

DMG Blockchain Solutions Inc.

Consolidated Financial Statements

For the years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars, except as otherwise noted)

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December 18, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DMG Blockchain Solutions Inc.

Opinion

We have audited the consolidated financial statements of DMG Blockchain Solutions Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at September 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the company as at September 30, 2024 and 2023 and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Key Audit Matters

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

Existence, ownership and valuation of digital currency and recognition of revenue

We refer to financial statement summary of significant accounting policies in Note 3 and related disclosures in Notes 5 and 19.

At September 30, 2024, the Company held digital currency in the amount of \$34,327,703 and revenue recognized for the year ended September 30, 2024 was \$33,900,083.

We considered this a key audit matter due to the magnitude of the digital currency and revenue and the audit effort involved in testing the existence, ownership and valuation of digital currency and completeness, existence and valuation of revenues.

To address the risk for material misstatement on the existence, ownership and valuation of digital currency and completeness, existence and valuation of revenue, our audit procedures included, amongst other procedures:

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Independent Auditor's Report to the Shareholders of DMG Blockchain Solutions Inc.
(continued)

- Evaluated the design and tested the operating effectiveness of certain service organization controls over digital currencies performed at the external custodian.
- Obtained assistance from professionals with specialized skills in distributed ledger technology, digital assets and cryptography.
- Tested the reconciliation of opening to closing digital currency balances, including comparing a sample of the additions and disposals to records on the public blockchain.
- Recalculated the fair value of the digital currency held using market pricing data.
- Observed the performance of the transfer of a portion of bitcoin from the Company's wallet to a different wallet to test the rights and ownership of the digital assets.
- Assessed collectability of digital assets held with custodians.
- Tested the miners for their performance utilizing production results and machine capacity.
- Conducted substantive analytical procedures, which include tests of the accuracy, valuation and completeness of the underlying data.
- Traced digital assets received and recognized as revenue directly to the blockchain.
- Assessed the recognition and valuation processes and practices.
- Tested the value of digital assets received and recognized as revenue using the daily quoted price from a reputable source.

We assessed the adequacy of the Company's disclosures related to digital currency and revenue.

Other Information

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

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

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

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

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

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

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

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Independent Auditor's Report to the Shareholders of DMG Blockchain Solutions Inc.
(continued)

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

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

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

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

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

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

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Independent Auditor's Report to the Shareholders of DMG Blockchain Solutions Inc.
(continued)

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

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

Kingston Ross Pasmak LLP
Kingston Ross Pasmak LLP
Chartered Professional Accountants

DMG Blockchain Solutions Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at September 30, 2024	As at September 30, 2023
ASSETS		\$	\$
Current			
Cash and cash equivalents		1,679,060	1,789,913
Amounts receivable	6	4,910,251	2,476,679
Digital currency	5	34,327,703	17,142,683
Prepaid expense and other current assets		337,042	193,512
Marketable securities	8	316,803	386,984
Assets held for sale	11	-	3,451,024
Total current assets		41,570,859	25,440,795
Long-term deposits	9	2,047,682	3,256,324
Property and equipment	12	53,798,978	47,398,585
Long-term investments	13	45,000	45,000
Amount recoverable	7	6,406,462	6,446,251
Total assets		103,868,981	82,586,955
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	14	5,183,107	4,178,104
Deferred revenue	19	-	64,361
Current portion of lease liability	15	43,483	50,555
Loans payable	16	13,928,462	1,272,397
Total current liabilities		19,155,052	5,565,417
Long-term lease liability	15	51,842	41,202
Total liabilities		19,206,894	5,606,619
Shareholders' Equity			
Share capital	17(a)	113,086,455	110,820,540
Reserves	17(b)(c)	45,853,100	45,507,272
Accumulated other comprehensive income		10,448,614	149,044
Accumulated deficit		(84,726,082)	(79,496,520)
Total shareholders' equity		84,662,087	76,980,336
Total liabilities and shareholders' equity		103,868,981	82,586,955
Contingencies	25		
Subsequent events	27		

Approved on Behalf of the Board of Directors on December 18, 2024:

/s/ John D. Abouchar
Director

/s/ Sheldon Bennett
Director

The accompanying notes are integral to these consolidated financial statements

DMG Blockchain Solutions Inc.**Consolidated Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars, except for number of shares)

		For the years ended September 30,	
	Notes	2024	2023
		\$	\$
Revenue	19	33,900,083	27,940,995
Expenses			
Operating and maintenance costs	21(a)	19,733,886	16,797,262
General and administrative	21(b)	5,860,448	3,729,643
	17(b,		
Share-based compensation	e)	1,795,391	1,804,551
Research	21(c)	2,126,276	1,951,868
Provision for bad debt	6	14,386	343,082
Depreciation	12	18,946,204	21,902,282
Total expenses		48,476,591	46,528,688
Operating loss before other items		(14,576,508)	(18,587,693)
Other income (expense)			
Interest and other income	7	634,510	506,610
Gain on disposition of assets	11	4,809	70,429
Foreign exchange loss		(71,996)	(118,280)
Impairment of digital currencies	5	(345,160)	(102,735)
Loss on modification of amounts recoverable	7	(674,300)	(692,859)
Decline in fair value of investments	10	(609,120)	(202,725)
Provision of sales tax receivable	6	(896,205)	(1,805,343)
Unrealized revaluation gain on digital currency	5	9,178,788	4,301,472
Realized gain on sale of digital currency		2,195,801	183,954
Loss on change in fair value of marketable securities	8	(70,181)	(14,558)
Net loss		(5,229,562)	(16,461,728)
Other comprehensive income			
Items that may be reclassified subsequently to income or loss:			
Revaluation gain on digital assets	5	10,293,248	19,465
Cumulative translation adjustment		6,322	7,955
Net income (loss) and comprehensive income (loss)		5,070,008	(16,434,307)
Basic and diluted loss per share	17(f)	(\$0.03)	(\$0.10)
Weighted average number of shares outstanding	17(f)		
- basic and diluted		169,226,226	167,709,852

The accompanying notes are integral to these consolidated financial statements

DMG Blockchain Solutions Inc.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars, except the number of shares)

	Number of common shares	Share Capital	Share-based payment reserve	Accumulated deficit	AOCI	Total
		\$	\$	\$	\$	\$
Balance, September 30, 2022	167,256,377	110,381,441	43,959,280	(63,034,792)	121,623	91,427,552
Share-based compensation expense recognized (Note 17)	-	-	1,804,551	-	-	1,804,551
Shares issued on exercise of options (Note 17)	786,438	439,099	(256,559)	-	-	182,540
Unrealized gain on digital currency revaluation (Note 5)	-	-	-	-	19,465	19,465
Net loss and comprehensive loss for the period	-	-	-	(16,461,728)	7,956	(16,453,772)
Balance, September 30, 2023	168,042,815	110,820,540	45,507,272	(79,496,520)	149,044	76,980,336
Share-based compensation expense recognized (Note 17)	-	-	1,795,391	-	-	1,795,391
Shares issued on exercise of options (Note 17)	2,458,118	2,265,915	(1,449,563)	-	-	816,352
Unrealized gain on digital currency revaluation (Note 5)	-	-	-	-	10,293,248	10,293,248
Net loss and comprehensive loss for the period	-	-	-	(5,229,562)	6,322	(5,223,240)
Balance, September 30, 2024	170,500,933	113,086,455	45,853,100	(84,726,082)	10,448,614	84,662,087

The accompanying notes are integral to these consolidated financial statements

DMG Blockchain Solutions Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended September 30,	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(5,229,562)	(16,461,728)
Non-cash items:		
Accretion	31,003	52,570
Depreciation	18,946,204	21,902,282
Share-based payments	1,795,391	1,804,551
Unrealized gain on revaluation of digital currency	(9,178,788)	(4,350,308)
Unrealized foreign exchange loss (gain)	(23,924)	121,576
Gain on sale of assets	(4,809)	(70,429)
Unrealized loss on marketable securities	70,181	14,558
Impairment of digital currencies	345,160	102,735
Impairment of investment	609,120	202,725
Provision for sales tax receivable	896,205	1,805,343
Provision for bad debt	14,386	343,082
Digital currency related revenue	(31,612,827)	(26,356,393)
Digital currency sold	34,303,469	23,087,300
Realized gain on sale of digital currency	(2,195,801)	(183,954)
Non-cash interest income	(628,575)	(600,471)
Accrued interest	491,926	(129)
Loss on amount recoverable modification	674,300	692,859
Changes in non-cash operating working capital:		
Prepaid expenses and other current assets	(148,530)	45,973
Amounts receivable	(1,973,658)	1,732,308
Amounts recoverable	-	(9,442)
Deferred revenue	(52,435)	(39,317)
Trade and other payables	1,082,095	1,031,284
Net cash provided by operating activities	8,210,531	4,866,975
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,387,295)	(1,788,257)
Deposits on mining equipment	(18,028,412)	(3,354,595)
Purchase of short-term investment	(609,120)	(202,725)
Proceeds on sale of equipment	20,442	4,829
Security deposit on utilities	(194,438)	-
Proceeds from sublease	-	37,012
Net cash used in investing activities	(21,198,823)	(5,303,736)

