



LQWD TECHNOLOGIES CORP.

Condensed Consolidated Interim Financial Statements

Second Quarter ended August 31, 2025

Unaudited

(Expressed in Canadian dollars except as otherwise stated)

LQWD TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars except as otherwise stated)

	August 31, 2025	February 28, 2025
Assets		
Current:		
Cash and cash equivalents	\$ 2,730,376	\$ 1,571,705
Digital currencies (Note 7)	35,441,199	19,800,292
Prepaid expenses	114,083	105,993
	38,285,658	21,477,990
Non-Current:		
Property and equipment (Note 5)	2,246	2,955
Restricted cash	60,088	61,330
	\$ 38,347,992	\$ 21,542,275
Liabilities and Equity		
Current:		
Accounts payable and accrued liabilities	\$ 210,136	\$ 181,897
	210,136	181,897
Shareholders' equity		
Capital stock (Note 6(b))	78,236,462	63,928,852
Contributed surplus (Note 6(g))	12,097,605	9,554,393
Accumulated other comprehensive income	10,927,011	7,511,581
Deficit	(63,123,222)	(59,634,448)
	38,137,856	21,360,378
	\$ 38,347,992	\$ 21,542,275

Nature of operations and going concern (Note 1)

Subsequent events (12)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on October 30, 2025.

"Giuseppe (Pino) Perone"

.....Director

Giuseppe (Pino) Perone

"Ashley Garnot"

.....Director

Ashley Garnot

LQWD TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars except as otherwise stated)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2025	2024	2025	2024
Revenue	\$ 8,394	\$ 909	\$ 11,379	\$ 1,269
General and administrative expenses				
Amortization of intangible assets	-	34,359	-	105,545
Amortization of property and equipment	354	404	709	1,094
Audit and accounting	44,100	44,225	58,950	55,725
Bank charges	1,556	521	2,181	1,050
Consulting fees	50,400	45,083	131,850	73,328
Legal	16,225	4,315	27,405	5,421
Marketing	53,036	48,672	106,038	100,066
Office and administration	45,291	13,428	70,399	29,787
Office rent	4,702	3,150	8,615	6,300
Research and development	113,725	71,596	239,741	133,626
Salaries and benefits	50,126	50,139	100,252	100,278
Stock-based compensation	2,465,110	63,235	2,543,212	135,267
Shareholder relations	48,248	-	57,803	8,221
Transfer and filing fees	26,725	7,749	32,445	24,587
Travel and entertainment	48,430	1,969	87,940	12,797
	(2,968,028)	(388,845)	(3,467,540)	(793,092)
Other items				
Foreign exchange	11,209	(2,536)	(32,873)	(880)
Interest and accretion income	(310)	1,098	260	1,886
	10,899	(1,438)	(32,613)	1,006
Net loss for the period	(2,948,735)	(389,374)	(3,488,774)	(790,817)
Other comprehensive income				
Change in revaluation reserve (Note 7)	132,352	(1,559,351)	3,415,430	(539,235)
Comprehensive loss for the period	(2,816,383)	(1,948,725)	(73,344)	(1,330,052)
Net loss per share, basic and diluted	\$ (0.11)	\$ (0.03)	\$ (0.15)	\$ (0.06)
Weighted average number of common shares outstanding	25,645,216	13,033,591	23,563,206	13,130,809

See accompanying notes.

LQWD TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars except as otherwise stated)

