



BITCOIN WELL

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

Consolidated Financial Statements

As at and for the years ended December 31, 2023 and 2022



KINGSTON
ROSS
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April 22, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bitcoin Well Inc.

Opinion

We have audited the consolidated financial statements of Bitcoin Well Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of \$5,303,177 during the year ended December 31, 2023 and, as of that date, the Company's accumulated shareholders' deficit was \$9,150,586. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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Independent Auditor's Report to the Shareholders of Bitcoin Well Inc. *(continued)*

Existence, ownership and valuation of digital assets and inventory

We draw your attention to Notes 3, 7, 14 and 16 to the financial statements. The Company holds digital assets and inventory of \$10,818,512 at December 31, 2023.

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

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

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

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

Recognition of revenue

We draw your attention to Notes 3 and 22 to the financial statements. Revenue recognized for the year ended December 31, 2023 was \$54,531,838.

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

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

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

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

Other Information

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

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

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Independent Auditor's Report to the Shareholders of Bitcoin Well Inc. *(continued)*

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

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

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

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

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

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

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

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

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

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Independent Auditor's Report to the Shareholders of Bitcoin Well Inc. *(continued)*


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

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

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

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

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


Kingston Ross Pasmak LLP
Chartered Professional Accountants

As at December 31	Note	2023	2022
Assets			
Current assets			
Cash		\$ 1,668,922	\$ 3,946,525
Accounts receivable	5	570,689	102,001
Current income tax receivable	26	-	266,238
Digital assets	7, 16	10,224,666	5,999,847
Inventory	14	593,846	710,693
Deposits and prepaid expenses	8	600,984	55,124
		13,659,107	11,080,428
Non-current assets			
Property and equipment	9	731,195	1,390,999
Right of use assets	20	58,404	32,917
Intangible assets	10	339,698	1,064,705
Goodwill	25	105,427	105,427
Investments	6	12,365	350,000
Total assets		\$ 14,906,196	\$ 14,024,476
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 752,696	\$ 681,393
Lease liability	20	57,208	39,489
Contingent consideration - current	4	186,027	102,313
Line of credit	16	5,914,146	7,300,000
Loans payable		100,000	-
Loans payable - cryptocurrency	13	-	6,416,495
		7,010,077	14,539,690
Non-current liabilities			
Contingent consideration - long term	4	-	216,519
Lease liability - long term	20	5,163	-
Convertible debt	15	6,121,316	5,000,000
Loans payable - cryptocurrency	13	10,920,226	-
Loans payable - long term		-	100,000
Total liabilities		24,056,782	19,856,209
Shareholders' deficit			
Share capital	21	13,246,686	12,095,172
Contributed surplus	21	3,332,772	1,484,329
Warrants	21	620,948	1,636,581
Accumulated deficit		(34,718,093)	(22,693,769)
Accumulated other comprehensive income		8,367,101	1,645,954
Total shareholders' deficit		(9,150,586)	(5,831,733)
Total liabilities and shareholders' equity		\$ 14,906,196	\$ 14,024,476

/s/ Mitchell Demeter
 Mitchell Demeter, Director

/s/ Terry Rhode
 Terry Rhode, Director

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

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

Year ended December 31		2023	2022
Revenue			
Sales revenue	22 \$	54,531,838 \$	66,731,242
Cost of coins		(49,705,669)	(62,307,016)
Gross profit		4,826,169	4,424,226
Expenses			
General and administration	23	2,799,271	2,624,570
Salaries and wages	12	1,589,419	3,801,376
Depreciation and accretion	9, 10, 20	1,416,882	2,159,814
Financing fees	13, 15	2,285,183	1,531,946
Marketing and advertising		384,779	643,894
Professional fees		286,950	630,533
Software		206,544	197,423
		(8,969,028)	(11,589,556)
Loss before other items		(4,142,859)	(7,165,330)
Other items			
Fair value change - cryptocurrency loans	13	(7,421,089)	5,954,260
Impairment	25	-	(3,163,599)
Fair value change - investments	6	(337,635)	(585,066)
Share based compensation	12, 21	(483,430)	(313,889)
Loss on disposal of fixed assets		(7,991)	-
Foreign exchange loss		(9,846)	-
(Loss) gain on debt settlement	13	(14,703)	118,993
Fair value change - cryptocurrency inventory	14	12,401	(58,703)
Realized gain on digital assets		622,535	-
Loss before income taxes		(11,782,617)	(5,213,334)
Income tax expense (recovery)			
Current	26	241,707	(266,238)
Deferred	26	-	1,044,405
Net loss		(12,024,324)	(5,991,501)
Other comprehensive income			
Revaluation gain (loss) on digital assets, net of tax	7	6,702,036	(5,682,094)
Unrealized exchange gain on foreign subsidiaries		19,111	12,258
Total comprehensive loss	\$	(5,303,177)	\$ (11,661,337)
Net loss per common share			
Basic	24 \$	(0.07)	\$ (0.03)
Diluted	24 \$	(0.07)	\$ (0.03)
Weighted average number of common shares outstanding:			
Basic		182,810,690	174,203,993
Diluted		182,910,690	174,203,993