The accompanying notes are integral to these consolidated financial statements

DMG Blockchain Solutions Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended September 30,	2024	2023
	\$	\$
FINANCING ACTIVITIES		
Proceeds from option exercises	816,352	182,540
Principal lease payments	(99,158)	(152,996)
Proceeds from loan	12,161,909	950,665
Repayment of loans payable	(1,668)	-
Net cash provided by (used in) financing activities	12,877,435	980,209
Impact of currency translation on cash and cash equivalents	4	(1,048)
Cash and cash equivalents, change	(110,853)	543,448
Cash and cash equivalents, beginning	1,789,913	1,247,513
Cash and cash equivalents, end	1,679,060	1,789,913

Supplemental cash flow information (Note 26)

The accompanying notes are integral to these consolidated financial statements

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars, except where indicated)

1. NATURE OF OPERATIONS

DMG Blockchain Solutions Inc. (the “Company”) was incorporated under the provisions of the British Columbia Business Corporations Act on April 18, 2011. The Company’s head office and principal place of business is 4193 104 Street, Delta, B.C. V4K3N3. The Company is a vertically integrated blockchain and crypto-currency company that manages, operates, and develops end-to-end digital solutions to monetize the blockchain ecosystem. The Company has operated its transaction verification services business, commonly known as Bitcoin mining, in Western Canada since October 2016. The Company is involved in server hosting and other similar service arrangements for the transaction verification services business and software solutions. The Company is also involved in research and development of technology solutions related to transaction verification services business. The Company’s shares are listed on the TSX-V under the symbol DMGI.

2. BASIS OF PRESENTATION

a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved for issue by DMG’s board of directors on December 18, 2024.

b) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The financial transactions of subsidiaries are included in the financial statements from the date control is obtained. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Intercompany balances, transactions, income, and expense are eliminated and gains or losses on intercompany transactions are eliminated. Where the Company does not own 100% of the subsidiary or associate, non-controlling interest is classified as a component of equity. The accounting policies of subsidiaries are the same as those of the Company.

Principal subsidiaries	Percentage ownership		Country of incorporation
	September 30, 2024	September 30, 2023	
DMG-US, Inc. (“DMG-US”)	100%	100%	United States
Datient, Inc.	100% indirect through DMG-US	100% indirect through DMG-US	United States
DMG Blockchain Services Inc.	100%	100%	United States
1141559 BC Ltd.	100%	100%	Canada
1132517 BC Ltd.	100%	100%	Canada
1300036 BC Ltd.	100%	100%	Canada
Systemic Trust Company Ltd.	100%	0%	Canada
2399760 Alberta Ltd.	100%	0%	Canada
2564400 Alberta Ltd.	100%	0%	Canada

During the year ended September 30, 2024, the Company incorporated a wholly owned subsidiary, 2564400 Alberta Ltd. and Systemic Trust Company Ltd. for the establishment of an Alberta based independent digital asset custody solution for institutional clients. The Company also acquired a shell company 2399760 Alberta Ltd, as a wholly owned subsidiary for the purposes of establishing an Alberta based leasing company.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars, except where indicated)

2. BASIS OF PRESENTATION (continued)

c) *Basis of measurement*

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities, and digital currencies measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional currency of the Company, 1141559 BC Ltd, 1132517 BC Ltd, 1300036 BC Ltd, 2399760 Alberta Ltd, Systemic Trust Company Ltd, and 2564400 Alberta Ltd. is the Canadian dollar. The functional currency of DMG-US, Datient Inc., and DMG Blockchain Services Inc. is the US dollar, which is determined to be the currency of the primary economic environment in which the subsidiary operates. The presentation currency used in preparation of these consolidated financial statements is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities and non-monetary assets and liabilities carried at fair value, that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

d) *New IFRS pronouncements*

There are no new IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements.

e) *Future IFRS pronouncements and amendments*

IFRS Sustainability Disclosure Standards

The International Sustainability Standards Board (ISSB) of the IFRS Foundation has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures.' The objective of IFRS S1 and S2 is to require an entity to disclose information about its sustainability and climate related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Both Standards are effective for fiscal years beginning January 1, 2024, but certain transitional reliefs are available. The ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board ('SASB') Standards to identify sustainability-related risks, opportunities and appropriate metrics. The Company is currently evaluating the impact of these reporting requirements.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars, except where indicated)

2. BASIS OF PRESENTATION (continued)

In March of 2024, the Canadian Sustainability Standards Board (“CSSB”) proposed two exposure drafts on Canadian Sustainability Disclose Standard (“CSDS”) 1, *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2, *Climate-related Disclosures*. These exposure drafts align with IFRS S1 and S2 global baselines, with modifications to align with Canadian-specific needs which include:

- extending the earliest voluntary adoptions dates for CSDS 1 and CSDS 2 from January 1, 2024, to January 1, 2025;
- extending the proposed transition relief for disclosures beyond climate-related risks and opportunities from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB standards on January 1, 2025, will be required to disclose information on all sustainability-related risks and opportunities from the reporting period beginning on or after January 1, 2027; and
- extending the proposed transition relief for disclosure of Scope 3 Green house gas (“GHG”) emissions from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB on January 1, 2025, will be required to disclose Scope 3 GHG emissions from the reporting period beginning on or after January 1, 2027.

IFRS 18 - Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The new Accounting Standard introduces significant changes to the structure of a company’s income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as ‘non-GAAP measures,’) and less aggregation of items into large, single numbers. The main impacts of the new Accounting Standard include:

- introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities (i.e. operating, investing and financing);
- requiring disclosure about management performance measures (MPMs); and
- adding new principles for aggregation and disaggregation of information.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adoption of this new IFRS pronouncement has not yet been determined and the Company has not determined if it would adopt by anticipation.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued amendments to IAS 21 –The Effects of Changes in Foreign Exchange Rates in relation to Lack of Exchangeability. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. These amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The Company is assessing the potential impact of these amendments.

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that are expected to have a material impact on the Company.

DMG Blockchain Solutions Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023
(Expressed in Canadian Dollars, except where indicated)

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all years presented in the preparation of these consolidated financial statements.

a) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when required by IFRS. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units, or "CGUs").

Value in use is determined as the present value of the future cash flows expected to be derived from an asset or CGU in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimates of future cash flows have not been adjusted.

Fair value is the price that would be received from selling an asset in an orderly arm's length transaction between market participants at the measurement date. Costs to dispose are incremental costs directly attributable to the disposal of an asset or CGU. Estimated future cash flows are calculated using estimated future prices and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Impairment losses for other assets or CGUs recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If so, an impairment loss is reversed only to the extent that the related asset or CGUs carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held with banks less cheques issued and outstanding, including monetary instruments that may be cashed or redeemed within three months of purchase.

c) Revenue recognition

The Company has the following main sources of revenue:

Set up and hosting fees

Set-up fees consist of the installation of the equipment in the Company's data centre. Set-up fees are deferred and recognized as earned over the term of the underlying hosting contract and included in Note 19.

Hosting fees are recognized as the hosting services are provided to customers on a monthly basis.

Cryptocurrency mining

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly described as "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is recognized by the Company when payment, in the form of digital currency, is received for mining services rendered. Revenue is measured based on the fair value of the coins received using the rate at the time of the transaction per "Yahoo.com", an online coin price aggregator.

Costs of fulfilling and revenue associated with the Company's performance obligations are incurred simultaneously. The Company has not deferred any expenditures with regard to fulfilling its contracts.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars, except where indicated)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Software licensing

Revenue from software licensing arrangements, which allows customers to use software over a term, are provided on a subscription basis and is recognized rateably over the term of the subscription. Any unearned revenue at the end of the reporting period is reported as deferred revenue. Revenue from software license development is evaluated to determine whether performance obligations are satisfied at point in time or over time based on whether the software does not have an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date:

- For software license development where performance obligations are satisfied at a point in time, revenue is recognized when control of the software has transferred to the customer; and
- For software license development where performance obligations are satisfied over time, revenue is recognized using a method of transfer that depicts the Company's performance.

Mining pool fees

Revenue is earned from the operation of crypto-currency mining pools in the form of pool fees. Pool fees are calculated as a percentage of the digital currency coins earned by the participants in the Company's pool. Percentages fluctuate based on total hash rate of the pool. Revenue is measured based on the fair value of the coins received using the rate at the time of the transaction per "Yahoo.com", an online coin price aggregator.

Net pool revenue and pool fees

Revenue is earned from the operation of crypto-currency mining pools in the form of net pool revenue and pool fees. The Company purchases the computing power (hashrate) of its pool members, paying them for their services based upon a formula that is a function of their hashrate contribution. Payouts to participants are calculated under one of two models, Full Pay Per Share ("FPPS") or Pay-Per-Last-N-Shares ("PPLNS").

Under the FPPS model, participants earn digital currency based on a formula for the expected block reward. The Company earns net pool revenue by generating digital currency through the purchase of hashrate from pool participants in excess of calculated payouts. The Company under the FPPS model takes on the volatility risk of matching the timing as to when it mines blocks versus paying out digital currency (less fees) based on the amount of purchased hashrate. Net pool revenue is calculated as the gain or loss between the total digital currency received from purchasing hashrate less digital currency paid to pool participants under the FPPS model.