For the six months ended August 31,	2025	2024
Operating activities		
Net loss for the period	\$ (3,488,774)	\$ (790,817)
Items not involving cash:		
Amortization of intangible assets	-	105,545
Amortization of property and equipment	709	1,094
Interest and accretion	1,242	1,140
Stock-based compensation	2,543,212	135,267
	(943,611)	(547,771)
Changes non-cash working capital:		
Prepaid expenses	(8,090)	13,045
Accounts payable and accrued liabilities	35,102	(163,087)
	27,012	(150,042)
Cash used in operating activities	(916,599)	(697,813)
Financing activities		
Proceeds from share issuance	12,299,996	-
Share issue costs	(992,698)	-
Options exercised	151,949	-
Warrants exercised	2,848,363	-
Cash provided by financing activities	14,307,610	-
Investing activities		
Purchase of digital currencies	(12,232,340)	-
Purchase of equipment	-	(4,255)
Cash used in investing activities	(12,232,340)	(4,255)
Net inflow (outflow) of cash and cash equivalents	1,158,671	(702,068)
Cash and cash equivalents, beginning of period	1,571,705	1,353,065
Cash and cash equivalents, end of period	\$ 2,730,376	\$ 650,997
Supplementary disclosures:		
Interest received	\$ 1,503	\$ 3,026
Cash	\$ 2,730,376	\$ 632,816
Short-term deposits	-	18,181
	\$ 2,730,376	\$ 650,997

See accompanying notes.

LQWD TECHNOLOGIES CORP.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars except as otherwise stated)

	<u>Common Shares</u>		Contributed Surplus	Deficit	Other Comprehensive Income (Note 7)	Total
	Number	Amount				
Balance, March 1, 2025	21,442,718	\$ 63,928,852	\$ 9,554,393	\$ (59,634,448)	\$ 7,511,581	\$ 21,360,378
Net loss for period	-	-	-	(3,488,774)	-	(3,488,774)
Options exercised	191,666	151,949	-	-	-	151,949
Private placement	2,999,999	12,299,996	-	-	-	12,299,996
Revaluation of digital currency	-	-	-	-	3,415,430	3,415,430
Share issue costs	-	(992,698)	-	-	-	(992,698)
Stock-based payments	-	-	2,543,212	-	-	2,543,212
Warrants exercised	2,937,358	2,848,363	-	-	-	2,848,363
Balance, August 31, 2025	27,571,741	\$ 78,236,462	\$12,097,605	\$ (63,123,222)	\$ 10,927,011	\$ 38,137,856
Balance, March 1, 2024	13,228,026	\$ 57,683,004	\$ 8,842,882	\$ (57,870,813)	\$ 2,747,746	\$ 11,402,819
Cancelled shares (Note7(b))	(208,000)	(740,000)	-	740,000	-	-
Revaluation of digital currency	-	-	-	-	(539,235)	(539,235)
Stock-based payments	-	-	135,267	-	-	135,267
Net loss for period	-	-	-	(790,817)	-	(790,817)
Balance, August 31, 2024	13,020,026	\$ 56,943,004	\$ 8,978,149	\$ (57,921,630)	\$ 2,208,511	\$ 10,208,034

See accompanying notes.

LQWD TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

LQWD Technologies Corp. (the “Company” or “LQWD”) is incorporated under the *Business Corporations Act* (British Columbia). LQWD is a technology company that is focused on developing various web-based platforms, solutions and applications. The Company's common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “LQWD” and on the OTCQX market under the symbol “LQWDF”. The Company is located at 1710 – 1050 W. Pender Street, Vancouver, BC, V6E 3S7.

There is no assurance that the Company's business will result in future profitable operations. The business is subject to risk, market conditions, supply and demand, and competition. The Company currently has sufficient cash resources to meet administrative overhead and maintain its assets. The recoverability of amounts shown in assets is dependent on several factors. These factors include the ability of the Company to obtain financing to complete the planned international expansion, and future cash flows generated by the Company's operations.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Management has evaluated the Company's ability to continue as a going concern for a period of one year from the date the financial statements and has concluded that there are no conditions or events that raise significant doubt about the Company's ability to continue as a going concern within that period. Accordingly, the consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. On August 31, 2025, the Company had working capital of \$38,075,522 (February 28, 2025: \$21,296,093). On August 31, 2025, the Company also had an accumulated deficit of \$63,123,222 (February 28, 2025: \$59,634,448).

2. BASIS OF PRESENTATION AND CONSOLIDATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently by the Company and its subsidiaries.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the majority of the Company's subsidiaries with the exception of Coronado Resources USA LLC, whose functional currency is US dollar.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each consolidated statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in profit and loss.

