ALSET AI VENTURES INC.
(formerly Alset Capital Inc.)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Alset AI Ventures Inc.

Opinion

We have audited the accompanying financial statements of Alset AI Ventures Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2024 and 2023, and the statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred losses since its inception and does not currently have the financial resources to sustain operations in the long-term. As stated in Note 1, these events and conditions 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 financial statements of the current year ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Valuation of Private Investments – Cedarcross and Vertex

As outlined in Note 4 to the financial statements, the carrying value of the Company's Cedarcross and Vertex investments was $3,441,369 as of September 30, 2024. As further detailed in Notes 2 and 3, investments are measured at fair value at each reporting period. Management determined fair value using the transactional method, which relies on Level 2 observable inputs. Using this approach, management must assess whether prior or subsequent transactions remain an appropriate measure of fair value, taking into account factors such as market conditions, the financial health of investees, and overall industry performance, amongst others.

The principal considerations for determining that the valuation of private investments is a Key Audit Matter include the significance of the investments in the financial statements and the significant judgment required when assessing fair value based on a transactional method. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the fair value of the investments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Assessing the appropriateness of using the transactions as the basis for fair value measurement by considering factors such as the timing of transactions, market conditions, and other relevant factors.
- Reviewing supporting documentation for the transactions, including purchase agreements and investment records, to verify the accuracy and completeness of the recorded amounts.
- Utilizing our internal valuations department to conclude on the appropriateness of the methodology used, and test the accuracy of the calculations, in the valuation reports.
- Assessing internal factors, market conditions, and industry trends to determine whether any significant changes could impact the reliability of the relevant transactions as an appropriate measure of fair value.
- Assessing management’s judgment and estimates in determining whether the transactions remained an appropriate proxy for fair value, evaluating for potential bias or errors.
- Reviewing title documents to confirm the Company’s ownership interest in the investments.
- Evaluating financial statement disclosures to ensure they appropriately describe the valuation methodology, assumptions, and any relevant risks or uncertainties associated with the fair value measurement.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 year ended 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 Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 12, 2025

ALSET AI VENTURES INC.
(formerly Alset Capital Inc.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT SEPTEMBER 30,	2024	2023
ASSETS		
Current		
Cash	$ 1,797,575	$ 147,656
Accounts receivable	13,949	32,705
Prepaid expenses	234,246	780
Loans receivable (Note 5)	2,281,509	50,000
	4,327,279	231,141
Deposit in investment in Cedarcross (Note 4)	-	210,000
Investment in Cedarcross (Note 4)	2,841,369	-
Investment in Vertex (Note 4)	600,000	-
Investment in Verses AI (Note 4)	284,474	-
	$ 8,053,122	$ 441,141
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 584,787	$ 608,118
Convertible debentures (Note 7)	206,626	-
Convertible debenture proceeds received in advance (Note 7)	-	45,000
Short-term loans payable (Note 6)	-	257,883
	791,413	911,001
Shareholders' equity (deficiency)		
Share capital (Note 8)	35,726,433	24,720,681
Equity portion of convertible debentures (Note 7)	4,087	-
Reserves (Note 8)	3,605,097	499,971
Subscriptions received in advance (Note 8)	-	34,375
Deficit	(32,073,908)	(25,724,887)
	7,261,709	(469,860)
	$ 8,053,122	$ 441,141

Nature and continuance of operations (Note 1)
Subsequent events (Note 14)

Approved and authorized by the Board on March 11, 2025:

"Zelong He"	Director	*"Jack Huang"*	Director
Zelong He		Jack Huang	

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

ALSET AI VENTURES INC.
(formerly Alset Capital Inc.)
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended September 30,		2024		2023
NET INVESTMENT GAIN/(LOSS)				
Net change in unrealized gain/(loss) on investments (Note 4)	$	(272,976)	$	-
Unrealized fair value loss on derivative financial instrument (Note 4)		(1,181)		-
		(274,157)		-
GENERAL EXPENSES				
Accretion expense (Note 7)	$	3,343	$	-
Consulting and management fees (Note 9)		1,453,406		96,119
Interest expense (Note 7)		37,454		-
Investor relations		798,085		80,500
Marketing		417,501		-
Office and miscellaneous		175,224		3,316
Professional fees		618,505		57,023
Shareholder communications		75,138		-
Share-based payments (Note 8, 9)		2,159,352		-
Transfer agent and filing fees		96,688		19,750
Loss before other items		(5,834,696)		(256,708)
Interest income (Note 5)		242,019		-
Loss on debt settlement (Note 8)		(260,719)		-
Foreign exchange loss		(21,871)		-
Write-off of receivables		(199,597)		-
Loss and comprehensive loss for the year	$	(6,349,021)	$	(256,708)
Basic and diluted loss per share	$	(0.10)	$	(0.02)
Weighted average number of common shares outstanding – basic and diluted		65,059,108		13,155,972