Under the PPLNS model, participants earn digital currency for their hashrate contribution as a percentage of the total pool hashrate within a defined period to determine their share of the pool's actual block rewards. Pool members under the PPLNS model share in the risk and may share in all the rewards based on the Terms & Conditions and upon the number of blocks mined by the pool.

Pool fee revenue under both models is calculated as a percentage of the digital currency earned by the participants in the Company's pool. Percentages fluctuate based on total hashrate of the pool. Revenue is measured based on the fair value of the digital currency received using the rate at the time of the transaction per "Yahoo.com," an online digital currency price aggregator.

Software transaction revenue

The Company generates revenue through integration of its various software platforms, which allows pool users to perform certain transactions for which the Company earns a transaction fee.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars, except where indicated)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Consulting fees

The Company earns revenue from performing forensic consulting services. Revenue is earned upon completion of the services and when the amount is measurable and collection is reasonably assured.

d) Property and equipment

Additions to the data centre are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and conditions necessary for them to be operated in the manner intended by management.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statements of loss and comprehensive loss.

The Company depreciates the cost of property and equipment based on declining-balance method, calculated monthly, over their estimated useful lives from the date they are available for use at the following annual rates:

Power Substation	4%
Data Centre	4%-40%
Computer and networking equipment	20%-100%
Mining equipment	55%
Motor vehicles	30%
Furniture and other equipment	20%

The assets' residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized. No depreciation is recorded on items under construction until construction is complete, and items are available for use.

Refer to Note 4 for disclosure of estimates in respect of the determination of the appropriate method of depreciation, the underlying useful life and the estimation of residual values in respect of mining equipment.

e) Digital currencies

Digital currencies consist of crypto-currency denominated assets such as Bitcoin and Ethereum, and are included in current assets. Digital currencies meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. Purchased digital currencies are initially recorded at cost and earned digital currencies are recorded based on the value of digital currencies on the date they are earned. The revaluation method is used to measure the digital currencies subsequently. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in the consolidated statements of loss and comprehensive loss. There is no recycling of gains from other comprehensive income in the consolidated statements of loss and comprehensive loss, except to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in the consolidated statements of loss and comprehensive loss, that increase is recorded in the consolidated statements of loss and comprehensive loss.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cryptocurrency held by the Company is valued at its fair value using the BTC CAD closing price listed on “Yahoo.com”, which uses CoinMarketCap.com, a source that aggregates volume weighted average BTC USD price data from multiple exchanges. CoinMarketCap.com converts USD to CAD based on current FX rates provided by openexchangerates.org. Subsequent to initial recognition, digital currencies are remeasured at each reporting period to the Canadian dollar price.

f) Share-based compensation

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. If it is determined the fair value of the goods or services cannot be reliably measured, share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves.

The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions on grant date. The fair value of restricted share unit is determined using the share price on the grant date. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

g) Financial instruments

The Company applies IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments.

Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired and their contractual cash-flow characteristics. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to the consolidated statements of loss and comprehensive loss on derecognition of the financial assets at FVTOCI.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Impairment of financial assets

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

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

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial liability held at FVTPL are included in the income statement in the period in which they arise. Derivatives are categorized as FVTPL unless they are designated as hedges.

Financial liabilities at amortized cost

All financial liabilities that are not held for trading or designated as at FVTPL are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The classification of the Company’s financial instruments under IFRS 9 is as follows:

Cash and equivalents	Amortized cost
Amounts receivable	Amortized cost
Amounts recoverable	Amortized cost
Lease receivable	Amortized cost
Marketable securities	FVTPL
Long-term investments	FVTPL
Trade and other payables	Amortized cost
Loans payable	Amortized cost

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement year adjustments. The measurement year is the year between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of loss and comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the consolidated statements of comprehensive loss as a bargain purchase gain. Acquisition related costs are recognized in the consolidated statements of loss and comprehensive loss as incurred.

j) Intangible assets, other than digital currencies

Intangible assets consist of database, in process technology and tradename from Datient and are recorded at cost less accumulated amortization and accumulated impairment losses. Intangible assets have a finite life and are amortized using the straight-line method over their estimated useful lives. The useful lives of the intangible assets are reviewed at least annually. Amortization is recognized on a straight-line basis which for the database and in process technology is five years and for the tradename is twenty years.

The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

k) Research costs

Research costs, including expenses related to existing and new digital currency related tools and services, are expensed in the period in which they are incurred.

l) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise option of purchase options, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Net investment in sublease

If a sublease is classified as a finance lease, the original lessee derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model. The original lessee, as the sublessor, recognises a net investment in the sublease and evaluates it for impairment at period-end.

m) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of tax.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Other Comprehensive Income or Loss

Other comprehensive income or loss is the change in equity from transactions and other events and circumstances from non-shareholder sources. Other comprehensive income or loss refers to items recognized in comprehensive income or loss, but that are excluded from net income or loss calculated in accordance with IFRS. The resulting changes from translating the financial statements of foreign operations, the Company's presentation currency, and the revaluation of digital currencies are recognized in other comprehensive income or loss for the year.

o) Loss per share

Loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net income applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

p) Segmented Reporting

A business segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer ("CEO"), being the chief operating decision marker ("CODM"), to make decisions about the allocation of resources and to assess their performance, and for which discrete financial information is available. As at September 30, 2024 and 2023, the Company had one reportable segment based on operations related to digital currency mining and all the operations are in North-America.

q) Income taxes

Tax is recognized in net income or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is the expected tax payable on the taxable income for the year plus any adjustment to tax payable in respect to previous years. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

r) Assets held for sale

Assets are classified as held for sale when they are available for immediate sale and their sale is expected within one year. They are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated from the date of classification. Impairment losses are recognized in the consolidated statements of loss and comprehensive loss and reversed if fair value less costs to sell increases subsequently. The assets are presented separately in the statement of financial position. Changes in estimates or sale circumstances are accounted for in the period they occur and disclosed accordingly.

s) Non-Monetary Transactions

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

t) Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. An increase in the provision due to the passage of time is recognized as a finance expense.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

4. USE OF JUDGEMENTS AND ESTIMATES (continued)

Judgements

a) Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, including volatility of digital currency price, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

b) Revenues from cryptocurrency mining and related service contracts

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly described as "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates. Management has exercised significant judgement in determining the completion stage for this revenue stream and has examined various factors surrounding the substance of the Company's operations and determined the stage of completion being the addition of a block to a blockchain. The value of the revenue is a significant judgement and is based on the value of the cryptocurrency earned at the date of addition, at the rates identified on Yahoo.com.

For hosting and other service contracts, the Company has determined that the substance of the service contracts is provision of services under IFRS 15 Revenue from Contracts with Customers. Revenue is recognized only when the amount of the contract and separate performance obligations are identified, the transaction can be measured reliably, the transaction price can be allocated to the performance obligations, and the performance obligation is satisfied. Accordingly, the Company has determined that revenue should be recognized as the provision of services under the contract is completed.

Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgement exercised by management.

c) Recoverability of sales tax receivable

The Company has certain refund claims for Goods and Services Tax Credits with the Canada Revenue Agency, the receipt of which are conditional upon review. Management has assessed the collectability and made adjustments (see Note 6) of these refunds given the probability of collection and determined that the remaining balance of outstanding claims are likely to be collected given current rulings and the status of the ongoing review.

d) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

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4. USE OF JUDGEMENTS AND ESTIMATES (continued)

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

There is uncertainty regarding the taxation of cryptocurrency and the Canada Revenue Agency may assess the Company differently from the position adopted.

e) Assessment of indicators of impairment

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when required by IFRS. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

f) Recoverability of digital currencies held with a custodian in receivership

The Company holds digital currencies, Bitcoin and Ether, with Prime Trust, a custodian in receivership with the State of Nevada. The recoverability of these digital currencies has been determined by management based on information available regarding the legal proceedings and the categorization of the property held as either state property or depositor property.

Estimates

a) Valuation of digital currencies

The Company currently holds bitcoin and ether as its digital currencies. Digital currencies are considered to be identifiable non-monetary assets without physical substance and are treated as intangible assets not subject to amortization under the scope of IAS 38 Intangible Assets.

Digital currencies are measured at fair value using the quoted price on “Yahoo.com”. Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. Digital currencies are valued based on the closing price obtained from “Yahoo.com” at the reporting period corresponding to the different digital currencies mined by the Company. The Company considers the data available at “Yahoo.com” to be an accurate representation of fair value.

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For the Years Ended September 30, 2024 and 2023

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4. USE OF JUDGEMENTS AND ESTIMATES (continued)

b) Carrying value of mining equipment and data center

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about expected revenue from service contracts, digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

c) Useful life of digital asset mining equipment

Management is depreciating mining equipment over its useful life on a declining-balance method basis. The mining equipment is used to generate digital currencies (refer to discussion on revenue recognition in Note 3). The rate at which the Company generates digital currencies and, therefore, consumes the economic benefits of its mining equipment are influenced by a number of factors including the following:

- (i) the complexity of the mining process which is driven by the algorithms contained within the digital assets open source software;
- (ii) the general availability of appropriate computer processing capacity on a global basis. Technological obsolescence reflecting rapid development in the mining machines means that more recently developed hardware is more economically efficient to run. This is reflected in terms of digital assets mined as a function of operating costs, primarily power costs (i.e., the speed of mining machines evolution in the industry) is such that later mining machines models generally have faster processing capacity combined with lower operating costs and a lower cost of purchase.

