	<b>\$ 2,116,251</b>	<b>\$ 144,584</b>	<b>\$ 360,775</b>	<b>\$ 2,621,610</b>
<b>Accumulated Amortization</b>				
Balance at December 31, 2021	\$ 692,873	\$ 96,784	\$ 260,017	\$ 1,049,674
Amortization	434,792	18,935	76,140	529,867
Disposals	(152,465)	(2,094)	-	(154,559)
Balance at December 31, 2022	\$ 975,200	\$ 113,625	\$ 336,157	\$ 1,424,982
Amortization	374,477	39,630	24,618	438,725
Disposals	(65,983)	(38,046)	-	(104,029)
<b>Balance at September 30, 2023</b>	<b>\$ 1,283,694</b>	<b>\$ 115,209</b>	<b>\$ 360,775</b>	<b>\$ 1,759,678</b>
<b>Net Book Value</b>				
Balance at December 31, 2022	\$ 1,284,280	\$ 82,101	\$ 24,618	\$ 1,390,999
<b>Balance at September 30, 2023</b>	<b>\$ 832,557</b>	<b>\$ 29,375</b>	<b>\$ -</b>	<b>\$ 861,932</b>

## 8. INTANGIBLE ASSETS

	Host Agreements (i)		Software Applications		Internally generated Software (ii)		Total
<b>Costs</b>							
Balance at December 31, 2021	\$	1,342,894	\$	274,586	\$	4,071,058	\$ 5,688,538
Additions		-		25,366		400,047	425,413
Impairment		-		-		-	-
Balance at December 31, 2022	\$	1,342,894	\$	299,952	\$	4,471,105	\$ 6,113,951
Additions		-		-		-	-
Disposals		-		-		-	-
<b>Balance at September 30, 2023</b>	<b>\$</b>	<b>1,342,894</b>	<b>\$</b>	<b>299,952</b>	<b>\$</b>	<b>4,471,105</b>	<b>\$ 6,113,951</b>
<b>Accumulated Amortization</b>							
Balance at December 31, 2021	\$	658,558	\$	36,951	\$	359,464	\$ 1,054,973
Amortization		393,569		33,109		1,137,821	1,564,499
Disposals		-		(18,201)		(123,893)	(142,094)
Impairment		-		93,292		2,478,576	2,571,868
Balance at December 31, 2022	\$	1,052,127	\$	145,151	\$	3,851,968	\$ 5,049,246
Amortization		145,409		141,225		294,100	580,734
Disposals		-		4,043		-	4,043
<b>Balance at September 30, 2023</b>	<b>\$</b>	<b>1,197,536</b>	<b>\$</b>	<b>290,419</b>	<b>\$</b>	<b>4,146,068</b>	<b>\$ 5,634,023</b>
<b>Net Book Value</b>							
Balance at December 31, 2022	\$	290,767	\$	154,801	\$	619,137	\$ 1,064,705
<b>Balance at September 30, 2023</b>	<b>\$</b>	<b>145,358</b>	<b>\$</b>	<b>9,533</b>	<b>\$</b>	<b>325,037</b>	<b>\$ 479,928</b>

- i) Host agreements includes 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 in 2021. Internally generated software additions consist of expenditures incurred to develop new software applications to enhance bitcoin transaction capabilities. These expenditures have met the criteria in IAS 38 to be capitalized as internally generated intangible.

## 9. RELATED PARTY TRANSACTIONS

### Key Management Compensation

Key management includes members of the Board of Directors and its executive officers. The aggregate value of transactions, other than those disclosed elsewhere in these consolidated financial statements, relating to key management personnel and entities over which they have control or significant influence were as follows.

	Nine months ended	
	September 30, 2023	September 30, 2022
Salary, fees, and other short-term benefits	\$ 289,887	\$ 587,425
Share based payments (Note 18)	380,266	103,400
<b>Total</b>	<b>\$ 670,153</b>	<b>\$ 690,825</b>

## 10. LOAN PAYABLE – CRYPTOCURRENCY

The Company has entered into agreements whereby the Chief Executive Officer and a number of other arm's length parties have loaned their bitcoin and/or ethereum to the Company. These cryptocurrency loans were incurred to help meet new customer demand for cryptocurrency, and allowed the Company to secure its Line of Credit (Note 14). As per the terms of the agreements, the loans are repayable in bitcoin or ethereum, cancellable with 12 months notice, and are extendible at the option of the Company. During the nine months ended September 30, 2023, these loans were amended and now only become due after 12 months of written request from the holder. As such, these loans have been reclassified as non-current liabilities, as the Company has the unconditional right to defer settlement for at least 12 months after this reporting date.