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

(Expressed in Canadian Dollars)

For the years ended September 30,	2024	2023
CASH FROM OPERATING ACTIVITIES		
Loss for the year	$ (6,349,021)	$ (256,708)
Items not affecting cash:		
Accretion expense	3,343	-
Accrued interest expense	37,454	-
Accrued interest receivable	(242,019)	-
Net change in unrealized gain/(loss) on investments	272,997	-
Unrealized fair value loss on derivative financial instrument	1,181	-
Loss on debt settlement	260,719	-
Write off of receivable	199,597	-
Share-based payments	2,159,352	-
Other items:		
Deposit in equity investment funding	-	(210,000)
Investment in Verses AI	(250,000)	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	515,587	(11,037)
Accounts receivable	(180,841)	176,443
Prepaid expenses	(233,466)	63
Net cash used in operating activities	(3,805,138)	(301,239)
CASH FROM INVESTING ACTIVITIES		
Funding provided to Cedarcross as loans	(4,248,584)	-
Cedarcross loans repaid	2,259,094	-
Net cash used in investing activities	(1,989,490)	-
CASH FROM FINANCING ACTIVITIES		
Shares issued for cash	7,857,248	-
Subscription received in Advance	-	34,375
Convertible debenture proceeds received in advance	-	45,000
Share issuance costs	(555,701)	-
Loan receivable	-	(50,000)
Convertible debentures	143,000	-
Net cash provided by financing activities	7,444,547	29,375
Change in cash during the year	1,649,919	(271,864)
Cash, beginning of year	147,656	419,520
Cash, end of year	$ 1,797,575	$ 147,656

Supplemental disclosure with respect to cash flows (Note 10)

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

ALSET AI VENTURES INC.
(formerly Alset Capital Inc.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share capital		Equity portion of convertible debentures	Reserves	Subscriptions received in advance	Deficit	Total
	Number	Amount					
Balance at September 30, 2022	13,155,972	$ 24,720,681	$ -	$ 499,971	$ -	$ (25,468,179)	$ (247,527)
Subscription received in advance	-	-	-	-	34,375	-	34,375
Loss for the year	-	-	-	-	-	(256,708)	(256,708)
Balance at September 30, 2023	13,155,972	$ 24,720,681	$ -	$ 499,971	34,375	$ (25,724,887)	$ (469,860)
Private placements	58,789,296	7,812,575	-	-	(34,375)	-	7,778,200
Exercise of convertible debentures	300,000	15,354	(354)	-	-	-	15,000
Exercise of options	50,000	4,753	-	(2,253)	-	-	2,500
Exercise of warrants	1,530,953	82,557	-	(6,009)	-	-	76,548
Share issuance costs	-	(555,701)	-	-	-	-	(555,701)
Finders' warrants	-	(612,070)	-	612,070	-	-	-
Acquisition of Vertex	12,000,000	3,540,000	-	-	-	-	3,540,000
Debt settlement	15,961,863	718,284	-	341,966	-	-	1,060,250
Issuance of convertible debentures	-	-	4,441	-	-	-	4,441
Share-based payments	-	-	-	2,159,352	-	-	2,159,352
Loss for the year	-	-	-	-	-	(6,349,021)	(6,349,021)
Balance at September 30, 2024	101,788,084	$ 35,726,433	$ 4,087	$ 3,605,097	$ -	$ (32,073,908)	$ 7,261,709

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Alset AI Ventures Inc. (formerly Alset Capital Inc.) (the “Company”) was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “GPUS”, OTC Pink Market (“OTC”) under the symbol “ALSCF”, and Frankfurt Stock Exchange (“FSE”) under the symbol “1R60”.