Based on the Company's, and the industry's short life cycle to date, there is limited amount of market data available to management to use in its estimates. Furthermore, the data available also includes data derived from the use of economic modelling to forecast future digital assets and the assumptions included in such forecasts, including the price of bitcoin and network difficulty, are derived from management's assumptions which are inherently judgmental. Based on current data available management has determined that the declining-balance method of depreciation at a rate of 55% per year until decommissioned best reflects the current expected useful life of mining equipment. Management reviews this estimate at each reporting date and will revise such estimates as and when data becomes available. Any remaining residual value for mining equipment is written off at the end of its useful life. Management reviews the appropriateness of its assumption of zero residual value at each reporting date.

d) Fair value measurement of stock options and broker warrants

Estimating fair value for stock options and broker warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and broker warrants, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock options and broker warrants are disclosed in Note 16.

DMG Blockchain Solutions Inc.

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5. DIGITAL CURRENCY

As at September 30, 2024, the Company held bitcoin as its digital currency (2023: bitcoin and ether). Bitcoin and ether are recorded at their fair value on the date they are received and are revalued at their current market value at each reporting date. Fair value is determined by taking the closing price listed on "Yahoo.com".

The continuity of digital currencies is as follows:

	BTC		ETH		TOTAL
	Units	\$	Units	\$	\$
Balance, September 30, 2022	343.24	9,236,520	45.34	83,270	9,319,790
Digital currency received from mining	878.21	27,397,627	-	-	27,397,627
Mining pool fees	2.66	93,861	-	-	93,861
Net pool revenue	(26.83)	(1,031,795)	-	-	(1,031,795)
Digital currency sold	(728.84)	(22,912,786)	-	-	(22,912,786)
Digital currency impairment	-	-	(45.34)	(102,735)	(102,735)
Digital currency revaluation	-	4,350,308	-	19,465	4,369,773
Exchange differences	-	8,948	-	-	8,948
Balance, September 30, 2023	468.44	17,142,683	-	-	17,142,683
Digital currency received from mining	502.51	33,975,569	-	-	33,975,569
Mining pool fees	(0.07)	(5,935)	-	-	(5,935)
Net pool revenue	(43.19)	(2,362,743)	-	-	(2,362,743)
Digital currency sold	(491.96)	(32,107,668)	-	-	(32,107,668)
Reclassified to receivables	(49.01)	(1,791,851)	-	-	(1,791,851)
Digital currency revaluation	-	19,472,035	-	-	19,472,035
Exchange differences	-	5,613	-	-	5,613
Balance, September 30, 2024	386.72	34,327,703	-	-	34,327,703

During the year ended September 30, 2023, the Company's primary custodian Prime Trust was placed into receivership by the state of Nevada, which ordered the custodian to cease all activities. As at September 30, 2023, the Company held 45.34 ETH and 49.01 BTC held in digital currencies with Prime Trust valued at \$102,735 and \$1,791,851 respectively. At the time of the order, the Company had also placed trades for 8.2378 BTC valued at \$335,089 that were not complete due to the cease of activities, these amounts have been included in other receivables (Note 6).

During the year ended September 30, 2023, management assessed the recoverability of these amounts based on current available information. Due to the nature of the assets, BTC was expected to be returned in full as depositor property. Due to the uncertainty around ETH and non-depositor property, the balance of ETH of \$102,735 has been impaired to \$Nil and an allowance of \$335,089 was recorded to bad debt expense that related to the placed trades that did not complete.

During the year ended September 30, 2024, management reassessed the recoverability of the BTC as there is uncertainty around the treatment of depositor versus estate property. Management estimates that approximately 75% of the value of the estate property will be recoverable. Estate property is repaid in cash based on the value of holdings on the petition date of August 14, 2023. As such, the Company has recorded an impairment of \$345,160 and reclassified the remaining balance of \$1,446,691 to amounts receivable. There was no change to the assessment of ETH and incomplete trades during the year ended September 30, 2024.

As at September 30, 2024, the Company had 295.45 BTC deposited and pledged as collateral against a credit facility with Sygnum bank (Note 16).

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6. AMOUNTS RECEIVABLE

The Company's amounts receivable is as follows:

	September 30, 2024		September 30, 2023	
Trade receivables	\$	295,336	\$	577,608
Sales taxes recoverable		3,012,598		1,918,939
Other receivables		216,035		35,000
Receivable from Prime Trust (Note 5)		1,446,691		-
Provision for doubtful accounts		(60,409)		(54,868)
	\$	4,910,251	\$	2,476,679

The following is the continuity of the Company's expected credit loss movement:

	September 30, 2024		September 30, 2023	
Opening balance	\$	54,868	\$	8,618
Bad debt expense related to AR		5,541		381,339
Write-offs		-		(335,089)
	\$	60,409	\$	54,868

During the year ended September 30, 2024, the Company recorded a provision for doubtful accounts of \$5,541 (2023: \$54,868) for expected credit losses.

Included in bad debt expense on the consolidated statement of loss and comprehensive loss is an expense of \$8,845 (2023: recovery of \$38,527) that were not related to the provision for doubtful accounts. During the year ended September 30, 2023, the Company also recorded a bad debt expense of \$335,089 related to failed BTC trades (Note 5).

In addition, based on management's analysis of the sales taxes recoverable, it was determined that a further provision of \$896,205 (2023: \$1,805,343) was required to be expensed, to result in a net sales taxes recoverable of \$3,012,598 (2023: \$1,918,939).

7. AMOUNT RECOVERABLE

	September 30, 2024		September 30, 2023	
Amortized Cost				
Opening balance	\$	7,823,307	\$	7,823,307
Ending balance		7,823,307		7,823,307
Expected Credit Losses				
Opening balance	\$	1,377,056	\$	1,190,806
Interest income		(634,511)		(506,610)
Loss on modification		674,300		692,860
Ending balance	\$	1,416,845	\$	1,377,056
Net Amount Recoverable	\$	6,406,462	\$	6,446,251

As of September 30, 2021, the Company advanced \$12,606,000 for the purchase of miners that could not be delivered. On June 4, 2021, the Company received a refund of \$3,532,331 (USD \$2,802,103) and was informed that the miners could not be delivered under the agreement. As at September 30, 2021, the Company applied \$1,250,362 for 21 bitcoins that were received in relation to the agreement against the outstanding amount. Of the total advanced, \$7,823,307 is remaining to be repaid as of September 30, 2021.

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7. AMOUNT RECOVERABLE (continued)

During the year-ended September 30, 2022, management determined that the amount may not be recovered in the next twelve months. The amount is expected to be recovered over two years, and estimates that the Company will incur \$300,000 in legal fees to recover the balance. As such, the Company recorded an impairment on the amount recoverable of \$1,302,049. The amount recoverable was recorded at amortized cost using an effective interest rate of 7.33% and interest revenue of \$111,243 was recognized in the consolidated statements of loss and comprehensive loss for the year ended September 30, 2022.

During the year-ended September 30, 2023, the provincial court of British Columbia notified the company that a court date for the amount recoverable dispute would be held in January 2025. With this information, management estimates the amount is expected to be recovered no later than September 30, 2025. The increase in term relating to the amount recoverable resulted in a modification of the financial asset. A loss on modification on amount recoverable of \$692,860 was recognized during the twelve months ended September 30, 2023. The modified amount recoverable is recorded at amortized cost using an effective interest rate of 10.20% and interest revenue of \$506,610 was recognized in the consolidated statement of loss and comprehensive loss for the year ended September 30, 2023.

During the year-ended September 30, 2024, the Company received notification that the court date was pushed back to July 28, 2025. Management estimates that the amount would be recovered no later than April 2026. The increase in term resulted in a modification of the financial asset. A loss on modification on amount recoverable of \$674,230 was recognized during the twelve months ended September 30, 2024. The modified amount recoverable is recorded at amortized cost using an effective interest rate of 10.20% and interest revenue of \$634,510 was recognized in the consolidated statement of loss and comprehensive loss for the year ended September 30, 2024.

Management continues to treat the recoverable balance as a long-term receivable due to the uncertainty surrounding the timing of the payment and collection.

8. MARKETABLE SECURITIES

Marketable securities are recorded at their fair value at the end of each reporting period. The fair values of the common shares of publicly traded companies have been directly referenced to published price quotations in an active market. A continuity of the Company's marketable securities is as follows:

	September 30, 2024	September 30, 2023
Fair value, opening	\$ 386,984	\$ 401,542
Loss on fair value change of marketable securities	(70,181)	(14,558)
	\$ 316,803	\$ 386,984

As at September 30, 2024, the Company holds 800,000 (2023: 800,000) shares of INX Ltd. and 12,094 (2023: 12,094) common shares of Marathon Digital Holdings, Inc.

9. LONG-TERM DEPOSITS

	September 30, 2024	September 30, 2023
Security deposits	\$ 1,856,345	\$ 1,659,135
Deposits on mining equipment	191,337	1,597,189
	\$ 2,047,682	\$ 3,256,324

The Company has currently outstanding \$191,337 (USD \$141,742) (2023 - \$1,597,189 (USD \$1,181,353)) relating to the purchase of miners.