The Company pays a fixed monthly fee for the use of these cryptocurrencies. The total amount paid under these agreements for the three and nine months ended September 30, 2023 was \$240,866 and \$687,816, respectively (three and nine months ended September 30, 2022 - \$206,000 and \$515,568, respectively) of which \$54,000 and \$162,000 (three and nine months ended September 30, 2022 - \$54,000 and \$162,000) was paid to the Chief Executive Officer, and \$18,931 and \$83,157 was paid to a director of the Company (three and nine months ended September 30, 2022 - nil).

As at September 30 2023, the total fair value of the cryptocurrency loaned to the Company was \$8,682,447, (December 31, 2022 - \$6,416,495), of which \$1,831,538 was owed to the Chief Executive Officer of the Company. The change in fair value was a result of the fluctuating prices of the cryptocurrency that is loaned.

At each reporting period, the Company revalues the outstanding cryptocurrency loans based on current market price of the cryptocurrencies, using CoinMarketCap. For the three and nine months ended September 30, 2023, the Company recognized an unrealized fair value gain (loss) of \$780,365 and (\$3,092,371), respectively (three and nine months ended September 30, 2022 - unrealized gain (loss) of (\$222,795) and \$4,738,510, respectively), as a result of the change in price of the cryptocurrencies. The unrealized loss for the nine months ended September 30, 2023 was mostly offset by the realized and unrealized gains on digital assets (Note 6).

The Company recognizes realized gains and losses arising from the settlement of cryptocurrency loans. Accordingly, for the three and nine months ended September 30 2023, the company recorded a gain (loss) of nil and (\$3,924), respectively, (three and nine months ended September 30, 2022 - gain of \$36,534 and \$123,298, respectively) due to settlement of cryptocurrency loans. Gains or losses arising from settlement of the above loans are mostly offset by gains or losses realized on the digital assets used to extinguish these loans.

In March and May 2023, the Company was loaned an additional 60 Bitcoins, valued at \$2,252,300, from certain arm's length parties, which incur interest at an annual rate of 10% per annum, calculated based on the value of the Bitcoins at the time the loan was originated.

## 11. INVENTORY

As at	September 30, 2023		December 31, 2022	
	Amount (\$)	Units	Amount (\$)	Units
Bitcoin	\$ 254,329	10	\$ 310,710	12
Ethereum	33,491	17	370,791	229
Other	24,267		29,192	-
<b>Total</b>	<b>\$ 312,087</b>		<b>\$ 710,693</b>	

At period end, the Company revalues its cryptocurrency inventory balances at the value which is the lower of the cost or the 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.

## 12. CONVERTIBLE DEBT

On February 23, 2022, the Company entered into an agreement to issue up to \$5.0 million in secured convertible debentures (the "Convertible Debenture"), convertible into common shares of the Company at a conversion price of \$0.30. The Convertible Debenture was issued in three tranches, totalling \$5.0 million to Beyond The Rhode Corp. ("BTR"), a company controlled by a director of the Company. The Convertible Debenture bears interest at a rate of 10% per annum and matures on February 23, 2025, subject to two automatic one year extensions (the "Maturity Date"). The Company has the right to force conversion of the principal amount if the volume weighted average trading price for the common shares for ten trading days equals or exceeds \$0.60 per common share. The Company also has the option to repay any amounts of the Convertible Debenture with no penalty, at any time after February 23, 2023.

The Convertible Debenture also provides for the payment of a monthly royalty to the holder equal to: (A) 20% of the gross profit, defined as the revenue generated less the cost of the coins generated from the new products built for the online ecosystem (Online Bitcoin Portal) of the Company and affiliates from February 23, 2022, until August 23, 2023; and (B) between 12-20% of gross profit from August 23, 2023 until the latter of three months after the most recent conversion date or the Maturity Date. No royalty payment shall be made if the aggregate amount of all interest payments, future interest payments and royalty payments would exceed 24% per annum. The Company assessed whether an embedded derivative was in the royalty, but concluded that any impacts would be immaterial to the Company's financial statements.