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

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31	2023	2022
Cash provided by (used in):		
Operating activities		
Net loss	\$ (12,024,324)	\$ (5,991,501)
Adjustments for:		
Depreciation and accretion	1,416,882	2,159,814
Fair value change – cryptocurrency loans	7,421,089	(5,954,260)
Fair value change – cryptocurrency inventory	(12,401)	58,703
Fair value change – investments	337,635	585,066
Realized gain on digital assets, net of tax	(622,535)	-
Deferred income tax	-	631,318
Goodwill impairment loss	-	303,342
Restructuring	-	2,339,112
Loss on disposal of property and equipment	7,991	-
Foreign exchange loss	9,846	-
Share based compensation	483,430	313,889
Loss (gain) on debt settlement	14,703	(118,993)
	(2,927,684)	(5,673,510)
Changes in non-cash working capital items:		
Accounts receivable	(498,118)	262,089
Deposits and prepaid expenses	(545,860)	500,237
Inventory	116,846	(276,133)
Digital assets	3,099,752	(3,080,314)
Current income tax receivable	266,238	(245,546)
Accounts payable and accrued liabilities	65,614	(563,287)
Cash used in operating activities	(463,212)	(9,076,464)
Investing activities		
Proceeds on disposal (purchase) of property and equipment	78,204	(147,291)
Purchase of intangible assets	-	(567,507)
Purchase of investments	-	(71,000)
Sales of investments	-	64,934
Cash provided by (used in) investing activities	78,204	(720,864)
Financing activities		
Proceeds of cryptocurrency loans	2,252,304	4,574,789
Repayment of cryptocurrency loans	(5,160,092)	(529,490)
Payments of contingent consideration	-	(102,313)
Proceeds received from convertible debt	1,621,316	5,000,000
Repayment of convertible debt	(500,000)	-
Shares payment for employment services received	-	86,076
Proceeds received from line of credit	1,485,240	-
Repayment of line of credit	(2,893,986)	-
Repayment of lease liability	(94,896)	(125,058)
Proceeds received from exercise of stock options	-	40,000
Shares issued pursuant to private placement	1,397,519	-
Cash (used in) provided by financing activities	(1,892,595)	8,944,004
Change in cash	(2,277,603)	(853,324)
Cash, beginning of year	3,946,525	4,799,849
Cash, end of year	\$ 1,668,922	\$ 3,946,525

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

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

	Note	Share Capital		Contributed Surplus	Warrants	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
		Number of Common Shares	Amount					
Balance at December 31, 2021		173,530,813	\$ 11,935,399	\$ 1,804,137	\$ 1,636,581	\$ (16,702,268)	\$ 7,315,790	\$ 5,989,639
Shares issued – employment services received	21	478,244	86,076	-	-	-	-	86,076
Contingent share consideration restructuring	25	-	-	(600,000)	-	-	-	(600,000)
Share based compensation	21	-	-	313,889	-	-	-	313,889
Stock options exercised	21	373,830	73,697	(33,697)	-	-	-	40,000
Net loss for the period		-	-	-	-	(5,991,501)	-	(5,991,501)
Revaluation loss on digital assets, net of tax		-	-	-	-	-	(5,682,094)	(5,682,094)
Unrealized exchange gain on foreign subsidiaries		-	-	-	-	-	12,258	12,258
Balance at December 31, 2022		174,382,887	\$ 12,095,172	\$ 1,484,329	\$ 1,636,581	\$ (22,693,769)	\$ 1,645,954	\$ (5,831,733)
Shares issued – employment services received	21	1,333,333	40,000	-	-	-	-	40,000
Shares issued – Equibytes earn out	21	1,152,273	63,375	-	-	-	-	63,375
Shares and warrants issued – private placement	21	23,291,985	1,048,139	-	349,380	-	-	1,397,519
Share based compensation	21	-	-	211,862	271,568	-	-	483,430
Expired warrants		-	-	1,636,581	(1,636,581)	-	-	-
Net loss for the period		-	-	-	-	(12,024,324)	-	(12,024,324)
Revaluation gain on digital assets, net of tax		-	-	-	-	-	6,702,036	6,702,036
Unrealized exchange gain on foreign subsidiaries		-	-	-	-	-	19,111	19,111
Balance at December 31, 2023		200,160,478	\$ 13,246,686	\$ 3,332,772	\$ 620,948	\$ (34,718,093)	\$ 8,367,101	\$ (9,150,586)

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

1. NATURE OF OPERATIONS

Operating businesses

Bitcoin Well Inc. (“Bitcoin Well” or the “Company”) is on a mission to enable independence. The Company does this by making bitcoin useful to everyday people to give them the convenience of modern banking and the benefits of bitcoin.

The company operates two business units, consisting of (i) Bitcoin ATMs and (ii) the Online Bitcoin Portal. The Bitcoin ATM business unit operates a fleet of over 180 Bitcoin ATM machines placed and operating throughout Canada.

Initially launched in Q4 2022, the Online Bitcoin Portal platform offers customers the fastest and safest way to buy, sell and use bitcoin online. This business unit is designed to offer bank-like functionality coupled with the benefits of bitcoin.

The Company previously operated three business units. Bitcoin ATMs, Bitcoin Well Infinite (“OTC”) and the Online Bitcoin Portal. In Q3 2023 the Company integrated its OTC services into the Online Bitcoin Portal enabling a faster and easier way to buy and sell bitcoin in large quantities with decreased overhead.

Corporate administration

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

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

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

2. BASIS OF PRESENTATION

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

The policies applied in these consolidated financial statements are based on IFRS issued as of January 1, 2023.

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

Foreign currency transactions are translated into the functional currency of the respective entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates as at the date when fair value was determined. Gains and losses are recorded in profit or loss.

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

These consolidated financial statements have been prepared on a going concern basis which assumes the realization of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. For the year ended December 31, 2023, the Company incurred a comprehensive loss of \$5,303,177 (2022 - loss of \$11,661,337) and reported a shareholders' deficit of \$9,150,586 (December 31, 2022 - deficit of \$5,831,733).

Operations have been financed using a combination of cryptocurrency loans (Note 13) and convertible debt (Note 15) which had balances of \$10,920,226 and \$6,121,316 as at December 31, 2023, respectively, with no financial covenants attached. Management applied judgements in preparing forecasts to support the going concern assumption, including the expected demand for the Company's current and future products, as well as the expected operating expenses, which are based on these demands.

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

These consolidated financial statements were authorized for issue by the Board of Directors on April 22, 2024.

a) Basis of measurement

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

b) Significant judgments, estimates, and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

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

Determination of functional currency

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

Digital assets and inventory

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

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

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

Revenue recognition

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

Contingencies

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

Impairment of non-financial assets

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

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

Estimation uncertainty

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

Useful life of property and equipment, and intangible assets

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

Digital asset and inventory valuation

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

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

Deferred tax assets & liabilities

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

Convertible debt

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

Earnings per share

The calculation of earnings per common share is based on the reported net income divided by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated on the treasury stock basis. Where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same.