The Company is an investment issuer primarily focused on investments in the technology industry, including but not limited to artificial intelligence (“AI”). The Company’s investment portfolio is currently comprised of 49.0% ownership in each of Cedarcross International Technologies Inc. (“Cedarcross”) and Vertex AI Ventures Inc. (“Vertex”).

The Company’s registered and records office is #1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7. Its principal business activity is the business of investing in technology companies, which involves a high degree of risk and there can be no assurance that current investment programs will result in profitable operations.

During the year ended September 30, 2023, the Board of Directors authorized a 2 for 1 share consolidation. The number of issued and outstanding shares, options, share purchase warrants, and per-share amounts have been retroactively restated for all the periods presented unless otherwise stated.

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”).

2. BASIS OF PREPARATION *(cont'd…)*

Basis of presentation and consolidation

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company qualifies as an investment entity as it meets the following definition of an investment entity as outlined in IFRS 10, Consolidated Financial Statements:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Use of estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Valuation of investments

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

2. BASIS OF PREPARATION *(cont'd…)*

Critical accounting estimates (cont'd…)

Valuation of investments (cont'd…)

The Company holds 49% interests in Cedarcross and Vertex as at September 30, 2024. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow. The Company applied a transactional approach for valuing the investments in Cedarcross and Vertex for the year ended September 30, 2024. This approach assesses recent transactions of the investees to support the fair value of the investments as at year end.

Investments held in public entities are valued by the publicly available market data, and warrants of investments in publicly held entities are valued using the Black-Scholes option pricing model..

Share-based payments

The fair value of share-based payments is determined using the Black-Scholes option pricing model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

Convertible debenture

The determination of the carrying value of the convertible debentures on initial issuance is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Critical accounting judgments

Going concern

The determination of whether the Company will continue as a going concern for the next year (Note 1).

Investment entity

Investees operate independently of the management of the Company, and management has determined that the Company currently invests its funds solely for capital appreciation. Accordingly, management considers the Company to meet the definition of an investment entity.

Collectability of loan

The determination of the collectability of the loans to Cedarcross requires significant judgment. Management has considered the loans as collectable, based on the history of collection to date and have extended the maturity date by one year subsequent to the year ended September 30, 2024 (Note 14)

3. MATERIAL ACCOUNTING POLICIES

Income (loss) per share

Basic income (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is computed similar to basic income (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not provide for the excess.

Investments in associates

The Company meets the criteria required to be considered an “investment entity” under IFRS 10, Consolidated Financial Statements and, as such, in the cases where the Company has control or significant influence over an entity in its investment portfolio, the Company values such investments as financial assets at FVTPL.

Fair value for investments is primarily determined using accepted industry valuation methods such as earnings multiples of comparable publicly traded companies, discounted cash flows, or transactional valuation. Significant inputs for these valuation methods include company specific earnings before interest, taxes, depreciation and amortization (EBITDA), earnings multiples of comparable publicly traded companies, projected cash flows, and discount rates using current market yields of instruments with similar characteristics. Recent market transactions, where available are also used.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value.

3. MATERIAL ACCOUNTING POLICIES *(cont'd…)*

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows are generally measured at amortized cost at each subsequent reporting periods. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income.

After initial recognition at fair value, financial instruments are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

Cash, accounts receivable, loans receivable, accounts payable and accrued liabilities and convertible debentures are carried at amortized cost. Investments are recorded as FVTPL.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

Derecognition

Financial assets are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire.

The Company assesses all information available, including on a forward-looking basis when estimating the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

3. MATERIAL ACCOUNTING POLICIES *(cont'd…)*

Financial instruments *(cont'd…)*
Financial Instruments Fair Value Disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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

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

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from reserves to deficit.

3. MATERIAL ACCOUNTING POLICIES *(cont'd…)*

Financial instruments *(cont'd…)*

Convertible debt

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

New accounting standards and interpretations issued and but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027). Management is currently assessing the implications of applying the new standard on the financial statements.

In 2024, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 to clarify the criteria for determining whether to classify a liability as current or non-current and cover what additional disclosures may also be required for liabilities subject to covenants, to IFRS 16 to clarify the accounting treatment for sale and leaseback transactions, providing guidance on how to determine whether the transaction should be accounted for as a sale or a financing transaction and IAS 7, to clarify the classification of supplier finance arrangements in the statement of cash flows regarding supplier finance arrangements, effective for annual periods beginning on or after January 1, 2024. Management is currently assessing the implications of applying the new standard on the financial statements.