LQWD TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

2. BASIS OF PRESENTATION AND CONSOLIDATION *(Continued)*

(c) Functional and presentation currency *(Continued)*

Assets and liabilities of a subsidiary having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are presented as a translation adjustment under other comprehensive income or loss, a component of equity.

(d) Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned integrated subsidiaries.

The Company's subsidiaries are:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Coronado Resources USA LLC	USA	100%	Holding Company
LQwD Financial Corp.	Canada	100%	Technology
Skyrun Technology Corp.	Canada	100%	Technology
0980862 B.C. Ltd.	Canada	100%	Holding Company
0997680 B.C. Ltd.	Canada	100%	Holding Company
0997684 B.C. Ltd.	Canada	100%	Holding Company

3. MATERIAL ACCOUNTING POLICIES

(a) Critical accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements is in conformity with IFRS, which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Material areas requiring the use of management judgements, estimates and assumptions include:

- The determination of the useful life of the intangible assets.
- The assessment of whether certain factors (both internal and external) would be considered an indicator of impairment and whether impairment testing is required on the intangible assets.
- The determination that the Company will continue as a going concern for the next year.

LQWD TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

(a) Critical accounting judgments, estimates and assumptions *(Continued)*

- Digital currencies meet the definition of intangible assets in IAS 38 Intangible Assets. Digital currencies consist of cryptocurrency denominated assets and are included in current assets. Digital currencies are carried at their fair value determined by the spot rate less costs to sell. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position. Fair value is determined by taking the price of the digital currencies from coinmarketcap.com. Digital currencies generally meet the relatively wide definition of an intangible asset, as they are identifiable, lack physical substance, are controlled by the holder and give rise to future economic benefits for the holder. Intangible assets should be accounted for under IAS 38, except when they are within the scope of another standard (e.g., crypto-assets that meet the definition of a financial asset under IAS 32 or crypto-assets held for sale in the ordinary course of business under IAS 2).
- The Company is subject to income tax assessment in Canada. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken in the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. The Company computes an income tax provision in each of the jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of these condensed consolidated interim financial statements. Additionally, estimating income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before such deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.
- The Company estimates the cost of equity-settled stock-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an equity instrument with a term equal to the expected life of the option, and the expected forfeiture rate.
- The Company recognizes revenue on the completion of transaction using the company's infrastructure or for services provided. As consideration for these services, the Company receives digital currencies, primarily Bitcoin from clients. Revenue is recognized when the Company receives the fee for a forwarding transaction. For hosting and other services contracts, the Company has determined that the substance of the service contracts is provision of services under IFRS 15 Revenue from Contracts with Customers. Revenue is recognized only when the amount of the contract and separate performance obligations are identified, the transaction can be measured reliably, the transaction price can be allocated to the performance obligations, and the performance obligations is satisfied. Accordingly, the Company has determined that revenue should be recognized as the provision of services under the contract is completed. Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgment exercised by management.
- The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and expenses

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

(a) Critical accounting judgments, estimates and assumptions *(Continued)*

are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency. The application of the Company's accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the condensed consolidated interim financial statements.

- Management determines the estimated useful lives and residual values of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(b) Digital currencies

Digital currencies (Note 7) 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 the fair value of the acquisition date and the revaluation method is used to measure the digital assets subsequently. 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 each interim and annual reporting date. Consistent with IAS 38 p85, gains recognized in other comprehensive income are not recycled 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.

Digital currencies consist solely of Bitcoin and are measured at fair value using the quoted price on CoinMarketCap. Management considers this fair value to be a level two 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's determination to classify its holding of Bitcoin as current assets is based on management's assessment that its Bitcoin held can be considered a commodity that may be readily sold because liquid markets are available.

Management has determined that Bitcoin meets the definition of having an active market under IAS 38 p8 and IAS 38 p75. Accordingly, the Company measures its digital assets using the revaluation model with fair value determined based on observable market inputs.

(c) Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* provides a five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

The Company's revenue consists of service fees earned from customers that use the platform. Revenue is recognized when it is probable that the economic benefits will flow to the Company, delivery of the service has occurred, and collectability is reasonably assured.

LQWD TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (Continued)

(d) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities, including derivatives, are recognized in the Statement of Financial Position when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL"), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net loss.

Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

- a) amortized cost
- b) FVTPL, and
- c) fair value through other comprehensive income ("FVTOCI").

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL:

- a. the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.

Financial liabilities are subsequently measured at amortized cost using the effective interest method with gains and losses recognized in net income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

Asset / Liability	Classification / Measurement
Cash and cash equivalent	Amortized cost
Restricted cash	Amortized cost
Accounts payables and accrued liabilities	Amortized cost

LQWD TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Financial instruments *(Continued)*

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the statements of comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

4. FUTURE ACCOUNTING STANDARDS

Standards, Amendments and Interpretations Issued but not yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the period ending August 31, 2025, and, accordingly, have not been applied in preparing these condensed consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, which replaces IAS 1, sets out the requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify income and expenses into categories: operating, investing, financing, income taxes and discontinued operations. It requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are consequential amendments to several other standards. The amendments are applied prospectively for annual periods beginning on or after January 1, 2027. The Company is analysing the potential impact to the financial statements.

LQWD TECHNOLOGIES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

5. PROPERTY AND EQUIPMENT

	Computer Equipment	Total
Cost		
At February 29, 2024	\$ 7,160	\$ 7,160
Additions	4,255	4,255
At February 28, 2025	11,415	11,415
Additions	-	-
At August 31, 2025	\$ 11,415	\$ 11,415
Accumulated amortization		
At February 29, 2024	\$ (6,657)	\$ (6,657)
Amortization	(1,803)	(1,803)
At February 28, 2025	(8,460)	(8,460)
Amortization	(709)	(709)
At August 31, 2025	\$ (9,169)	\$ (9,169)
Net book value		
February 28, 2025	\$ 2,955	\$ 2,955
August 31, 2025	\$ 2,246	\$ 2,246

6. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the period ended August 31, 2025:

16,666 options, redeemable for \$1.152 per share, 75,000 options, redeemable for \$0.97 per share, and 100,000 options, redeemable for \$0.60 per share, were exercised for gross proceeds of \$151,949.

687,500 warrants, redeemable for \$0.60 per share, 691,846 warrants, redeemable for \$0.85 per share, 1,123,846 warrants redeemable for \$0.90 per share, 32,000 warrants, redeemable for \$1.00 per share, and 402,166 warrants, redeemable for \$2.00 per share, were exercised for gross proceeds of \$2,848,363.

On July 10, 2025, the Company closed its brokered private placement, issuing 2,439,024 common shares at a price of \$4.10 per share for gross proceeds of approximately \$10,000,000.

On July 14, 2025, the Company closed its non-brokered private placement, issuing 560,975 common shares at a price of \$4.10 per share for gross proceeds of approximately \$2,300,000.

During the year ended February 28, 2025:

No stock options were exercised.

Between December 5, 2024, and February 20, 2025, 560,000 warrants, redeemable for \$0.85, and 250,000 warrants, redeemable for \$0.60, were exercised for gross proceeds of \$626,000.

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For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

6. CAPITAL STOCK (Continued)

(b) Issued and outstanding (Continued)

On December 23, 2024, the Company closed its non-brokered private placement, issuing 2,000,000 units at a price of \$1.50 per unit for gross proceeds of \$3,000,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. The value allocated to the warrant is \$nil. Each full warrant is exercisable into one common share at an exercise price of \$2.00 per share at any time up to 18 months following the closing date of the private placement.

In November 2024, 105,000 warrants, redeemable for \$0.85 per share, were exercised for gross proceeds of \$89,250.

On November 7, 2024, the Company closed the second tranche of a non-brokered private placement, issuing 2,307,692 units at a price of \$0.65 per unit for gross proceeds of \$1,500,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. The value allocated to the warrant is \$nil. Each full warrant is exercisable into one common share at an exercise price of \$0.90 per share at any time up to 18 months following the closing date of the private placement. In connection with the second tranche of the private placement, the Company issued to the finder \$27,875 in cash and 30,972 share purchase warrants.