In April 2023, an additional \$500,000 was advanced on the Convertible Debenture. In May 2023, the Company amended the Convertible Debenture, which reduced the conversion price to \$0.25 per share from \$0.30 per share previously, amended the interest rate to Prime + 6.2% per annum (formerly 10% per annum), and extended the term of the loan, to five (5) years from the amendment date. In September 2023, \$500,000 of the Convertible Debenture was repaid in conjunction with the closing of a non-brokered private placement for common shares.

During the three and nine months ended September, 2023, the Company paid \$177,521 and \$480,354, respectively, in interest and \$4,607 and \$6,548, respectively, in royalties (three and nine months ended September 30, 2022 - \$124,795 and \$235,479, respectively, in interest and \$370 and \$539, respectively, in royalties) related to the Convertible Debenture.

In addition to the above, in 2023, the Company entered into an agreement to issue \$1.1 million in secured convertible debentures, convertible into common shares of the Company at a conversion price of \$0.15. The Convertible Debentures were issued to arms length parties to the Company. The proceeds of this Convertible Debenture were used to repay prior cryptocurrency denominated loans (Note 10). The Convertible Debentures bear interest at a rate of the Bank of Canada policy interest rate + 8% per annum and mature between February 16, and March 28, 2026, subject to two automatic one year extensions.

The Company has the right to force conversion of the principal amount if the volume weighted average trading price for 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 the Convertible Debentures with 30 days notice.

### **13. BRIDGE LOAN**

On January 6, 2023, the Company received a \$1.05 million bridge loan from an arm's length party for a period of four (4) months (the "Bridge Loan"). The loan bears interest at a rate of 12.5%. The proceeds of this Bridge Loan were used to repay a portion of cryptocurrency denominated loans (Note 10) in the short term. This bridge loan was repaid in full on May 10, 2023.

### **14. LINE OF CREDIT**

Whenever any borrowed cryptocurrencies (Note 10) are used in operations, an equal amount of cryptocurrency is purchased and held with the liquidity partner, which effectively allows the Company to eliminate any price exposure to those borrowed coins once they have been used. The line of credit bears interest between 7% and 14% per annum and has no repayment terms. The agreement requires the Company to hold at least 125% of the balance of debt extended as a mix of cryptocurrency assets and cash on the lender's platform.

During the nine months ended September 30, 2023, the Company's line of credit was reduced from \$7.3 million to \$5.41 million. The reduction was a direct result of the Company reducing its cryptocurrency loan balances (Note 10) in the period, requiring less bitcoin price exposure to be held on the Line of Credit.

### **15. MANAGEMENT OF CAPITAL**

The Company defines the capital that it manages as its shareholders' equity, loans payable - cryptocurrency, convertible debt 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 14.

## **16. RISK MANAGEMENT**

### **16.1 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 a concentration of 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 partners.

**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 September 30, 2023 the Company had a working capital surplus of \$5,010,834 (December 31, 2022 – surplus of \$2,957,233). 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 available 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. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had cash of \$2,182,152 (December 31, 2022 – \$3,946,525).

**c) Foreign Currency Risk**

Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transaction is recorded in operations for the period. The Company is not currently exposed to 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 September 30, 2023 would increase to \$8,826,852 (December 31, 2022 - \$6,599,832) and a 10% reduction in the price of bitcoin would cause the Company's digital assets to reduce to \$7,221,970 (December 31, 2022 - \$5,399,862).

## **16.2 Fair Values**

The carrying values of accounts receivable, loans payable, and accounts payable and accrued liabilities, approximate their fair values due to their short-term nature. Investments and convertible debentures 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, 2022	Level 1	Level 2	Level 3	Total
<b>Fair value through profit and loss</b>				
Cash	\$ 3,946,525	\$ -	\$ -	\$ 3,946,525
Cryptocurrency loans	-	-	6,416,495	6,416,495
Investments	-	-	350,000	350,000
Convertible Debentures	-	-	5,000,000	5,000,000
<b>Fair value through other comprehensive income</b>				
Digital assets	\$ -	\$ 5,999,847	\$ -	\$ 5,999,847
<b>Total</b>	<b>\$ 3,946,525</b>	<b>\$ 5,999,847</b>	<b>\$ 11,766,495</b>	<b>\$ 21,712,867</b>