4. INVESTMENTS

Cedarcross International Technologies Inc.

The Company acquired common shares equal to 49% ownership stake in Cedarcross for a total consideration of $210,000, which was paid during the year ended September 30, 2023. Cedarcross provides access to AI computing by providing access to AI servers. Its servers are configured in a data center located in Vancouver, British Columbia. As at September 30, 2024, the Company holds a 49% interest in Cedarcross. The Company has provided initial funding to Cedarcross (Note 5) to support Cedarcross' initial expenditures and capital acquisitions.

The Company evaluated the fair value of the investment in Cedarcross as at September 30, 2024 to be $2,841,369, based on subsequent additions (Note 14). The Company recorded an unrealized gain of $2,631,369.

Vertex AI Ventures Inc.

On March 15, 2024, the Company acquired common shares equal to 49% ownership stake in Vertex by issuing 12,000,000 common shares at a value of $0.295 per share for a total value of $3,540,000. Vertex is incorporated in Ontario, Canada and is focused on identifying and acquiring intellectual property ("IP") and providing data management services.

(Expressed in Canadian Dollars)

4. INVESTMENTS *(cont'd…)*

Vertex AI Ventures Inc. *(cont'd…)*

The Company evaluated the fair value of the investment in Vertex as at September 30, 2024 to be $600,000. The Company recorded a loss in investment of $2,940,000.

VERSES AI Inc.

On September 26, 2024, the Company acquired 312,500 units of VERSES AI Inc ("Verses") for $250,000. Each unit of Verses consists of one common share and one warrant that is exercisable for three years from issuance at a price of $1.20 per share. The Company recorded an initial value of $250,000 towards the Verses shares and warrants. As at September 30, 2024, the shares had a fair value of $225,000 based on the quoted market price of the shares (Cboe: VERS), and the warrants had a fair value of $59,474, for a total fair value associated with Verses of $284,474 as at September 30, 2024. The Company recorded an unrealized gain on investment of $35,655 and an unrealized fair value loss on derivative financial instrument of $1,181 during the year ended September 30, 2024. The warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life of 3 years, volatility of 100%, risk-free rate of 2.85% ,and 0% for dividends and forfeitures.

5. LOANS RECEIVABLE

The loans receivable are owed from Cedarcross. The following is a continuity schedule of loans receivable:

Loans receivable		
Balance, September 30, 2022	$	-
Loanss sent		50,000
Balance, September 30, 2023	$	50,000
Loans sent		4,248,584
Loans repaid		(2,259,094)
Interest receivable		242,019
Balance, September 30, 2024	$	2,281,509

During the year ended September 30, 2024, the Company:

a) Entered into a loan agreement with Cedarcross on October 30, 2023, for $200,000 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan. Subsequent to the year ended September 30, 2024, the maturity date of this loan was extended for one year (Note 14).

b) Entered into a loan agreement with Cedarcross on December 5, 2023, for $100,000 at an interest rate of 1% per annum. The loan is unsecured and due one year from the date of the loan. Subsequent to the year ended September 30, 2024, the maturity date of this loan was extended for one year (Note 14).

5. LOANS RECEIVABLE (cont'd…)

c) Entered into a loan agreement with Cedarcross on January 25, 2024, for $100,100 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan. Subsequent to the year ended September 30, 2024, the maturity date of this loan was extended for one year (Note 14).

d) Entered into a loan agreement with Cedarcross on March 26, 2024, for $160,000 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan. Subsequent to the year ended September 30, 2024, the maturity date of this loan was extended for one year (Note 14).

e) Entered into a loan agreement with Cedarcross on April 2, 2024 ("Loan Agreement"), for $3,688,485 at an interest rate of 15% per annum. The loan is secured against all present and after acquired property of Cedarcross, including specific asset security against five servers. The loan is repayable in full on July 1, 2025.