On October 9, 2024, the Company closed the first tranche of a non-brokered private placement, issuing 3,200,000 units at a price of \$0.70 per unit for gross proceeds of \$2,240,000. Each unit consists of one common share of the Company and one common share purchase warrant. The value allocated to the warrant is \$160,000. Each warrant will entitle the holder to purchase one common share for a period of 5 years following the closing date with exercise prices as follows: 1/5th of the warrants will have an exercise price of \$1.00 per share; 1/5th of the warrants will have an exercise price of \$1.25 per share; 1/5th of the warrants will have an exercise price of \$1.50 per share; 1/5th of the warrants will have an exercise price of \$1.75 per share; and the remaining 1/5th of the warrants will have an exercise price of \$2.00 per share. In connection with the first tranche of the private placement, the Company issued to the finder \$112,000 in cash and 160,000 share purchase warrants.

On June 6, 2024, the Company cancelled 208,000 common shares held by a service provider. This cancellation was part of a settlement agreement dated November 29, 2023. Previously, on March 3, 2022, the Company had terminated its service agreement with the provider and requested repayment of \$740,000, which had been advanced for services that were not rendered. In accordance with the settlement agreement, the parties agreed that instead of returning the consideration paid, the service provider would relinquish 208,000 common shares, which had been issued for the same value. As a result, the shares were cancelled, effectively settling the outstanding amount.

(c) Incentive share options

The Company has a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. Unless otherwise specified by the Board of Directors at the time of granting an option, and subject to other term limits on option grants set out in the Plan, all options must vest over a minimum of two years except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period.

The purpose of the Plan is to provide directors, officers, key employees and certain other persons who provided services to the Company and its subsidiaries with an increased incentive to contribute to the future success and prosperity of the Company. The following is a continuity of outstanding share options:

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Period Ended August 31, 2025

(Expressed in Canadian Dollars except as otherwise stated)

6. CAPITAL STOCK (Continued)**(c) Incentive share options (Continued)**

	Number of Options	Weighted Average Price per Share
Balance at February 29, 2024	697,000	\$ 4.77
Expired during the year	(67,000)	4.06
Granted during the year	700,000	1.10
Balance at February 28, 2025	1,330,000	2.88
Exercised during the period	(191,666)	0.79
Granted during the period	788,000	3.70
Balance at August 31, 2025	1,926,334	\$ 3.42

(d) Stock-based compensation

The following summarizes information about share options that are outstanding at August 31, 2025:

Number of Options	Price per Share	Expiry Date	Options Exercisable
100,000	\$6.500	May 20, 2026	100,000
272,500	\$6.000	September 2, 2026	272,500
157,500	\$4.500	December 26, 2026	157,500
25,000	\$0.970	March 11, 2029	25,000
100,000	\$0.970	March 13, 2029	100,000
483,334	\$1.152	October 27, 2029	322,223
635,000	\$3.700	June 23, 2030	282,083
153,000	\$3.700	June 23, 2028	12,750
1,926,334			1,272,056

As of August 31, 2025, the weighted average contractual remaining life is 3.37 years.

During the six months ended August 31, 2025, 788,000 stock options were granted. 250,000 of the stock options granted vested immediately and 538,000 stock options are subject to deferred vesting monthly over two years. The Company recorded compensation expense of \$2,543,212. During the year ended February 28, 2025, 700,000 stock options were granted, subject to deferred vesting, with one third options vesting three months from the grant date, one third options vesting six months from the vest date and one third options vesting one year from the grant date. The Company recorded compensation expense of \$436,147.

The following summarizes information about share options that are outstanding at February 28, 2025:

Number of Options	Price per Share	Expiry Date	Options Exercisable
100,000	\$6.50	May 20, 2026	100,000
287,500	\$6.00	September 2, 2026	287,500
157,500	\$4.50	December 26, 2026	157,500
25,000	\$0.970	March 11, 2029	16,667
175,000	\$0.970	March 13, 2029	116,667
500,000	\$1.152	October 27, 2029	166,667
1,330,000			880,000

As of February 28, 2025, the weighted average contractual remaining life is 3.27 years.