Share based compensation

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

Leases

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

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

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

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

Business Combinations

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property, plant and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of intangible assets acquired and the measurement of contingent consideration, the Company may rely on independent third-party valuers. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and earnings multiples.

c) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Paradime, a cryptocurrency ATM operator incorporated in London, United Kingdom, and Ghostlab Inc. a software development company incorporated in Alberta, Canada, Enterprises Equibytes Inc., a cryptocurrency ATM operator incorporated in Quebec, Canada, Bitcoin Well Canada Ltd., and 1196302 BC Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Cash

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

b) Inventory

Inventory consists of bitcoin and other cryptocurrencies, as described in Note 14. Cryptocurrency inventory assets meet the definition of inventory in IAS 2 Inventories, as they are assets held for sale in the ordinary course of business. They are initially recorded at cost and are subsequently measured at the lower of cost and net realizable value under the general inventory model required by IAS 2. As a result, decreases in net realizable value from a decreasing market price of cryptocurrency would be recorded in the statement of profit or loss, while increases in net realizable value in excess of previously recorded decreases would not be recorded.

As required, the Company may reverse previous write downs in cryptocurrency inventory, if the net realizable value of the cryptocurrency increased. These reversals are recognized as a reduction of expense in the statement of profit or loss. Write down reversals are limited by the ceiling of the cryptocurrency inventory cost, as in accordance with IAS 2 that inventory is recorded at the lower of cost and net realizable value.

During the year ended December 31, 2023, the Company's changed the method of accounting for inventory cost from the weighted average cost method to the first-in first-out (FIFO) method. This change in accounting policy did not have a material impact on the inventory balances in any of the periods presented.

c) Digital Assets

The Company's digital assets consist of bitcoin. Digital assets meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and subsequently remeasured using the revaluation method. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. The Company revalues its digital assets at the end of each month. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income.

d) Property and Equipment

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

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

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

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

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

e) Intangible Assets

Intangible assets consist of the host agreements (exclusive right to operate cryptocurrency ATMs at specific host locations) and technology platforms, both purchased and internally generated technology. The host agreements and technology platforms meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. They are initially recorded at cost and the cost model is used to measure the intangible assets subsequently. After their initial recognition, the host agreement asset is carried at its cost less any accumulated amortization and any accumulated impairment losses (no impairment losses recorded to date), while technology platforms are amortized on a straight-line basis over the useful life. Amortization rates are reviewed annually to ensure they are aligned with estimates of the remaining economic useful lives of the associated intangible assets.

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

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

f) Business Acquisitions

Business acquisitions are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the aggregate consideration transferred, measured at the acquisition date. All acquisition costs are expensed as incurred. Any contingent consideration to be paid is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in accordance with IFRS 9 – Financial Instruments.

g) Goodwill

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

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

h) Foreign Currency Translation

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

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

i) 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.

j) Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows to another party.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Cash and accounts receivable are measured at amortized cost. The Company has designated investments as financial assets measured at fair value through profit or loss.

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

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on the lifetime expected credit losses on the asset. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the year. IFRS 9 permits that expected credit losses be calculated using a simplified approach, granted the assets are trade receivables or assets which do not contain a significant financing component. The Company has selected the simplified approach to calculate expected credit losses, as its applicable assets are trade receivables and other assets that do not contain a significant financing component.

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

Financial Liabilities

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

Accounts payable and accrued liabilities, line of credit, loans payable, convertible debt, and lease obligations are classified as and measured at amortized cost and carried on the statement of financial position at amortized cost. The Company has designated crypto currency loan payable at fair market value through profit and loss.

Financial liabilities are derecognized when the liability is extinguished. A substantial modification of the terms of an existing financial liability is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in earnings or loss. Where a financial liability is modified in a way that does not constitute an extinguishment (generally when there is a change of less than 10% in the present value of cash flows discounted at the original effective interest rate), the modified cash flows are discounted at the liability's original effective interest rate. Transaction costs paid to third parties in a modification are amortized over the remaining term of the modified debt.

k) Provisions (Contingent Consideration)

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.

l) Revenue Recognition

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

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

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

Revenue is recognized when funds for the transactions have been received and the cryptocurrency is sent to the customer.

m) Share Capital

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

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

issue date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded in equity.

n) Share Based Transactions

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

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

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

o) Income Taxes

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

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

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

p) Related Party Transactions

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

q) Leases

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

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

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

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

period in which the triggering event occurs and are included in the consolidated statement of loss and comprehensive loss.

The length of the leases at inception were as follows:

Office building:	5 years
Vehicle:	2.5 years

r) Reclassification

Certain amounts in prior periods have been reclassified to better reflect the nature of the expenditures reported. This includes reclassification of \$197,839 of finance fees into general and administrative expense. The Company also reclassified consulting fees of \$49,058 and rent and lease payments of \$149,036 within general and administrative expenses which were previously presented separately.

s) Cash Flow Statement

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

t) Recent Adoptions

The following amendments became effective on January 1, 2023 and did not have a material impact on the Company's financial statements:

- In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies.
- In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose their material (previously "significant") accounting policies.

- In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the recognition exemption so that companies are required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases.

u) Future Adoptions

Listed below are the standards that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective.

- In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1) that aims to promote consistency by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the statement of financial position. The amendments also clarify the classification requirements for debt a company might settle by converting it into equity.
- In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) that provides guidance on how covenants may affect an entity's right to defer settlement of a liability for at least twelve months after the reporting period, which may determine whether a liability should be presented as current or non-current. Both of these amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, applied retrospectively.