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9. LONG-TERM DEPOSITS (continued)

On December 18, 2018, the Company entered into an agreement under which \$2,202,605 was paid as a security deposit for the provision of utilities, interest bearing at approximately 3%. As at September 30, 2024, \$1,649,399 (2023 - \$1,649,399) of these funds still remain and are included in security deposits and will be repaid when the Company ceases the use of the services. The remaining security deposits are for various lease agreements and will be repaid at the end of each lease agreement. The remaining deposits are non-interest-bearing. No expected credit losses have been recorded against the deposits, management believes that the deposits are held by large reputable companies and that there will be no issues recovering deposits when they become due.

10. CONVERTIBLE DEBENTURE

On July 2, 2021, the Company purchased a convertible debenture of BOSONIC Inc. for USD \$2,000,000. The convertible debenture is interest bearing at 5% per annum and matures on July 2, 2023. In the event that BOSONIC Inc. raises at least USD \$15,000,000 in new capital, the debenture will automatically convert into common shares of BOSONIC Inc. at a conversion price equal to:

- a. The product of 0.75 and the lowest price per share paid in the financing; or
- b. The price per share obtained by dividing USD \$200,000,000 by the total number of common shares of BOSONIC Inc. outstanding on a diluted basis.

As of September 30, 2022, management reviewed financial statements, internally generated forecasts of the company, and its business plan and concluded the likelihood of repayment of the note at maturity date was remote. As such, a decline in fair value of \$2,782,825 was recorded in the Company's profit and loss. As of September 30, 2023, the fair value of the BOSONIC note was \$Nil (2022: \$Nil).

As of September 30, 2023, DMG advanced an additional \$202,725 (USD \$150,000) to Bosonic Inc. as the Company's management believes the intellectual property of Bosonic Inc. has important strategic value. However, due to the uncertain nature of their financial situation, the additional amount was written off to decline in fair value of investment, in the statement of loss.

During the year ended September 30, 2024, the Company advanced a further \$609,120 (USD \$450,000). The advance is non-interest bearing, and due on March 1, 2024. Due to the continued uncertainty of their financial situation, the additional amount was written off to decline in fair value of investment, in the statement of loss.

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the statements of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Bosonic Convertible Debenture	Market Approach (Level 3)	Internal forecasts, business plan, likelihood of repayment	The fair value is highly sensitive to the company's performance and likelihood of repayment, leading to a fair value of \$Nil.

The Company's investments in Bosonic are valued using the market approach, under Level 3 of the fair value hierarchy. This approach involves using significant unobservable inputs including internally generated forecasts and business plans, as well as assessments of market conditions and likelihood of repayment. These inputs have a direct correlation with the fair value measurement, as they significantly influence the determination of fair value, especially in scenarios where the market presence is limited or non-existent. As of the reporting date, the fair value of the investment was assessed to be \$Nil (2023: \$Nil) due to the adverse conditions impacting the likelihood of recovery and market conditions.

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11. ASSETS HELD FOR SALE

During the year ending September 30, 2023, the Company purchased \$3,451,024 in Bitcoin mining hardware and related equipment with the intention of installing the miners at the Company's facility. Due to the delay in expansion of the Christina Lake facility, the miners could not be installed when the shipments were received and installation delayed until expansion plans could be completed. The decision to classify these assets as held for sale is based on our strategic plan to optimize operations and reallocate resources.

During the year ended September 30, 2024, the Company sold \$36,166 in mining equipment for proceeds of \$40,975 resulting in a gain on sale of \$4,809. Of the total proceeds, \$20,442 was received in cash and the remainder was credited against outstanding trade payables. The remainder of the assets held for sale were reclassified back to property and equipment and installed into the Company's facilities for use as expansion plans were completed.

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12. PROPERTY AND EQUIPMENT

COST	Land	Construction in Progress (CIP)	Power Substation	Data Centre	Computer and mining equipment	Furniture and other equipment	Motor Vehicle	Right of use Assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at September 30, 2022	2,341,569	410,928	3,627,008	12,107,826	63,593,397	231,592	12,747	514,980	82,840,047
Additions	-	1,556,181	-	238,667	10,097,815	42,821	-	(2,386)	11,933,098
Disposals	-	(4,829)	-	-	-	-	-	-	(4,829)
Reclassification from CIP	-	(476,781)	232,391	187,555	-	63,585	-	(6,750)	-
Reclassification to Assets held for sale	-	-	-	-	(710,835)	-	-	-	(710,835)
Other adjustments	-	-	-	-	(37,469)	-	-	(226,165)	(263,634)
As at September 30, 2023	2,341,569	1,485,499	3,859,399	12,534,048	72,942,908	337,998	12,747	279,679	93,793,847
Additions	-	4,842,027	-	288,115	16,640,639	64,237	-	96,721	21,931,739
Disposals	-	-	-	-	-	-	-	(55,880)	(55,880)
Reclassification from Assets Held for Sale	-	-	-	-	3,414,858	-	-	-	3,414,858
Reclassification from CIP	-	(1,550,472)	-	1,659,242	-	24,361	-	(133,131)	-
Other adjustments	-	-	-	(3,414)	-	-	-	-	(3,414)
As at September 30, 2024	2,341,569	4,777,054	3,859,399	14,477,991	92,998,405	426,596	12,747	187,389	119,081,150
ACCUMULATED DEPRECIATION									
As at September 30, 2022	-	-	548,044	3,101,744	20,741,569	47,461	5,066	312,734	24,756,618
Depreciation	-	-	127,795	703,996	20,971,314	43,897	2,012	53,268	21,902,282
Reclassification	-	-	57,495	(57,495)	-	-	-	-	-
Other adjustments	-	-	-	-	(37,469)	-	-	(226,169)	(263,639)
As at September 30, 2023	-	-	733,334	3,748,245	41,675,414	91,358	7,078	139,833	46,395,262
Depreciation	-	-	122,775	745,045	17,978,195	50,205	1,485	48,499	18,946,204
Disposals	-	-	-	-	-	-	-	(55,880)	(55,880)
Reclassification	-	-	-	52,624	-	23,163	-	(75,787)	-
Other adjustments	-	-	-	(3,414)	-	-	-	-	(3,414)
As at September 30, 2024	-	-	856,109	4,542,500	59,653,609	164,726	8,563	56,665	65,282,172
NET BOOK VALUE									
As at September 30, 2023	2,341,569	1,485,499	3,126,065	8,785,803	31,267,494	246,640	5,669	139,846	47,398,585
As at September 30, 2024	2,341,569	4,777,054	3,003,290	9,935,490	33,344,796	261,870	4,184	130,724	53,798,978

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13. LONG-TERM INVESTMENTS

	September 30, 2024	September 30, 2023
	\$	\$
Other	45,000	45,000
	\$ 45,000	\$ 45,000

On June 2, 2021, the Company purchased 8,000,000 units of Brane Inc. for \$3,000,000, representing a non-controlling interest in Brane Inc. Each unit consists of one common share and one warrant. Management has reviewed financial statements, internally generated forecasts of the company, and its business plan and concluded on September 30, 2022, that the value of the investment was \$Nil. As such, a decline in the fair value of \$3,000,000 in the Company's consolidated statements of loss and comprehensive loss during the year ended September 30, 2022.

During the year ended September 30, 2024 and 2023, management assessed based on available information that there was no change to the value of the Brane Inc. investment of \$Nil.

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the statements of financial position, as well as the significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Brane Inc (Equity Investment - Common Share and Warrant)	Market Approach (Level 3)	Internal forecasts, business plan, market conditions	The fair value is influenced by internal and market assessments, resulting in a fair value of \$Nil.

The Company's investments in Brane are valued using the market approach, under Level 3 of the fair value hierarchy. This approach involves using significant unobservable inputs including internally generated forecasts and business plans, as well as assessments of market conditions and likelihood of repayment. These inputs have a direct correlation with the fair value measurement, as they significantly influence the determination of fair value, especially in scenarios where the market presence is limited or non-existent. As of the reporting date, the fair value of both investments is assessed to be \$Nil due to the adverse conditions impacting the likelihood of recovery and market conditions.

14. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	September 30, 2024	September 30, 2023
Trade payables and accrued liabilities	\$ 4,815,217	\$ 3,151,048
Trade payables and accrued liabilities - related parties (Note 18)	173,851	573,402
Provincial sales taxes payable	41,137	194,291
Legal expense accrual	136,374	136,374
Refundable customer deposits on contracts	7,076	113,331
Interest payable (Note 16)	9,452	9,658
	\$ 5,183,107	\$ 4,178,104

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14. TRADE AND OTHER PAYABLES (continued)

Included in trade and other payables is a legal expense accrual of \$136,374 (2023: \$136,374) that relates to a provision for a legal claim from a former customer. The legal expense accrual represents the maximum amount the Company expects to pay if it is found liable in the claim.

15. LEASES

The Company leases certain assets under lease agreements. The lease liability consists of leases for office space, vehicles and equipment. The leases bear interest of ranging from 5.09% to 29.28% per annum and expiry dates for these leases range from April 2025 to November 2026. The related lease liability was measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of that date.