During the year ended September 30, 2024, the Company and Cedarcross amended this loan agreement ("Amending Agreement"). Pursuant to the terms of the Amending Agreement, this loan will be amended as follows: (i) interest on the loan advanced under the Loan Agreement (the "Loan") will be decreased from fifteen percent (15%) to seven and a half percent (7.5%) per annum, commencing on September 1, 2024; (ii) interest on the outstanding principal amount of the Loan shall be paid by Cedarcross to the Company on the maturity date stipulated in the Loan Agreement. In addition, the Company has entered into a repayment and release agreement (the "Repayment and Release Agreement") with Cedarcross in relation to the Loan Agreement, pursuant to the terms of the Repayment and Release Agreement, the Company (i) received a cash prepayment in the amount of $203,517 towards the principal amount of the Loan; (ii) received a cash prepayment in the amount of $1,296,466 towards the principal amount of the Loan; (iii) agreed that Cedarcross will direct certain funds to the Company; and (iv) immediately upon receipt by the Company of all outstanding indebtedness, the Company will make necessary arrangements to discharge the *Personal Property Security Act* (British Columbia) registrations and any other registrations, liens or security interests made in connection with the Loan Agreement and the corresponding general security agreement. On September 17, 2024, the Company received a further $759,110 from Cedarcross as payment to the loan.

During the year ended September 30, 2023, the Company:

a) Entered into a loan agreement with Cedarcross on September 5, 2023, for $50,000 at an interest rate of 1% per annum. The loan is unsecured and due one year from the date of the loan. Subsequent to the year ended September 30, 2024, the maturity date of this loan was extended for one year (Note 14).

6. SHORT-TERM LOANS PAYABLE

In the year ended September 30, 2024, the Company settled short-term loans payable of $257,833 with the issuance of debt units (Note 8).

(Expressed in Canadian Dollars)

7. CONVERTIBLE DEBENTURES

24% Convertible debentures		
Balance, September 30, 2023	$	-
Proceeds		188,000
Equity component of convertible debenture		(4,441)
Settled with the issuance of common share units (Note 8)		(16,437)
Accretion expense		3,343
Accrued interest payable		36,161
Balance, September 30, 2024	$	206,626

On November 28, 2023, the Company completed an offering of unsecured convertible debentures in aggregate principal of $188,000 (the "Debentures"), of which $45,000 was received during the year ended September 30, 2023.

The Debentures mature on the date (the "Maturity Date") that is 12 months from the date of issuance (the "Closing Date"). The principal amount of Debentures may be converted into units of the Company ("Debenture Units"), in whole or in part, at the option of the holder, at any time following the Closing Date but on or before the Maturity Date, into Debenture Units at a price of $0.05 per Unit.

The Debentures bear interest at a rate of 24.0% per annum from the Closing Date.

Each Debenture Unit consists of one common share and one share purchase warrant ("Debenture Warrant"). Each Debenture Warrant will entitle the holder thereof to acquire one additional share at a price of $0.05 per share for a period of 12 months from the date of issuance.

For accounting purposes, the Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on an estimated rate of 27.0% for debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value of the convertible debenture and the fair value of the liability component. After initial recognition, the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debentures at an effective rate of 27.0%.

During the year ended September 30, 2024, the Company incurred interest expense of $36,161 and accretion expense of $3,343 on the convertible debentures, which has been recorded on the statement of operations and comprehensive loss. The Company issued 300,000 units in settlement of $15,000 in principal during the year ended 2024.

8. SHARE CAPITAL AND RESERVES

Authorized share capital

As at September 30, 2024, the authorized share capital of the Company is an unlimited number of common shares without par value.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Issued share capital

During the year ended September 30, 2024, the Company:

a) Completed a non-brokered private placement of 13,112,497 units at a price of $0.03 for gross proceeds of $393,375, of which $34,375 was received in the year ended September 30, 2023. The Company incurred share issuance costs of $40,581. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of $0.05 per share for a period of 12 months from the date of closing.

b) Settled an aggregate of $798,093 in debt in exchange for an aggregate of 15,961,863 units (each, a "Debt Unit") at a value of $0.045 per Debt Unit. Each Debt unit consists of one common share in the capital of the Company and one common share purchase warrant. One of the creditors who participated in the debt settlement is a corporation wholly owned by an officer and director (the "Insider") of the Company. Pursuant to the policies of the TSX-V, the Insider was issued an aggregate of 525,000 common shares only. Each warrant holder will be entitled to acquire an additional common share at an exercise price of $0.05 for a period of 12 months from the date of issuance. The Company recorded a total value of $ 341,966 for the warrant in the Debt Unit. The warrants of the debt unit were calculated using Black-Scholes with the following assumptions:

Grant Date	
Expiry date	February 16, 2025
Expected life (years)	1 year
Expected dividend	0%
Risk-free interest rate	3.48%
Expected volatility	132%

c) Issued an aggregate of 12,000,000 common shares to acquire Vertex with a fair value of $3,540,000 (Note 4).

d) Completed a non-brokered private placement of 39,999,999 units at a price of $0.15 for gross proceeds of $6,000,000. Each unit is comprised of one common share in the capital of the Company and one-half a share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional share at a price of $0.25 per share for a period of 3 years from the date of closing. The Company paid share issuance costs of $117,952, finders' fees of $290,491 and issued 1,938,053 finders' warrants. The Company valued the finders' warrants using Black-Scholes and used the following assumptions:

Grant Date	**March 15, 2024 (First Tranche)**	**March 22, 2024 (Final Tranche)**
Expiry date	March 15, 2027	March 22, 2027
Expected life (years)	3 years	3 years
Expected dividend	0%	0%
Risk-free interest rate	4.00%	3.85%
Expected volatility	133%	133%
Fair value	$422,606	$47,932

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Issued share capital *(cont'd…)*

e) Completed a non-brokered private placement of 5,676,800 units of the Company at a price of $0.25 per unit, for gross proceeds of $1,419,200. Each unit is comprised of one common shares and one-half of one warrant. Each whole warrant entitles the holder acquire one common share at a price of $0.40 per share for a period of 36 months from the date of issuance. The Company paid share issuance costs of $96,598, finders' fees of $17,000 and issued 84,000 finders' warrants to acquire common shares at a price of $0.25 per common share for a period of 36 months. Beacon Securities Ltd. was engaged as financial adviser to the Company and received 600,000 finder's warrants in connection with the engagement.

Grant Date	May 15, 2024 (First Tranche)	May 17, 2024 (Final Tranche)
Expiry date	May 15, 2027	May 17, 2027
Expected life (years)	3 years	3 years
Expected dividend	0%	0%
Risk-free interest rate	4.03%	4.09%
Expected volatility	133%	133%
Fair value	$126,729	$14,803

f) Converted convertible debentures of $15,000 by issuing 300,000 Debenture Units of one common share and one share purchase warrant to settle liabilities totaling $15,000 (Note 7). Each whole unit warrant is exercisable for a period of one year at an exercise price of $0.05.

The Company incurred additional share issuance costs of $207,629 associated with the above noted financings.

During the year ended September 30, 2023:

a) The board of directors authorized a 2 for 1 share consolidation. The Company had pre-consolidation shares of 26,311,851 which was later consolidated to 13,155,972. The number of issued and outstanding shares, options, share purchase warrants, and per-share amounts have been retroactively restated for all the periods presented unless otherwise stated.

b) Received $34,375 in gross proceeds in relation to a private placement that completed during the year ended September 30, 2024.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Stock Options and Share Purchase Warrants

Stock options and share purchase warrants transactions are summarized as follows:

	Stock Options		**Warrants**	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, September 30, 2022	-	$ -	11,655,585	$ 0.24
Expired/Cancelled	-	-	(11,655,585)	0.24
Outstanding, September 30, 2023	-	-	-	-
Exercised	(50,000)	0.05	(1,530,953)	0.05
Granted	12,876,000	0.15	54,309,806	0.15
Outstanding and exercisable, September 30, 2024	12,826,000	$ 0.15	52,778,853	$ 0.15

Outstanding stock option and share purchase warrants as at September 30, 2024:

Number	Exercise price	Expiry date	Remaining life (years)
Stock Options			
6,000,000	$ 0.25	March 27, 2027	2.49(1)
2,576,000	0.05	February 2, 2029	4.35(2)
4,250,000	0.06	September 20, 2027	2.97(3)
12,826,000			
Warrants			
12,042,037	$ 0.05	November 28, 2024	0.16(4)
15,156,370	0.05	February 16, 2025	0.38(5)
15,924,572	0.25	March 15, 2027	2.45
1,728,487	0.15	March 15, 2027	2.45
4,075,421	0.25	March 22, 2027	2.47
209,566	0.15	March 22, 2027	2.47
120,000	0.05	April 8, 2025	0.52(6)
2,812,400	0.40	May 15, 2027	2.62
620,000	0.25	May 15, 2027	2.62
26,000	0.40	May 17, 2027	2.63
64,000	0.25	May 17, 2027	2.63
52,778,853			