4. CONTINGENT CONSIDERATION

The Company's contingent consideration payable that arose from prior business acquisitions consisted of the following components as at December 31, 2023 and 2022:

	CryptoKiosk	Equibytes	Ghostlab	Total
Balance at December 31, 2021	\$ 303,012	\$ 118,133	\$ 600,000	\$ 1,021,145
Payments made	(89,019)	(13,294)	-	(102,313)
Expired	-	-	(600,000)	(600,000)
Balance at December 31, 2022	\$ 213,993	\$ 104,839	\$ -	\$ 318,832
Payments made	(27,966)	(5,036)	-	(33,001)
Extinguishment of liability	-	(99,803)	-	(99,804)
Balance at December 31, 2023	\$ 186,027	\$ -	\$ -	\$ 186,027

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

5. ACCOUNTS RECEIVABLE

At December 31	2023	2022
Other receivables	\$ 570,689	\$ 102,001
	\$ 570,689	\$ 102,001

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

The amount included in other receivables at December 31, 2023 consists of the company's cash in ATM machines that was withheld by Rapid Cash.

6. INVESTMENTS

The Company is invested in private entities that are accounted for at fair value through profit or loss. The Company has no significant influence in any of these entities.

As at December 31, 2023, the Company held a 5% ownership in Imperium Digital. This business closed down operations and liquidated its assets in early 2024. As such, the Company adjusted the fair value of the investment to \$12,365, which was the cash proceeds received from the sale of this investment in February 2024. The Company believes this balance accurately represents the fair value of the investment held at December 31, 2023.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars, except where otherwise stated)

At December 31, 2022, the Company calculated the fair value of Imperium Digital by calculating the present value of Imperium Digital's expected earnings. Significant unobservable inputs used in the valuation included expected earnings, which were based on a number of conservative assumptions about the bitcoin mining industry in which Imperium Digital operated, and the future price of bitcoin over the coming years.

The Company also held a 16% ownership in Veriself. The Company no longer plans to utilize the technology that was previously being developed by this company and is not able to confirm that Veriself is any longer an operating entity. As a result, the fair value of this investment was adjusted to be \$nil at December 31, 2023.

As at December 31, 2022, the fair value of Veriself was determined by calculating a present value analysis of cost savings that could be obtained by the Company using Veriself's next generation customer verification software in the future. Significant unobservable inputs used in the valuation included when Veriself's software would be operational, and the estimated savings the verification would save on the Company's future customers.

	JustCash	Veriself	Imperium	Total
Fair value at December 31, 2021	\$ 650,000	\$ 179,000	\$ 100,000	\$ 929,000
Additions	-	71,000	-	71,000
Payments	(64,934)	-	-	(64,934)
Fair value adjustments	(585,066)	-	-	(585,066)
Fair value at December 31, 2022	\$ -	\$ 250,000	\$ 100,000	\$ 350,000
Fair value adjustments	-	(250,000)	(87,635)	(337,635)
Fair value at December 31, 2023	\$ -	\$ -	\$ 12,365	\$ 12,365

7. DIGITAL ASSETS

The Company classifies bitcoin holdings in excess of the inventory required for operations as digital assets. As at December 31, 2023, the price of bitcoin was \$56,001 which reflected an increase from its price of \$22,454 on December 31, 2022. The Company recognized an unrealized revaluation gain, net of tax, of \$6,702,036 during the year ended December 31, 2023 (2022 - loss of \$5,682,094).

	Bitcoin	CAD \$ Value
Balance at December 31, 2021	146 \$	8,596,949
Additions	147	4,769,098
Transfers out	(26)	(1,351,192)
Revaluation - pretax	-	(6,015,008)
Balance at December 31, 2022	267 \$	5,999,847
Additions	261	9,446,816.17
Transfers out	(345)	(11,924,033)
Revaluation ⁽ⁱ⁾	-	6,702,036
Balance at December 31, 2023	183 \$	10,224,666

Note 1: No income tax impact recognized in 2023 as the company is not currently recognizing any deferred income tax assets.

8. DEPOSITS AND PREPAID EXPENSES

As at December 31	2023	2022
Prepaid interest on cryptocurrency loans	\$ 529,675	\$ -
Prepaid expenses	59,771	14,437
Office lease deposit	11,538	40,687
Total deposits and prepaid expenses	\$ 600,984	\$ 55,124

Pursuant to certain amendments to cryptocurrency loans on September 1, 2023, the Company agreed to prepay certain interest amounts owing on the cryptocurrency loans. These prepayments were financed through an equity private placement also completed on September 1, 2023 (Note 21.2).

Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars, except where otherwise stated)

9. PROPERTY AND EQUIPMENT

		ATM	Furniture & Equipment	Leasehold Improvements	Total
Cost					
Balance at December 31, 2021	\$	2,320,555	\$ 198,283	\$ 759,573	\$ 3,278,411
Additions		112,581	12,705	22,005	147,291
Disposals		(173,656)	(15,262)	-	(188,918)
Impairment (Note 25)		-	-	(420,803)	(420,803)
Balance at December 31, 2022	\$	2,259,480	\$ 195,726	\$ 360,775	\$ 2,815,981
Additions		-	-	-	-
Disposals		(143,229)	(51,143)	(360,775)	(555,147)
Balance at December 31, 2023	\$	2,116,251	\$ 144,583	\$ -	\$ 2,260,834
Accumulated Amortization					
Balance at December 31, 2021	\$	692,873	\$ 96,784	\$ 260,017	\$ 1,049,674
Amortization		434,792	18,935	76,140	529,867
Disposals		(152,465)	(2,094)	-	(154,559)
Balance at December 31, 2022	\$	975,200	\$ 113,625	\$ 336,157	\$ 1,424,982
Amortization		500,206	44,638	24,618	569,462
Disposals		(65,983)	(38,047)	(360,775)	(464,805)
Balance at December 31, 2023	\$	1,409,423	\$ 120,216	\$ -	\$ 1,529,639
Net Book Value					
Balance at December 31, 2022	\$	1,284,280	\$ 82,101	\$ 24,618	\$ 1,390,999
Balance at December 31, 2023	\$	706,828	\$ 24,367	\$ -	\$ 731,195