At September 30, 2024 and 2023, the Company's lease liability related to office leases is as follows:

Lease liability	September 30, 2024		September 30, 2023	
Current portion	\$	43,483	\$	50,555
Long-term portion		51,842		41,202
	\$	95,325	\$	91,758

At September 30, 2024 and 2023, the Company is committed to minimum undiscounted lease payments as follows:

Maturity analysis	September 30, 2024		September 30, 2023	
Less than one year	\$	49,165	\$	59,636
One to five years		54,432		46,320
More than five years		-		-
Total undiscounted lease liabilities	\$	103,597	\$	105,956

Recognized in the consolidated statements of loss and comprehensive loss	September 30, 2024		September 30, 2023	
Interest on lease liabilities (included in general and administrative expenses)	\$	11,518	\$	22,718

Recognized in the statement of cash flows	September 30, 2024		September 30, 2023	
Principal payments on lease liabilities	\$	99,158	\$	152,996
Total cash outflows for leases	\$	99,158	\$	152,996

16. LOANS PAYABLE

	Face value		Carrying value	
Balance, September 30, 2022	\$	291,881	\$	291,881
Loan proceeds		1,000,000		1,000,000
Transaction costs		-		(49,335)
Accretion		-		29,851
As at September 30, 2023	\$	1,291,881	\$	1,272,397
Loan proceeds		12,161,909		12,161,909
Repayment of principal		(1,668)		(1,668)
Accrued interest		491,925		491,925
Accretion		-		19,483
Foreign exchange loss		(15,585)		(15,585)
As at September 30, 2024	\$	13,928,462	\$	13,928,462
Current portion	\$	13,928,462	\$	13,928,462
Long-term portion	\$	-	\$	-

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16. LOANS PAYABLE (continued)

During the fiscal year ended September 30, 2024, the Company incurred interest expense of \$734,196 (2023: \$102,610) which is recorded as finance costs under general and administrative expenses. Of this amount, \$491,925 was paid with the remainder still owing as at September 30, 2024 included in loans payable and \$9,452 (2023: \$9,658) included in trade and other payables.

The current portion of the carrying amount represents the total deferred transaction costs that will be accreted over the following 12 months.

Polyphase Capital promissory note

On February 13, 2019, the Company issued a promissory note in the amount of \$291,881 to Polyphase Capital LLC. The promissory note bears no interest and is unsecured. The repayment of the note is dependent on the receipt of a Goods and Services Tax (GST) refund of the same amount by the Company on behalf of Polyphase Capital LLC from the Canada Revenue Agency.

Mortgage payable

On November 16, 2022, the Company entered into an agreement to borrow \$1,000,000. The loan is interest bearing, determined as the greater of 7.00% per annum or at a variable rate of prime plus 4.55% per annum, for a term of 18 months. Interest is payable monthly, and the principal balance is due on the maturity date. The loan is secured against the Company's office located in Delta, BC. It was determined that the principal balance of the loan represents its fair value as the time value of money does not pose a significant credit risk to the Company.

The Company incurred \$49,335 in transaction costs directly attributable to the loan. These transaction costs were deducted from the face value of the loan and are subsequently amortized over the term of the loan. During the fiscal year ending September 30, 2024, \$19,483 (2023: \$29,852) of these transaction costs were recognized as finance costs under general and administrative expenses.

On April 17, 2024, the Company extended the term of its loan payable with a principal balance of \$1,000,000 from April 30, 2024 to July 31, 2024 for an additional fee of \$2,500. On July 16, 2024, the Company extended the term of loan to November 1, 2024, for an additional fee of \$2,500. The loan is interest bearing, determined as the greater of 11.50% per annum or at a variable rate of prime plus 4.55% per annum, for a term of 3 months. Subsequent to year-end the Company repaid the outstanding balance of the mortgage in full.

Sygnum loan payable

On January 30, 2024, the Company entered into a loan agreement with Sygnum Bank AG ("Sygnum") for a Lombard loan of up to \$9,000,000 USD. For an indefinite term, the loan is interest bearing at 7.8%. On July 7, 2024, the interest rate was increased to 9% and total loan facility increased to a maximum of \$19,000,000 USD. The loan is secured against the Company's digital currency assets of 295.45 BTC (Note 5), which are pledged and deposited with Sygnum. Because the collateral is subject to fluctuations in value, the Company may be required to provide additional collateral in order to restore the security margin on the loan. As at September 30, 2024, \$12,636,582 (\$9,361,125 USD) of the loan was outstanding.

17. SHARE CAPITAL AND RESERVES

a) Share capital

Authorized: unlimited Class A common shares without par value, and unlimited Class B preferred shares without par value.

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17. SHARE CAPITAL AND RESERVES (continued)

Share capital activity for the year ended September 30, 2024

During the year ended September 30, 2024, the Company issued 2,458,118 common shares in connection with the exercise of stock options for proceeds of \$816,352. As a result, \$1,449,563 has been reclassified from share-based payment reserve to share capital.

Share capital activity for the year ended September 30, 2023

During the year ended September 30, 2023, the Company issued 786,438 common shares in connection with the exercise of stock options for proceeds of \$182,540. As a result, \$256,559 has been reclassified from share-based payment reserve to share capital.

b) Stock options

Stock option activity for the year ended September 30, 2024

On December 20, 2023, the Company granted 1,167,770 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.53 per option expiring on December 20, 2028. These options had a fair value of \$0.45 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.53; ii) share price: \$0.51; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.28%. The options vest 25% on each of the following: June 20, 2024, December 20, 2024, June 20, 2025, and December 20, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2024.

On March 20, 2024, the Company granted 1,184,430 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.58 per option expiring on March 20, 2029. These options had a fair value of \$0.49 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.58; ii) share price: \$0.56; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.57%. The options vest 25% on each of the following: September 20, 2024, March 20, 2025, September 20, 2025, and March 20, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2024.

On June 5, 2024, the Company granted 1,406,090 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.61 per option expiring on June 5, 2029. These options had a fair value of \$0.53 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.61; ii) share price: \$0.60; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.43%. The options vest 25% on each of the following: December 5, 2024, June 5, 2025, and December 5, 2025 and June 5, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2024.

On August 7, 2024, the Company granted 100,000 stock options to a consultant of the Company. The options are exercisable at \$0.52 per option expiring on August 7, 2027. These options had a fair value of \$0.30 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.52; ii) share price: \$0.49; iii) term: 3.00 years; iv) volatility: 100%; v) risk free rate: 3.42%. The options vest 25% on each of the following: November 7, 2024, February 7, 2025, May 7, 2025 and August 7, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2024.

On September 19, 2024, the Company granted 398,920 stock options to employees, and officers of the Company. The options are exercisable at \$0.48 per option expiring on September 19, 2029. These options had a fair value of \$0.40 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.48; ii) share price: \$0.46; iii) term: 5.00 years; iv) volatility: 134%; v) risk free rate: 2.70%. The options vest 25% on each of the following: March 19, 2025, September 5, 2025, March 5, 2026, and September 5, 2026. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2024.

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17. SHARE CAPITAL AND RESERVES (continued)

Stock option activity for the year ended September 30, 2023

On December 22, 2022, the Company granted 914,800 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.18 per option expiring on December 22, 2027. These options had a fair value of \$0.15 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.18; ii) share price: \$0.17; iii) term: 5.00 years; iv) volatility: 135%; v) risk free rate: 3.28%. The options vest 25% on each of the following: June 22, 2023, December 22, 2023, June 22, 2024, and December 22, 2024. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

On January 5, 2023, the Company granted 200,000 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.17 per option expiring on January 5, 2028. These options had a fair value of \$0.14 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.17; ii) share price: \$0.16; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.47%. The options vest 25% on each of the following: July 5, 2023, January 5, 2024, July 5, 2024, and January 5, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

On March 31, 2023, the Company granted 1,072,050 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.32 per option expiring on March 31, 2028. These options had a fair value of \$0.27 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.32; ii) share price: \$0.31; iii) term: 5.00 years; iv) volatility: 137%; v) risk free rate: 3.12%. The options vest 25% on each of the following: September 30, 2023, March 31, 2024, September 30, 2024, and March 31, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the nine months ended June 30, 2023.

On April 12, 2023, 3,121,076 existing options exercisable between \$0.65 and \$3.00 per common share were repriced to \$0.33. The repricing does not change the current vesting terms and does not extend the term of the options. These options had a fair value of \$0.11 - \$0.15 per option using Black Scholes model with the following inputs: i) exercise price: \$0.33; ii) share price: \$0.32; iii) term: 0.7 – 1.6 years; iv) volatility: 102% - 107%; v) risk free rate: 3.75%. The repriced options resulted in an incremental increase in value of the options by \$235,292.

On April 26, 2023, the Company granted 213,736 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.31 per option expiring on April 26, 2028. These options had a fair value of \$0.26 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.31; ii) share price: \$0.31; iii) term: 5.00 years; iv) volatility: 137%; v) risk free rate: 3.09%. The options vest 25% on each of the following: October 26, 2023, April 26, 2024, October 26, 2024, and April 26, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2023.