(1) Subsequent to September 30, 2024, 5,375,000 stock options were cancelled (Note 14).
(2) Subsequent to September 30, 2024, 876,000 stock options were exercised and 250,000 stock options were cancelled (Note 14).
(3) Subsequent to September 30, 2024, 1,050,000 stock options were exercised and 70,000 stock options have expired (Note 14).
(4) Subsequent to September 30, 2024, 2,725,832 share purchase warrants were exercised and 9,316,205 share purchase warrants expired unexercised (Note 14).
(5) Subsequent to September 30, 2024, 10,023,906 share purchase warrants were exercised and 5,132,464 share purchase warrants expired unexercised (Note 14).
(6) Subsequent to September 30, 2024, 120,000 share purchase warrants were exercised (Note 14).

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Restricted share units

	Number	Weighted average fair value per share at grant date
Outstanding, September 30, 2022 and 2023	-	$ -
Granted	3,000,000	0.25
Outstanding and exercisable, September 30, 2024	3,000,000	$ 0.25

The Restricted Share Units ("RSUs") vested immediately upon grant.

Share-based payments

On March 27, 2024, the Company authorized the adoption of an Omnibus Incentive Plan which authorizes the issuance of stock options, restricted share units and other equity instruments. The Omnibus Incentive Plan enables the Company to authorize to grant options to executive officers, directors, employees and consultants enabling them to acquire 10% of the issued and outstanding common stock of the Company of up to a maximum of 10 years as decided by the board of directors. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The Omnibus Incentive Plan authorizes the Company to grant up to 9,423,033 RSUs.

Restricted Share Units

As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU granted is determined to be equal to the market price on the date of grant. The value is then expensed over the vesting term. During the year ended September 30, 2024, the Company recognized share-based payments expense of $750,000 (2023 - $nil) with respect to RSUs.

Stock Options

During the year ended September 30, 2024 the Company issued 12,876,000 (2023 – nil) stock options and recorded $1,409,352 (2023 - $nil) of share-based payments expense related to stock options granted and vested in the statement of operations and comprehensive loss.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(cont'd…)*

Share-based payments *(cont'd…)*

Stock Options (cont'd…)

The following weighted average assumptions were used for the valuation of stock options:

	2024	2023
Risk-free interest rate	3.45%	-
Expected life	3.41 years	-
Annualized volatility	132%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

Escrowed shares and warrants

As at September 30, 2024, 15,316,231 common shares and 6,316,231 share purchase warrants remain in escrow.

9. RELATED PARTY TRANSACTIONS

Key management personnel consist of the officers of the Company and the Company's Board of Directors.

During the year ended September 30, 2024, the Company paid or accrued management fees of $77,320 (2023 - $28,500) to a company that employed the former CFO of the Company and has loans payable of $nil (September 30, 2023 - $169,860) to the same company that was paid through a debt settlement (Note 8). The loans are non-interest bearing and due on demand.

During the year ended September 30, 2024, the Company paid or accrued consulting fees of $216,500 (2023 - $35,000) to a company owned by the CEO of the Company.

During the year ended September 30, 2024, the Company paid or accrued consulting fees of $199,500 (2023 - $nil) to companies owned by two directors of the Company and $15,000 of professional fees (2023 - $nil) to a director of the Company.

During the year ended September 30, 2024, the Company also issued 2,737,500 (2023 - nil) stock options to certain directors and officers of the Company and recognised a share-based payment expense of $212,635 (2023 - $nil).

During the year ended September 30, 2024, the Company recorded share-based payments expense of $250,000 (2023 - $nil) for RSUs issued to key management personnel.

During the year ended September 30, 2024, the Company issued an aggregate of 525,000 common shares to the CEO for a debt settlement of $26,250 (Note 8) resulting in a gain of $2,625.