10. INTANGIBLE ASSETS

		Host		Software		Internally		Total
		Agreements (i)		Applications		generated		
						Software (ii)		
Costs								
Balance at December 31, 2021	\$	1,342,894	\$	274,586	\$	4,071,058	\$	5,688,538
Additions		-		25,366		400,047		425,413
Impairment (Note 25)		-		(93,292)		(2,478,576)		(2,571,868)
Balance at December 31, 2022	\$	1,342,894	\$	206,660	\$	1,992,529	\$	3,542,083
Additions		-		-		-		-
Balance at December 31, 2023	\$	1,342,894	\$	206,660	\$	1,992,529	\$	3,542,083
Accumulated Amortization								
Balance at December 31, 2021	\$	658,558	\$	36,951	\$	359,464	\$	1,054,973
Amortization		393,569		33,109		1,137,821		1,564,499
Disposals		-		(18,201)		(123,893)		(142,094)
Balance at December 31, 2022	\$	1,052,127	\$	51,859	\$	1,373,392	\$	2,477,378
Amortization		193,871		115,345		411,748		720,964
Adjustments		-		4,043		-		4,043
Balance at December 31, 2023	\$	1,245,998	\$	171,247	\$	1,785,140	\$	3,202,385
Net Book Value								
Balance at December 31, 2022	\$	290,767	\$	154,801	\$	619,137	\$	1,064,705
Balance at December 31, 2023	\$	96,896	\$	35,413	\$	207,389	\$	339,698

- i) Host agreements include contracts purchased in order for the Company to operate ATM machines at specific locations.
- ii) Internally generated software includes the fair value of the software technology acquired in the acquisition of Ghostlab Inc. in 2021. Internally generated software additions consist of expenditures incurred to develop new software applications to enhance bitcoin transaction capabilities. These expenditures met the criteria in IAS 38 to be capitalized as internally generated intangible.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31		2023	2022
Accounts payable	\$	490,218	\$ 278,533
Accrued liabilities		262,478	402,860
Total	\$	752,696	\$ 681,393

12. RELATED PARTY TRANSACTIONS

Key Management Compensation

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

Year Ended December 31		2023	2022
Salary, fees, and other short-term benefits	\$	590,444	\$ 871,027
Share based payments (Note 21)		372,465	191,367
Total	\$	962,909	\$ 1,062,394

Other related party transactions

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

13. LOANS PAYABLE – CRYPTOCURRENCY

The Company has entered into agreements (“Use of Coin Agreements”) whereby the Chief Executive Officer and a number of other arm’s length parties have loaned their bitcoin and ethereum to the Company. These Use of Coin Agreements were entered into to help meet customer demand for cryptocurrency, allowing the Company to secure its Line of Credit (Note 16) to help facilitate this demand.

In March and May 2023, the Company was loaned a total of 60 additional bitcoins, valued at \$2,252,300, from certain arm’s length parties, which are unsecured and incur interest at an annual rate of 10.0% per annum, calculated based on the value of the underlying cryptocurrency at the time the loan was originated. During the year ended December 31, 2023, the Company repaid cryptocurrency loans valued at \$5,160,092, consisting of 135.5 bitcoin and 211 ethereum.

In addition, during the year ended December 31, 2023, all of the cryptocurrency loans of the Company were amended to extend the terms of each loan and amend the interest rate applicable. The loans are now only cancellable with 12 months notice, and are extendible at the option of the Company. As such, these loans have been reclassified as non-current liabilities at December 31, 2023. Previously, the loans were cancellable with 45 days notice and matured at various dates in 2023 and 2024.

As at December 31, 2023, the Company’s cryptocurrency loans consisted of 195 bitcoins with a fair value of \$10,920,226 (2022 – 270.5 bitcoins and 211 ethereum, valued at \$6,416,495), of which \$2,800,058 (2022 – \$1,122,706) represents the amount owed to the Chief Executive Officer of the Company. The change in fair value was a result of the fluctuating prices of cryptocurrency.

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

The total amount paid under these agreements for the year ended December 31, 2023 was \$927,939 (2022 - \$760,866) of which \$216,000 (2022 - \$216,000) was paid to the Chief Executive Officer and \$103,407 (2022 - \$19,796) was paid to a director of the Company. This expense has been recorded within Finance Fees.

At each reporting period, the Company revalues the outstanding loans based on current market price of the cryptocurrencies, using CoinMarketCap. For the year ended December 31, 2023, the Company recognized an unrealized fair value loss of \$7,421,089 (2022 - gain of \$5,954,260), as a result of the change in the price of the cryptocurrencies.

Whenever any borrowed cryptocurrencies are used in operations, an equal amount of cryptocurrency is purchased and held on the Line of Credit (Note 16), which effectively allows the Company to eliminate any price exposure to those borrowed coins once they have been used. Therefore, the \$7,421,089 in unrealized loss (2022 - \$5,954,260 unrealized gain) was mostly offset by the \$6,702,036 unrealized gain (2022 - \$5,682,094 unrealized loss) recorded in Other Comprehensive Income, related to cryptocurrencies held by the Company.

The Company recognizes realized gains and losses arising from the settlement of cryptocurrency loans. Accordingly, for the year ended December 31, 2023, a loss of \$14,703 (2022 - gain of \$118,993) has been realized due to settlement of loan advances. Gains or losses arising from settlement of the above loans are offset by gains or losses realized on the digital assets used to extinguish these loans.

14. INVENTORY

As at	December 31, 2023		December 31, 2022	
	Value	Units	Value	Units
Bitcoin	\$ 560,012	10	\$ 310,710	10
Ethereum	26,276	9	370,791	229
Other	7,558		29,192	
Total	\$ 593,846		\$ 710,693	

At each reporting period, the Company revalues its cryptocurrency inventory balances at the lower of cost or net realizable value. Any reversal of amounts previously written down are recognized on the income statement in the period in which the reversal occurs. Write-downs are limited to the cost of the inventory, as previously stated. For the year ended December 31, 2023, the Company recognized a fair value gain of \$12,401 (2022 – loss of \$58,703).