On June 30, 2023, the Company granted 1,638,790 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.33 per option expiring on June 30, 2028. These options had a fair value of \$0.28 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.33; ii) share price: \$0.31; iii) term: 5.00 years; iv) volatility: 136%; v) risk free rate: 3.77%. The options vest 25% on each of the following: December 31, 2023, June 30, 2024, December 31, 2024, and June 30, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2023.

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17. SHARE CAPITAL AND RESERVES (continued)

On September 20, 2023, the Company granted 1,266,110 stock options to employees, directors, and officers of the Company. The options are exercisable at \$0.29 per option expiring on September 20, 2028. These options had a fair value of \$0.25 per option using the Black Scholes model with the following inputs: i) exercise price: \$0.29; iii) term: 5.00 years; iv) volatility: 137%; v) risk free rate: 4.28%. The options vest 25% on each of the following: March 20, 2024, September 20, 2024, March 20, 2025, and September 20, 2025. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2023.

The Company granted stock options to employees, directors, and officers of the Company. The option had the terms as described in the table below with the fair value determined using the Black-Scholes model and rates indicated below. A portion of the vested value of these options was included in stock-based compensation and reserves for the year ended September 30, 2024.

Date	Options Issued	Exercisable Price	Fair Value	Expiring
December 20, 2023	1,167,770	0.53	0.48	December 20, 2028
March 20, 2024	1,184,430	0.58	0.49	March 20, 2029
June 5, 2024	1,406,090	0.61	0.53	June 5, 2029
August 7, 2024	100,000	0.52	0.30	August 7, 2027
September 19, 2024	398,920	0.48	0.40	September 19, 2029
Total and Average issued	4,257,210	0.57	0.48	

The Black-Scholes model utilized the following inputs to value the options granted:

	September 30, 2024	September 30, 2023
Risk free interest rate	2.70% - 3.57%	3.09% - 4.28%
Expected term (years)	3-5	5
Expected volatility	100% - 136%	135% - 137%
Expected dividends	0%	0%

The following table discloses the weighted average exercise price and life remaining:

	Options outstanding and exercisable	Weighted average exercise price	Weighted average life remaining
		\$	
Balance, September 30, 2022	13,050,845	0.77	2.71
Issued	5,305,486	0.29	
Expired	(457,691)	1.51	
Exercised	(786,438)	0.23	
Cancelled / Forfeited	(1,325,463)	0.43	
Balance, September 30, 2023	15,786,740	0.53	2.83
Issued	4,257,210	0.57	
Expired	(2,710,946)	1.10	
Exercised	(2,458,118)	0.33	
Cancelled / Forfeited	(811,033)	0.35	
Balance, September 30, 2024	14,063,853	0.48	3.27

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17. SHARE CAPITAL AND RESERVES (continued)

The following table discloses the number of options outstanding as at September 30, 2024:

Number of options	Price per share	Expiry Date	Number of options vested
1,510,855	\$1.20	November 30, 2024	1,510,855
210,855	\$0.33	November 30, 2024	210,855
1,612,500	\$0.39	May 9, 2027	1,612,500
200,000	\$0.33	August 22, 2027	200,000
1,492,500	\$0.25	September 30, 2027	1,492,500
814,238	\$0.18	December 22, 2027	595,288
200,000	\$0.17	January 5, 2028	150,000
945,175	\$0.32	March 31, 2028	701,225
150,000	\$0.31	April 26, 2028	75,000
1,544,100	\$0.33	June 30, 2028	747,550
1,186,930	\$0.29	September 20, 2028	593,715
1,139,600	\$0.53	December 20, 2028	286,025
1,161,760	\$0.58	March 20, 2029	290,440
1,396,420	\$0.61	June 5, 2029	-
100,000	\$0.52	August 7, 2024	-
398,920	\$0.48	September 19, 2029	-
14,063,853			8,465,953

c) Warrants*Warrant activity for the year ended September 30, 2024*

During the year ended September 30, 2024, 36,474,014 warrants expired unexercised.

Warrant activity for the year ended September 30, 2023

During the year ended September 30, 2023, 933,429 warrants expired unexercised.

	Warrants outstanding and exercisable	Weighted average exercise price	Weighted average life remaining
		\$	
Balance, September 30, 2022	37,407,443	2.18	1.50
Expired	(933,429)	0.22	
Balance, September 30, 2023	36,474,014	2.24	0.53
Expired	(36,474,014)	2.24	
Balance, September 30, 2024	-	-	-

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17. SHARE CAPITAL AND RESERVES (continued)

d) Restricted Share Units

Restricted share unit activity for the year ended September 30, 2024

On March 25, 2024, the Company adopted a restricted share unit plan (the “RSU Plan”) which allows for certain discretionary bonuses and similar awards, related to the achievement of long-term financial and strategic objectives of the Company, to be provided to eligible directors, officers, employees and consultants of the Company. The RSU Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the RSU Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date.

The Company granted 2,000,000 RSU’s on September 19, 2024 to officers and directors of the Company. The RSUs fully vest on September 19, 2025, and have a grant date fair value of \$0.46.

e) Summary of share-based compensation

The following table summarizes the share-based compensation in the period

Grant date	Share-based compensation recognized	
	September 30, 2024	September 30, 2023
	\$	\$
Prior to September 30, 2021	-	171,261
November 30, 2021	35,031	524,373
May 9, 2022	52,013	340,605
August 22, 2022	20,054	80,205
September 30, 2022	69,747	277,717
December 22, 2022	39,069	89,343
January 5, 2023	8,967	18,200
March 31, 2023	113,683	149,923
April 26, 2023	19,540	25,256
June 30, 2023	265,640	115,539
September 20, 2023	231,908	9,129
December 20, 2023	344,610	-
March 20, 2024	308,309	-
June 5, 2024	245,296	-
August 7, 2024	8,752	-
September 19, 2024	32,772	-
Total	1,795,391	1,804,551

f) Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity owners of the Company by the weighted average number of shares in issue during the period.

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17. SHARE CAPITAL AND RESERVES (continued)

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. There was no effect of dilutive instruments in the years ended September 30, 2024 and 2023.

	For the years ended September 30,	
	2024	2023
Net loss for the year	(\$5,229,562)	(\$16,461,728)
Weighted average number of shares	169,226,226	167,709,852
Basic and diluted loss per share	(\$0.03)	(\$0.10)

18. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management compensation and other related party transactions

Key management includes personnel having the authority and responsibility for planning, directing, and controlling the Company and includes the directors and current executive officers. The value of transactions and outstanding balances relating to key management and entities over which key management has control or significant influence were as follows:

	For the years ended September 30,	
	2024	2023
Salaries, wages, and benefits	\$ 1,382,632	\$ 1,161,196
Consulting services	440,526	430,884
Share-based compensation	1,651,833	1,631,417
Total	\$ 3,474,991	\$ 3,223,497

(b) Related party balances

As at September 30, 2024, \$173,851 (September 30, 2023 – \$573,402) was owed to key management for outstanding salaries, wages and benefits, and consulting services and included in trade and other payables.

19. REVENUE

The Company's revenue is comprised of the following:

	For the years ended September 30,	
	2024	2023
	\$	\$
Digital currency mining	33,975,569	27,397,433
Mining equipment hosting and set up service	1,180,573	1,319,118
Net pool revenue	(2,362,742)	(1,031,794)
Forensics and consulting income	-	56,469
Software license income	562,253	68,935
Other	544,430	130,834
	33,900,083	27,940,995

Net Pool Revenue is earned from the operation of crypto-currency mining pools and shows the net pool revenue less the pool fees. During the year ended September 30, 2024, this resulted in a net loss of \$2,362,742 (2023: \$1,031,794) as the pool fees exceeded the revenue.

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19. REVENUE (continued)

During the year ended September 30, 2024, the Company earned \$562,253 as software license income related to the termination of a software license agreement with Marathon. The Company had \$396,780 (USD \$300,000) in outstanding accounts receivable from Marathon related to the agreement. Marathon agreed to pay USD \$450,000 and USD \$150,000 in Marathon's common stock to settle the outstanding accounts receivable and as compensation for early termination of the agreement. During the year ended September 30, 2024, the Company received \$959,253 (US\$715,934) in cash as the full settlement, as such, \$562,253 has been recorded as income.

The Company's deferred revenue consists of the following:

		As at September 30, 2024	As at September 30, 2023
Unearned revenue on hosting agreements	\$	-	\$ 64,361
	\$	-	\$ 64,361

20. OPERATING SEGMENT AND CONCENTRATION OF CUSTOMERS

During the year ended September 30, 2024 and 2023, the Company's customer base does not include any individual customer that exceeds 5% of total revenue during the reporting period.

21. EXPENSES

a) Operating and Maintenance Costs

The Company's operating and maintenance costs are comprised of the following:

	For the years ended September 30,	
	2024	2023
	\$	\$
Utilities	18,255,090	15,684,541
Wages, contractors and other	1,478,796	1,112,721
	19,733,886	16,797,262

b) General and Administrative

The Company's general and administrative costs are comprised of the following:

	For the years ended September 30,	
	2024	2023
	\$	\$
Consulting	996,807	488,243
General and administrative office expenses	150,809	104,962
Insurance	154,897	170,839
Interest and bank charges	776,549	163,037
Marketing, investor, and public relations	123,965	106,340
Professional fees	1,193,458	769,524
Regulatory and filing	164,268	123,287
Travel and entertainment	135,680	88,695
Wages	2,164,015	1,714,716
	5,860,448	3,729,643

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21. EXPENSES (continued)

c) Research

Research costs incurred comprised of salaries of software developers involved in the research of existing and new crypto currency related tools and services.