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6. CAPITAL STOCK (Continued)**(d) Stock-based compensation (Continued)**

The following assumptions were used for the Black-Scholes option pricing model calculations:

	Risk-free interest rate	Expected stock price volatility	Expected option life in years	Dividend rate
October 27, 2024	2.18%	127.53%	5 Years	Nil
March 13, 2024	3.50%	133.47%	5 Years	Nil
March 11, 2024	3.42%	133.32%	5 Years	Nil
February 1, 2024	3.34%	130.35%	5 Years	Nil
December 26, 2021	1.15%	131.32%	5 Years	Nil
September 2, 2021	0.72%	131.84%	5 Years	Nil
May 20, 2021	0.87%	138.28%	5 Years	Nil
May 28, 2019	1.34%	123.23%	5 Years	Nil
June 23, 2025	2.42%	128.71%	5 Years	Nil
June 23, 2025	3.56%	135.73%	3 Years	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(e) Share purchase warrants

The following is a continuity of outstanding share purchase warrants:

	Number of Warrants	Weighted Average Price per Share
Balance at February 29, 2024	3,450,596	\$ 0.73
Exercised during the year	(915,000)	0.78
Granted during the year	5,544,818	1.46
Balance at February 28, 2025	8,080,414	1.23
Exercised during the period	(2,937,358)	0.97
Balance at August 31, 2025	5,143,056	\$ 1.37

The following summarizes information about the warrants that are outstanding at August 31, 2025.

Number of Warrants	Price per Share	Expiry Date
468,750	\$0.85	April 26, 2026
687,500	\$0.60	January 22, 2026
640,000	\$1.00	October 10, 2029
672,000	\$1.25	October 10, 2029
672,000	\$1.50	October 10, 2029
672,000	\$1.75	October 10, 2029
672,000	\$2.00	October 10, 2029
60,972	\$0.90	May 8, 2026
597,834	\$2.00	June 23, 2026
5,143,056		

As of August 31, 2025, the weighted average contractual remaining life is 2.88 years.

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6. CAPITAL STOCK (Continued)

(e) Share purchase warrants (Continued)

The following summarizes information about the warrants that are outstanding at February 28, 2025.

Number of Warrants	Price per Share	Expiry Date
468,750	\$0.85	April 26, 2026
691,846	\$0.85	June 8, 2025
1,375,000	\$0.60	January 22, 2026
672,000	\$1.00	October 10, 2029
672,000	\$1.25	October 10, 2029
672,000	\$1.50	October 10, 2029
672,000	\$1.75	October 10, 2029
672,000	\$2.00	October 10, 2029
1,184,818	\$0.90	May 8, 2026
1,000,000	\$2.00	June 23, 2026
8,080,414		

As of February 28, 2025, the weighted average contractual remaining life is 2.50 years.

(f) Contributed surplus

The following summarizes information about contributed surplus as at August 31, 2025.

	Options	Warrants	Performance based share purchase warrants	Total
Contributed surplus	\$ 7,435,807	\$ 1,122,653	\$ 3,539,145	\$ 12,097,605

7. DIGITAL CURRENCIES

Digital currencies consist of Bitcoin coins. Below is a continuity of digital currencies acquired through purchase during the year. The fair value of digital currencies at August 31, 2025, is \$35,441,199 (February 28, 2025 - \$19,800,292). The original cost of the 238.5 Bitcoin was \$24,679,857 (February 28, 2025 - \$12,454,381).

	August 31, 2025		February 28, 2025	
	Bitcoin	\$	Bitcoin	\$
Opening balance	161.08	19,800,292	115.50	9,612,743
Revenue	0.08	11,379	0.06	5,553
Fees	(0.13)	(18,242)	(0.19)	(18,253)
Purchases	77.51	12,232,340	45.71	5,436,414
Revaluation of digital currency(1)	-	3,415,430	-	4,763,835
Ending balance	238.54	35,441,199	161.08	19,800,292

1) The revaluation of digital currency and the recognition of digital currency are included in other comprehensive income.