15. CONVERTIBLE DEBT

In 2022, the Company entered into an agreement to issue \$5.0 million in secured convertible debentures (the “Convertible Debenture”) to Beyond The Rhode Corp. (“BTR”), a company controlled by a director of Bitcoin Well.

In April 2023, an additional \$500,000 was advanced on the Convertible Debenture. In May 2023, the Company amended the Convertible Debenture, which reduced the conversion price to \$0.25 per share from \$0.30 per share previously, amended the interest rate to Prime + 6.2% per annum (formerly 10% per annum), and extended the term of the loan, to five (5) years from the amendment date.

In September 2023, \$500,000 of the Convertible Debenture was repaid in conjunction with the closing of a non-brokered private placement for common shares.

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

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

During the year ended December 31, 2023, the Company paid \$688,348 (2022 - \$319,041) in interest and \$10,611 (2022 - \$1,055) in royalties related to this Convertible Debenture.

In addition to the above, in 2023, the Company entered into agreements to issue \$1.1 million in secured convertible debentures, convertible into common shares of the Company at a conversion price of \$0.15. The convertible debentures were issued to arms length parties to the Company. The proceeds of these convertible debentures were used to repay prior cryptocurrency denominated loans (Note 13). The convertible debentures bear interest at a rate of the Bank of Canada policy interest rate + 8% per annum and mature between February 16, and March 28, 2026, subject to two automatic one year extensions.

During the year ended December 31, 2023, the Company paid \$127,132 (2022 - \$nil) in interest related to these convertible debentures.

The Company has the right to force conversion of the principal amount if the volume weighted average trading price for the common shares for ten trading days equals or exceeds \$0.30 per common share. The Company also has the option to repay any amounts of the convertible debentures with 30 days notice.

16. LINE OF CREDIT

The Company has a line of credit with a trading and technology firm. The line of credit allows the Company to purchase and fulfil orders prior to funding its exchange account to gain exposure to the purchased digital assets prior to funding the account. At December 31, 2023, the line of credit incurred interest at 14% per annum and matures in tranches expiring on May 2024, November 2024 and December 2024. Subject to mutual agreement, these tranches are extendible for additional 12-month terms. In March 2023, the tranches maturing in May 2024 were extended for an additional 12-month term, expiring May 2025.

The agreement requires the Company to hold at least 125% of the balance of debt extended as a mix of cryptocurrency assets and cash on the lender's platform. On December 31, 2023, the lender held 180 Bitcoin as security over the line of credit, with a fair value of \$10.1 million, representing 171% of the debt balance.

During 2023, the Company replaced its line of credit with a new lender and also reduced the line of credit from \$7.3 million to \$5.91 million. The reduction was a direct result of the Company reducing its cryptocurrency loans in the period, requiring less bitcoin price exposure to be held on the line of credit.

17. SEGMENTED INFORMATION

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

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

Year ended December 31, 2023	ATMs	Online	Head office	Total
Sales	\$ 32,499,930	\$ 22,031,908	\$ -	\$ 54,531,838
Cost of coins	(28,020,544)	(21,685,125)	-	(49,705,669)
Gross profit	4,479,386	346,783	-	4,826,169
Gross profit margin %	13.78%	1.57%		8.85%
Expenses				
General and administration	1,900,366	117,519	781,386	2,799,271
Salaries and wages	398,514	445,893	745,012	1,589,419
Depreciation and accretion	694,077	-	722,805	1,416,882
Financing fees	-	-	2,285,183	2,285,183
Marketing and advertising	-	-	384,779	384,779
Professional fees	6,193	6,194	274,563	286,950
Software	-	-	206,544	206,544
Other items	-	-	7,639,758	7,639,758
Segment income (loss)	1,480,236	(222,823)	(13,040,030)	(11,782,617)
Total assets	\$ 2,768,206	\$ 218,602	\$ 11,919,388	\$ 14,906,196
Total liabilities	\$ -	\$ -	\$ 24,056,782	\$ 24,056,782

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Year ended December 31, 2022		ATMs		Online		Head office		Total
Sales	\$	28,386,450	\$	38,257,851	\$	86,942	\$	66,731,242
Cost of coins		(24,896,501)		(37,410,515)		-		(62,307,016)
Gross profit		3,489,949		847,335		86,942		4,424,226
Gross profit margin %		12.29%		2.21%				6.63%
Expenses								
General and administration		1,523,502		51,132		1,049,936		2,624,570
Salaries and wages		972,012		1,087,574		1,741,791		3,801,376
Depreciation / accretion		-		-		2,159,814		2,159,814
Financing fees		-		-		1,531,946		1,531,946
Marketing and advertising		-		-		643,894		643,894
Professional fees		-		-		630,533		630,533
Software		-		-		197,423		197,423
Other items		-		-		(1,951,997)		(1,951,997)
Segment income (loss)		994,435		(291,371)		(5,916,398)		(5,213,334)
Total assets	\$	3,787,096	\$	1,183,601	\$	9,053,779	\$	14,024,476
Total liabilities	\$	-	\$	-	\$	9,856,209	\$	19,856,209

18. MANAGEMENT OF CAPITAL

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

The Company's objectives when managing capital are:

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

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

The Company is subject to externally imposed capital requirements, see Note 16.

19. RISK MANAGEMENT

19.1 Financial Risk Management

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

a) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay any amounts owed to the Company. Assets that potentially subject the Company to a concentration of credit risk consist primarily of cash and digital assets. The Company limits its exposure to credit loss by placing its cash with high quality financial institutions. The Company has implemented rigorous levels of internal controls to ensure the safety and security of its digital assets, including but not limited to multi-signature wallets, the use of cold storage wallets, and signing authority limitations. The Company may, from time to time, hold a net asset position with its liquidity partners. The Company limits its exposure to potential credit loss by ensuring it is working with liquidity partners who have a high standard of care, and that a reasonable degree of oversight and review over their internal controls has been maintained, including the requirement of a current Systems and Organization Controls 2 ("SOC 2") report in order for the Company to work with the liquidity partner.