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue operating as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to identify and evaluate potential acquisitions and business opportunities for the Company. To secure the additional capital necessary to pursue these plans, the Company may raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

23. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES

(a) Fair values of financial instruments and digital currencies measured at fair value on a recurring basis.

	Quoted prices in active markets for identical instruments Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
September 30, 2024				
Marketable securities	\$ 316,803	\$ -	\$ -	\$ 316,803
Digital currency	\$ -	\$ 34,327,703	\$ -	\$ 34,327,703
Long-term investments	\$ -	\$ -	\$ 45,000	\$ 45,000
September 30, 2023				
Marketable securities	\$ 386,984	\$ -	\$ -	\$ 386,984
Digital currency	\$ -	\$ 17,142,683	\$ -	\$ 17,142,683
Long-term investments	\$ -	\$ -	\$ 45,000	\$ 45,000

The Company has determined the estimated fair value of its financial instruments and digital currencies, if any, based on appropriate valuation methodologies; however, considerable judgement is required to develop these estimates. The fair values of the Company's financial instruments and digital currencies, if any, are not materially different from their carrying values.

Financial instruments and digital currencies that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's marketable securities are categorized as Level 1. The long-term investments in unlisted private companies are measured using Level 3 inputs based on prices in recent financings. Digital currencies are measured using Level 2 inputs where the source represents an average of quoted prices on multiple digital currency exchanges. No financial instruments or digital currencies have been transferred between levels during the year.

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23. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES (continued)

b) Management of Industry and Financial Risk

The Company's financial instruments and digital currencies are exposed to certain financial risks, which include the following:

Digital Currency Risk

The Company relies on transaction validation services using equipment to earn digital currency. A decline in the market prices of digital currencies could negatively impact the profitability of equipment. The digital asset mining industry has seen rapid growth and innovation, and the Company may be unable to compete effectively. Innovation in technologies could render the Company's technology obsolete.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currencies. The Company may not be able to liquidate its digital currencies at its desired price if required. Digital currencies have a limited history, their fair values have historically been volatile and the value of digital currencies held by the Company could decline rapidly. A 40% variance in price of these digital currencies would impact the Company's comprehensive net loss by \$13,730,000 (2023: \$6,858,000) (rounded to the nearest thousand). Historical performance of digital currencies is not indicative of their future performance.

Credit Risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company has exposure to credit risk through its cash and cash equivalents, amounts receivable, amounts recoverable and due from related parties. The Company manages credit risk, in respect of cash and cash equivalents and marketable securities, by maintaining the majority of cash at highly rated financial institutions.

The Company is exposed to credit risk related to digital currencies held in trust. The Company holds digital currencies with Sygnum Bank as required, and with other custodians for the purpose of the sale of the currencies. There is a risk that custodians may fail to meet its obligations. The Company currently has digital currencies held with Prime Trust, there is a risk that these assets may not be recovered through the bankruptcy process.

The Company is not exposed to a significant credit risk with respect to its trade accounts receivable balance. The Company decreased its exposure to credit risk by decreasing its overall hosting clients and revenue. The Company records an allowance against its trade receivables when there is uncertainty over collection of this amount. All balances due are expected to be settled partially or in full when due (typically within 60 days of submission) and because of the nature of the counterparties.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the consolidated statements of financial position.

The Company's aging of trade receivables was as follows:

	September 30, 2024	September 30, 2023
Current	\$ -	\$11,722
31- 60 days	52,910	8,408
61 - 90 days	53,848	10,173
91+ days	188,578	547,305
Total	\$295,336	\$577,608

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23. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. As at September 30, 2024, the Company has a working capital of \$22,415,807 (2023: \$19,875,378) and does not require any additional financing to meet short-term operating requirements. The Company's cash is held with large Canadian financial institutions and is available on demand. If there are additional cash requirements, the Company has the option to liquidate digital currencies to meet operating needs. These digital currencies are subject to fluctuations in the market price of digital currencies. The current value of these assets as at September 30, 2024, is \$34,327,703 (2023: \$17,142,683). In the event where the Company cannot rely upon the liquidation of digital currencies to meet operating needs, the Company will have to explore debt financing opportunities of which there is no guarantee of the receipt of funds to cover operations.

For the period ended, September 30, 2024:

	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
	\$	\$	\$	\$
Trade payables and accrued liabilities	5,183,107	-	-	-
Lease obligations	49,165	54,432	-	-
Loan payable	13,928,462	-	-	-
Total	19,160,734	54,432	-	-

For the period ended, September 30, 2023:

	Within 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
	\$	\$	\$	\$
Trade payables and accrued liabilities	4,178,104	-	-	-
Lease obligations	59,636	46,320	-	-
Loan payable	1,272,397	-	-	-
Total	5,510,137	46,320	-	-

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its loans payable and accounts payable. The interest rate on the loans payable is fixed, and the accounts payable are not subject to any interest. A 10% change in the interest rate would not result in a nominal impact on the Company's operations.

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23. FINANCIAL INSTRUMENTS AND DIGITAL CURRENCIES (continued)

Foreign Currency Risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments and digital currencies will fluctuate because of changes in foreign exchange rates. In addition, the Company mines bitcoin which have a market value stated in US dollars. Exchange rate fluctuations affect the costs that the Company incurs in its operations.

The Company's presentation currency is the Canadian dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the entity's functional currency. The fluctuation in foreign currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. At September 30, 2024, the Company held net financial assets of \$954,134 (2023: \$1,642,276) denominated in US dollars (US\$706,818). A 10% change in the foreign exchange rate would result in a change in the net income for the period of approximately \$96,000 (2023: \$165,000).

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk through its holding of digital currencies. As at September 30, 2024, the Company held bitcoin and ether which have a limited history and historically prices have been volatile. A significant change to the price of bitcoin may affect the Company's ability to liquidate digital currencies. A 40% variance in price of these digital currencies would impact the Company's comprehensive net loss by \$13,730,000 (2023: \$6,858,000) (rounded to the nearest thousand). The Company is not exposed to any other significant price risks with respect to its financial instruments other than its marketable securities and long-term investment which are measured at fair value totaling \$361,803 (2023: \$431,984). A 20% change in the market price would result in a change in the net loss for the period of approximately \$73,000 (2023: \$87,000).

24. INCOME TAX

Income tax expense (recovery) varies from the amount that would be computed from applying the combined Canadian federal and provincial income tax rate to income before taxes as follows:

	2024	2023
	\$	\$
Net loss for the year before taxes	(5,229,552)	(16,461,728)
Statutory Canadian corporate tax rate	27%	27%
Anticipated tax recovery	(1,385,831)	(4,444,550)
Non-deductible items and other differences	720,930	4,522,012
Change in income tax rates and foreign tax rates	384,397	(4,500,404)
Change in unrecognized deferred income tax assets	280,510	4,422,942
Deferred income tax recovery	-	-

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

	2024	2023
	\$	\$
Property and equipment and digital assets	(2,103,886)	(2,462,632)
Non-capital loss carry-forwards	14,115,949	13,966,352
Lease liabilities	(9,381)	(12,984)
Share issue costs	197,196	428,633
	12,199,879	11,919,369
Unrecognized deferred tax assets	(12,199,879)	(11,919,369)
Net deferred income tax assets	-	-

DMG Blockchain Solutions Inc.

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars, except where indicated)

24. INCOME TAX (continued)

At September 30, 2024, the Company has available non-capital tax losses, for Canadian income tax purposes of approximately \$50,655,986 available for carry-forward to reduce future years' taxable income, if not utilized, expiring between 2039 and 2044.

At September 30, 2024, the Company has available non-capital tax losses for United States income tax purposes of approximately \$3,295,775 available for indefinite carry-forward to reduce future years' taxable income.

25. CONTINGENCIES

In the normal conduct of operations, there are pending claims by and against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, the final determination of these other litigations will not materially affect the Company's financial position or results of operations.

26. SUPPLEMENTAL CASH FLOW INFORMATION

This note provides supplemental information about the company's cash flow for the fiscal year. The amounts detail non-cash transactions and other significant items that do not involve actual cash flow but are essential for understanding the company's financial position.

	For the years ended September 30,	
	2024	2023
	\$	\$
Receipt of equipment purchased through deposits in the prior year	1,597,190	10,144,844
Interest paid	209,371	92,952
Interest income	751,347	485,710

27. SUBSEQUENT EVENTS

On October 29, 2024, the Company repaid the outstanding mortgage balance of \$1,000,000 in full (Note 16).

On November 19, 2024, the Company closed a prospectus financing issuing 32,556,550 units at \$0.53 for gross proceeds of \$17,254,945. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at \$0.65 per share for a period of five years. In connection with the offering, the Company incurred a cash commission of \$1,035,297, legal expenses of \$145,480 and issued 1,953,390 broker warrants. Each broker warrant is exercisable for a period of five years at \$0.53 into one common share and one warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.65 per share for a period of five years.

Subsequent to year-end, the Company issued 47,085 shares related to the exercise of options for proceeds of \$15,538.