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8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	August 31, 2025		August 31, 2024	
Research and development	\$	78,000	\$	60,000
Salaries		72,000		72,000
Stock-based compensation		2,328,054		54,131
	\$	2,478,054	\$	186,131

At August 31, 2025, \$nil (2024 - \$45) is owing to key management personnel and is included in accounts payable and accrued liabilities.

During the period ended August 31, 2025, the Company was charged \$6,300 (2024 - \$6,300) by TAG Oil Ltd. a Canadian related company with similar key management personnel for office rent and IT support. At August 31, 2025, \$nil (2024 - \$nil) is owing to the Canadian related company with similar key management personnel and is included in accounts payable and accrued liabilities.

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. FINANCIAL INSTRUMENTS RISK

The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations.

Cash and cash equivalents consist of cash bank balances and short-term deposits. The Company's short-term investments are held with a Canadian chartered bank and are monitored to ensure a stable return. The Company's short-term investments currently consist of term deposits and bank deposits as it is not the Company's policy to utilize complex, higher-risk investment vehicles.

Market Risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign Exchange Risk

The Company currently does not have significant exposure to other currencies, other than digital currencies which are US dollar denominated. The potential impact of foreign exchange risk relating to digital currencies is assessed as high.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its purchases and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

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9. FINANCIAL INSTRUMENTS RISK (Continued)

The Company's liquidity is dependent upon maintaining its current working capital balances, operating cash flows and ability to raise funds. To forecast and monitor liquidity, the Company prepares operating and capital expenditure budgets which are monitored and updated as considered necessary. Considering these circumstances and the Company's cash balance, liquidity risk is assessed as low.

As at August 31, 2025, the contractual maturities of financial liabilities were as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year
Trade payable and accrued liabilities	\$210,136	\$210,136	\$210,136
Total	\$210,136	\$210,136	\$210,136

As at February 28, 2025, the contractual maturities of financial liabilities were as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year
Accounts payable and accrued liabilities	\$181,897	\$181,897	\$181,897
Total	\$181,897	\$181,897	\$181,897

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. Most of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments, so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases. Interest rate risk is assessed as low.

Fair Value of Financial Instruments and Digital Assets

The carrying value of the Company's financial assets and liabilities carried at amortized cost approximates their fair value due to the short-term life of these instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's assets and liabilities carried at fair value are as follows:

	Fair Value Level	August 31, 2025	February 28, 2025
		\$	\$
<i>Digital assets:</i>			
Digital currencies	2	35,441,199	19,800,292

The Company's digital currencies are classified as level 2. During the six month period ended August 31, 2025, and year ended February 28, 2025, there were no transfers between level 1, level 2 and level 3.

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10. DIGITAL CURRENCY AND RISK MANAGEMENT

Digital currencies are measured based on their fair values, determined using the daily weighted close price for the digital currency on coinmarketcap.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is affected by the current and future market price of digital currencies; in addition, the Company may not be able to liquidate its inventory of digital currencies at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company's future operations. The Company from time to time converts its digital currency but has not entered into any hedge transactions.

Digital currencies have a limited history, and the fair value historically has been very volatile. Historical performances of digital currencies are not indicative of their future price performance. The Company's digital currencies consist primarily of Bitcoin. The impact of a 25% variance in the price of this digital currency on the Company's earnings before tax, based on their closing prices at August 31, 2025, would be approximately \$8,860,300 (February 28, 2025 - \$4,950,073).

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the future development of the business and maintaining investor, creditor, and market confidence.

The Company defines its capital as shareholders' equity and working capital. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. If adjustments to the capital structure are required, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements or restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated. The Company may require equity issues to cover administrative and operating costs.

12. SUBSEQUENT EVENTS

On September 24, 2025, the Company closed its non-brokered private placement, issuing 1,666,667 units at a price of \$1.50 per unit for gross proceeds of approximately \$2,500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$2.00 per share at any time up to 12 months following the closing date of the private placement.

On September 29, 2025, the Company granted 750,000 stock options that are exercisable for a period of 5 years at a price of \$1.50 per share to various directors, officers, and staff members. The stock options will vest over a period of up to 12 months.

On September 29, 2025, the Company purchased an additional ~14 Bitcoin.