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they come due. As at December 31, 2023 the Company had a positive working capital balance of \$6,649,030 (December 31, 2022 – deficit of \$3,459,262). The significant improvement was a result of the Company refinancing its cryptocurrency loans on a long-term basis and reducing the balance outstanding on its line of credit.

As at December 31, 2023, the Company had cash of \$1,668,922 (December 31, 2022 – \$3,946,525) and short term liabilities in the table below:

Year ended December 31	2023	2022
Accounts payable	\$ 490,218	\$ 278,533
Accrued liabilities	262,478	402,860
Lease liability	57,208	39,489
Contingent consideration - current	186,027	102,313
Line of credit	5,914,146	7,300,000
Loans payable	100,000	-
Loans payable – cryptocurrency (Note 13)	-	6,416,495
Total	\$ 7,010,077	\$ 14,539,690

Accounts payable, accrued liabilities, lease liabilities, and contingent consideration will be paid in fiscal year 2024, as they become due. The line of credit is expected to continue to be extended as required by the Company and agreed to by the lender.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Subsequent to December 31, 2023, the Company improved its liquidity further by completing an equity offering for gross proceeds of \$2.3 million (see Note 27). The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

c) Foreign Currency Risk

The Company is exposed to foreign currency risk in relation to its line of credit, which is denominated in USD. Based on the balance of the line of credit denominated in USD at December 31, 2023, a 5% increase or decrease in the exchange rate would result in a gain or loss of \$296,000. The Company is not currently exposed to any other significant foreign exchange risk.

d) Digital Asset and Market Risk

Digital asset and market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to market risk on cryptocurrency held as digital assets, inventory, cryptocurrency loans, and its line of credit. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation, and global political and economic conditions. A decline in the market prices for cryptocurrencies could negatively impact the Company's future operations. The Company has not hedged the conversion of its inventory into sales. Cryptocurrencies have a limited history, and the fair value historically has been volatile. Historical performance of cryptocurrencies is not indicative of their future price performance. The Company's inventory consists primarily of Bitcoin and Ethereum.

With a 10% increase to the price of bitcoin, the Company's digital assets at December 31, 2023 would increase to \$11,247,132 (December 31, 2022 - \$6,599,832) and a 10% reduction in the price of bitcoin would cause the Company's digital assets to reduce to \$9,202,199 (December 31, 2022 - \$5,399,862).

19.2 Fair Values

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

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

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

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

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

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

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

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Fair value through profit and loss				
Cryptocurrency loans \$	- \$	- \$	6,416,495 \$	6,416,495
Investments	-	-	350,000	350,000
Fair value through other comprehensive income				
Digital assets	-	5,999,847	-	5,999,847
Total	\$ -	\$ 5,999,847	\$ 6,766,495	\$ 12,766,342

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

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

As at December 31	2023	2022
Due within one year:	\$ 62,736	\$ 40,353
Due within 2 – 5 years:	5,228	-
Total minimum lease payments	67,964	40,353
Less: amount representing interest	5,593	863
Preset value of minimum lease payments	62,371	39,489
Less: current portion	57,208	39,489
	\$ 5,163	\$ -

Right-of-Use Assets

As a result of entering into these leases, the Company has recorded a right-of-use asset and lease liability in accordance with IFRS 16. Right-of-use assets consist of leases of offices. Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

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

Cost:		
At December 31, 2021	\$	416,499
Additions		-
At December 31, 2022	\$	416,499
Additions		232,280
Disposals		(540,956)
At December 31, 2023	\$	107,823
Accumulated Depreciation:		
At December 31, 2021	\$	281,664
Depreciation		101,918
At December 31, 2022	\$	383,582
Depreciation		109,994
Disposal		(444,157)
At December 31, 2023	\$	49,419
Net Book Value:		
At December 31, 2022		32,917
At December 31, 2023	\$	58,404

21. EQUITY

21.1 Authorized Share Capital

The Company is authorized to issue the following:

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

21.2 Shares issued

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

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

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

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

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

21.3 Incentive Plan

Long-term Incentive Plan ("LTIP")

The Company periodically grants stock options to purchase common shares of the Company to certain officers, directors, and employees. Options vest within two to three years of the grant date and expire after a term of 5 years.

Stock options issued are summarized below:

	Number of options	Weighted average exercise price
Balance, December 31, 2021	5,042,207	
Granted	10,293,018 \$	0.11
Exercised	(373,830)	0.11
Forfeited	(4,910,056)	0.20
Options outstanding, December 31, 2022	10,051,339	0.12
Granted	966,249	0.06
Forfeited	(2,931,343)	0.09
Options outstanding, December 31, 2023	8,086,245 \$	0.09
Options exercisable, December 31, 2022	1,576,803 \$	0.20
Options exercisable, December 31, 2023	4,819,280 \$	0.10

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The Company had the following stock options outstanding and exercisable, at December 31, 2023:

Outstanding				Exercisable	
Exercise Price	Number of options outstanding	Weighted average exercise price	Weighted average remaining life (months)	Weighted average exercise price	Number of options exercisable
\$ 0.20	150,000	\$ 0.20	25	\$ 0.20	150,000
0.30	200,000	0.30	25	0.30	200,000
0.34	294,117	0.34	19	0.34	294,117
0.31	91,553	0.31	33	0.31	91,553
0.18	896,278	0.18	36	0.18	298,759
0.07	2,929,881	0.07	43	0.07	1,831,176
0.05	2,978,961	0.05	45	0.05	1,953,675
0.06	545,455	0.06	51	0.06	-
	8,086,245	\$ 0.09	42	\$ 0.10	4,819,280

The Company had the following stock options outstanding and exercisable, at December 31, 2022:

Outstanding				Exercisable	
Exercise Price	Number of options outstanding	Weighted average exercise price	Weighted average remaining life (months)	Weighted average exercise price	Number of options exercisable
\$ 0.11	841,133	\$ 0.11	31	\$ 0.11	841,133
0.20	150,000	0.20	37	0.20	150,000
0.30	200,000	0.30	37	0.30	200,000
0.34	294,117	0.34	31	0.34	294,117
0.31	91,553	0.31	45	0.31	91,553
0.18	2,595,027	0.18	48	0.18	-
0.07	4,355,757	0.07	55	0.07	-
0.05	1,523,752	0.05	57	0.05	-
	10,051,339	\$ 0.12	50	\$ 0.20	1,576,803

During the year ended December 31, 2023, the Company recorded a total of \$211,862 (2022 – \$313,889) as share based payments related to stock options.