As at September 30, 2023	Level 1	Level 2	Level 3	Total
<b>Fair value through profit and loss</b>				
Cash	\$ 2,182,152	\$ -	\$ -	\$ 2,182,152
Cryptocurrency loans	-	-	8,682,447	8,682,447
Investments	-	-	350,000	350,000
Convertible debentures	-	-	6,121,316	6,121,316
<b>Fair value through other comprehensive income</b>				
Digital assets	\$ -	\$ 8,024,411	\$ -	\$ 8,024,411
<b>Total</b>	<b>\$ 2,182,152</b>	<b>\$ 8,024,411</b>	<b>\$ 15,153,763</b>	<b>\$ 25,360,326</b>

## 17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has entered into lease agreements for its offices, corporate vehicle, and signage. The minimum rent payable under the leases are as follows:

Due within one year:	\$ 94,631
Due within 2-5 years:	89,657
<b>Total</b>	<b>\$ 184,288</b>



As a result of entering into these leases, the Company has recorded a right-of-use asset and lease liability in accordance with IFRS 16, summarized below:

### Right-of-Use Assets

Right-of-use assets consist of leases of offices, a company vehicle used for machine installations, and a pylon sign at the central office location. Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

<b>Right-of-Use Assets</b>	
<b>Cost:</b>	
At December 31, 2022	416,499
Additions	232,280
Disposals	(416,499)
At September 30, 2023	\$ 232,280
<b>Depreciation:</b>	
At December 31, 2022	383,582
Charge for the period	(9,631)
Disposals	(339,986)
At September 30, 2023	\$ 53,227
<b>Net Book Value:</b>	
At December 31, 2022	32,917
<b>At September 30, 2023</b>	<b>179,053</b>
<b>Lease Liabilities</b>	
At December 31, 2022	39,489
Additions	232,280
Lease payments made	(101,677)
Interest expense on lease liabilities	14,196
	184,288
Less: current portion	(94,631)
<b>At September 30, 2023</b>	<b>\$ 89,657</b>

## 18. EQUITY

### 18.1 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.

### 18.2 Shares issued

On September 1, 2023, the Company closed a non-brokered private placement totaling 23,291,985 units of Bitcoin Well (the "Units") at a price of \$0.06 per Unit for aggregate gross proceeds of \$1,397,519. Each Unit was comprised of one common share in the Company (each, a "Common Share" and collectively "Common Shares") and one common share purchase warrant (each, a "Warrant" and collectively "Warrants") exercisable into one Common Share at a price of \$0.18 per share for a period of three years from closing.

The gross proceeds from the private placement included:

- I. \$500,000 applied to reduce the principal balance owing on the Convertible Debenture owing to Beyond The Rhode Corp. ("BTR"), a company controlled by a director of the Company;
- II. \$792,519 applied as a prepayment for 12 months of interest on cryptocurrency loans owing to various parties. This will result in a corresponding \$792,519 decrease in cash expenditures / increase in cash from operating activities during the next 12 month period ending August 31, 2024; and
- III. \$105,000 received in cash proceeds.

During the nine months ended September 30 2023, the Company also issued 1,152,273 common shares value at \$63,275 to Equibytes in order to extinguish the remainder of its earn-out liability.

During the year ended December 31, 2022, the Company issued the following common shares:

- I. 478,244 common shares were issued to employee for services received in the amount of \$86,076; and
- II. 373,830 common shares were issued upon the exercise of stock options.

### 18.3 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:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
Balance, December 31, 2021	5,042,207	
Granted	10,293,018 \$	0.11
Exercised	(373,830)	0.11
Forfeited	(4,910,056)	0.20
Options outstanding, December 31, 2022	10,051,339 \$	0.12
Granted	966,249	0.06
Exercised	-	-
Forfeited	(1,014,106)	0.11
<b>Options outstanding, September 30, 2023</b>	<b>10,003,482 \$</b>	<b>0.11</b>
<b>Options exercisable, September 30, 2023</b>	<b>5,474,642 \$</b>	<b>0.12</b>

The Company had the following stock options outstanding and exercisable, at September 30, 2023:

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
\$ 0.11	841,133	\$ 0.11	22	\$ 0.11	841,133
0.20	150,000	0.20	28	0.20	150,000
0.30	200,000	0.30	28	0.30	200,000
0.34	294,117	0.34	22	0.34	294,117
0.31	91,553	0.31	36	0.31	91,553
0.18	1,995,802	0.18	39	0.18	842,816
0.07	4,033,470	0.07	46	0.07	2,129,047
0.05	1,523,752	0.05	48	0.05	761,876
\$ 0.06	873,655	0.06	54	0.06	164,100
	<b>10,003,482</b>	<b>\$ 0.11</b>	<b>42</b>	<b>\$ 0.12</b>	<b>5,474,642</b>

During the three and nine months ended September 30, 2023, the Company recorded a total of \$60,762 and \$231,495, respectively (three and nine months ended September 30, 2022 - \$92,843 and 203,686, respectively) 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 with the following weighted average assumptions:

For the period ended	September 30, 2023	December 31, 2022
Expected life (years)	5	5
Expected volatility	195%	120 - 177%
Dividend rate	-	-
Risk-free interest rate	3.40%	3.28%
<b>Weighted average fair value per option granted</b>	<b>\$ 0.05</b>	<b>\$ 0.09</b>

#### 18.4 Agent's Options

In connection with the Transaction in 2021, the agent was granted Agent Options to acquire 1,960,000 Units of the Company. During the period ending September 30, 2023, all of the Agent Options expired.

#### 18.5 Warrants

In connection with the Transaction in 2021, the Company issued 14,569,000 Warrants. Each Warrant was exercisable at an exercise price of \$0.375 per Warrant and expired on June 11, 2023.

During the three months ended September 30, 2023, the Company issued 23,291,985 Warrants in conjunction with the non-brokered private placement. The Warrants are exercisable into one Common Share at a price of \$0.18 per share for a period of three years from closing. The warrants were valued at \$349,380, being the residual value of the Units issued after deducting the value of the common shares issued in the private placement.

During the three months ended September 30, 2023, the Company granted 7,000,000 warrants to two former employees. The warrants are exercisable into common shares at a price of \$0.05 per warrant and expire on September 7, 2028. The warrants were valued on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

<b>For the period ended</b>	<b>September 30, 2023</b>
Expected life (years)	5
Expected volatility	194%
Dividend rate	-
Risk-free interest rate	3.96%
<b>Weighted average fair value per warrant</b>	<b>\$ 0.04</b>

During the three and nine months ended September 30, 2023, the Company recorded a total of \$271,568 as share based compensation related to the warrants issued to employees.

## 19. 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		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Customers	\$ 13,208,525	\$ 13,388,744	\$ 39,805,621	\$ 45,326,909
Cryptocurrency exchanges	203,812	965,258	1,136,169	3,142,251
<b>Total sales</b>	<b>\$ 13,412,337</b>	<b>\$ 14,354,002</b>	<b>\$ 40,941,790</b>	<b>\$ 48,469,160</b>

The Company recognizes revenue when customers purchase cryptocurrency and it is transferred to the customer's wallet. The Company's performance obligation is the confirmed transfer of the purchased cryptocurrency to the customer's wallet. 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, from its own cryptocurrency wallets, 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. The Company replenishes bitcoin and other cryptocurrencies from cryptocurrency exchanges, after the above said sale is completed. 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.

## 20. GENERAL AND ADMINISTRATION

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Service costs	\$ 569,714	\$ 396,911	\$ 1,777,535	\$ 1,748,307
Office expenses	94,526	147,426	196,005	570,507
Travel	2,491	2,441	12,123	47,987
Automobile	724	3,905	3,282	13,777
Other	4,205	9,407	4,845	86,653
<b>Total</b>	<b>\$ 671,660</b>	<b>\$ 560,090</b>	<b>\$ 1,993,790</b>	<b>\$ 2,467,231</b>

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

## 21. SUBSEQUENT EVENTS

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 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 intends to vigorously pursue its rights under the contract and has commenced an action against Rapid Cash before the Alberta Court of King’s Bench.

In November 2023, the Company’s board authorized the issuance of 1,333,333 common shares at a deemed price of \$0.03 per share to an arm’s length party as payment for past services rendered to the Company.