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

Year ended December 31	2023	2022
Expected life (years)	5	5
Expected volatility	195%	120 – 177%
Dividend rate	–	–
Risk-free interest rate	3.40%	3.28%
Weighted average fair value per option granted	\$ 0.05	\$ 0.09

21.4 Agent's Options

In connection with the Transaction in 2021, the agent was granted Agent Options to acquire 1,960,000 Units of the Company. During the year ended December 31, 2023, all of the Agent Options expired. No new issuances were made in fiscal year 2023.

21.5 Warrants

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

During the year ended December 31, 2023, the Company issued 23,291,985 Warrants in conjunction with a non-brokered private placement. The Warrants are exercisable into one Common Share at a price of \$0.18 per share for a period of three years, expiring on September 1, 2026. The warrants were valued at \$349,380, being the residual value of the Units issued after deducting the value of the common shares issued in the private placement.

During the year ended December 31, 2023, the Company granted 7,000,000 warrants to two former employees. The warrants are exercisable into common shares at a price of \$0.05 per warrant and expire on September 7, 2028. The warrants were valued on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Year ended December 31	2023
Expected life (years)	5
Expected volatility	194%
Dividend rate	-
Risk-free interest rate	3.96%
Weighted average fair value per option granted	\$ 0.04

During the year ended December 31, 2023, the Company recorded a total of \$271,568 as share based compensation related to the warrants issued to the former employees.

22. REVENUE

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

Year ended December 31	2023	2022
Customers	\$ 49,191,914	\$ 60,124,078
Cryptocurrency exchanges	5,339,924	6,607,164
Total sales	\$ 54,531,838	\$ 66,731,242

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

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

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

23. GENERAL AND ADMINISTRATION

Year ended December 31		2023	2022
Service costs	\$	2,214,182	\$ 1,630,494
Office expenses		322,579	604,728
Travel and meals		15,331	84,743
Automobile		6,701	17,190
Rent and lease payments		27,907	149,036
Consulting fees		116,745	49,058
Other		95,824	89,321
Total	\$	2,799,271	\$ 2,624,570

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

24. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share for the years ended December 31, 2023 and 2022.

Year ended December 31	2023	2022
Numerator		
Net loss for the period	\$ (12,024,324)	\$ (5,991,501)
Denominator		
Basic - weighted average number of shares outstanding	182,810,690	174,203,993
Effective dilution - nil as loss position for 2023 and 2022	-	-
Diluted - weighted average number of shares outstanding	182,810,690	174,203,993
Loss per share - basic	\$ (0.07)	\$ (0.03)
Loss per share - diluted	\$ (0.07)	\$ (0.03)

25. IMPAIRMENT AND RESTRUCTURING

In fiscal 2022, the Company streamlined operations and implemented cost cutting decisions, including a reduction in the number of employees. As a result of these strategic decisions, in 2022, the Company recorded restructuring and other costs of \$3.2 million, that were not in the normal course of business, and were included in the net loss for that year. This included a goodwill impairment charge in the amount of \$303,342 and impairment of \$2.6 million related to ghostATM product development intangible assets. The restructuring costs mainly related to staff reductions and associated severance costs, and costs related to cancelling certain leases in Edmonton, Alberta,

26. INCOME TAXES

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

Year ended December 31	2023	2022
Loss before income taxes	\$ (11,782,617)	\$ (5,213,334)
Statutory income tax rate	24.12%	23.78%
Expected income tax expense (recovery)	\$ (2,842,065)	\$ (1,239,510)
Non-deductible expenses	127,104	(1,139,908)
Change in unrecognized deductible temporary differences	2,714,961	3,157,585
Total income tax expense	\$ -	\$ 778,167

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

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

As at December 31	2023	2022
Property and equipment	\$ 85,794	\$ 56,350
Intangible assets	170,746	126,333
Digital assets	(1,391,465)	-
Loans payable – crypto currency	1,418,611	-
Right of use assets and lease liabilities	958	-
Non-capital losses carried forward	3,977,090	2,695,652
	4,261,734	2,878,335
Unrecognized deferred tax asset	(4,261,734)	(2,878,335)
Net deferred tax asset	\$ -	\$ -

The company's Canadian non-capital losses available to carry forward were \$16,488,198 at December 31, 2023 and expire in years ranging from 2040 to 2043.

27. SUBSEQUENT EVENTS

Lease Amendment

Subsequent to December 31, 2023, the Company amended and extended its existing lease agreement, which commenced Feb 1, 2024 and expires March 31, 2025. This amendment will result in a right of use asset and liability of 33,633 being recognized.

Stock option grant

Subsequent to December 31, 2023, the Company granted 9,650,000 stock options to certain directors, officers and employees of the Company pursuant to the Company's stock option plan. Each stock option is exercisable to acquire one common share at a price of \$0.14 per share until December 31, 2025.

Equity Private Placement

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

In connection with the Offering, the Company paid to the agent, Haywood Securities Inc., (i) a cash commission of \$156,556; (ii) non-transferrable compensation options of the Company exercisable at any time prior to March 22, 2027 to acquire up to 894,603 units of the Company ("Compensation Option Units"); and (iii) 428,571 units of the Company (the "Corporate Finance Fee Units"). The Compensation Option Units and the Corporate Finance Fee Units have the same terms as the Units sold in the Offering. The Company intends to use the net proceeds of the Offering for sales and marketing, working capital and for general corporate purposes.