As at September 30, 2024, $97,182 (2023 - $72,975) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

In the year ended September 30, 2024, the Company incurred the following non-cash investing and financing activities:

a) Acquired 49% of the issued and outstanding common shares in the capital of Vertex. As consideration, the Company issued an aggregate of 12,000,000 common shares of the Company with a fair value of $3,540,000 (Note 4).

b) Converted convertible debentures of $15,000 by issuing 300,000 Debenture Units of one common share and one share purchase warrant to settle liabilities totaling $15,000.

c) The Company allocated a $210,000 deposit to the investment in Cedarcross.

d) The Company settled $541,648 of accounts payable and accrued liabilities and $257,883 of loans payable through the issuance of 15,961,863 Debt Units (Note 8b).

e) The Company issued an aggregate of 2,622,053 brokers warrants for a total value of $612,070.

There were no material non-cash transactions during the period ended September 30, 2023.

During the year ended September 30, 2024, the Company incurred $nil (2023 - $nil) for tax and interest.

11. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient capital to fund operations. Capital is comprised of the component of shareholders' equity (deficiency) as described in the statement of changes in shareholders' deficiency. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. There have been no changes to the Company's approach to capital management during the year ended September 30, 2024.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position are classified and measured as follows:

	Category		September 30, 2024		September 30, 2023
Financial Assets					
Cash	Amortized cost	$	1,797,575	$	147,656
Accounts receivable	Amortized cost		13,949		32,705
Loans receivable	Amortized cost		2,281,509		50,000
Investment in Cedarcross	FVTPL		2,841,369		-
Investment in Vertex	FVTPL		600,000		-
Investment in VERSES AI	FVTPL		284,474		-
Financial Liabilities					
Accounts payable and accrued liabilities	Amortized cost	$	584,787	$	608,118
Convertible debentures	Amortized cost		206,626		-
Short-term loans payable	Amortized cost		-		257,883

Due to the short-term nature of cash, accounts receivable, loans receivable, convertible debentures, accounts payable and accrued liabilities, and short-term loans payable, the Company determined that the carrying amounts of these financial instruments approximate their fair value.

The following table presents the Company's financial instruments, measured at fair value, and categorized into levels of the fair value hierarchy:

		Balance at September 30, 2024		Quoted Prices in Active Markets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Investment in Cedarcross	$	2,841,369	$	-	$	2,841,369	$	-
Investment in Vertex		600,000		-		600,000		-
Investment in Verses		284,474		225,000		-		59,474
	$	3,725,843	$	225,000	$	3,441,369	$	59,474

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Currency risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuation. The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in US Dollars. As at September 30, 2024, the Company has US$1,254,855 (CA$1,693,929). A 10% change in CAD-USD would affect comprehensive loss by approximately $169,393 (2023 - $nil).

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at September 30, 2024, the Company had a cash balance of $1,797,575 (September 30, 2023 - $147,656) to settle current liabilities of $791,413 (September 30, 2023 - $911,001). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2024, the Company did not have any investments in investment-grade short-term deposit certificates.

Debt instruments carrying interest charges are at fixed rates and not subject to variable adjustment, unless in certain circumstances of default (Note 7).

Price risk

The Company is exposed to price risk with respect to equity prices. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian Dollars)

13. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery. A reconciliation of income taxes at statutory rates is as follows:

	2024	2023
Loss for the year before income tax	$ (6,349,021)	$ (256,708)
Expected income tax (recovery)	$ (1,714,000)	$ (69,000)
Impact of future income tax rates applied versus current statutory rate and other	(2,000)	2,000
Permanent differences	659,000	-
Adjustment to prior year's provision versus statutory tax returns	-	(26,000)
Share issue costs	(150,000)	-
Change in unrecognized deductible temporary differences	1,207,000	93,000
Total income tax (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets which have not been set up are as follows:

	2024	2023
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 383,000	$ 383,000
Allowable capital losses	95,000	95,000
Property and equipment	9,000	9,000
Investment in Cedarcross	(710,000)	-
Investment in Vertex	794,000	-
Investment in Verses	(9,000)	-
Share issue costs	126,000	8,000
Non-capital losses available for future period	2,753,000	1,739,000
	3,441,000	2,234,000
Unrecognized deferred tax assets	(3,441,000)	(2,234,000)
Net deferred tax assets	$ -	$ -

Tax losses carried forward are as follows:

	2024	Expiry date range	2023	Expiry date range
Exploration and evaluation assets	$ 1,395,000	No expiry date	$ 1,395,000	No expiry date
Property and equipment	34,000	No expiry date	34,000	No expiry date
Allowable capital losses	352,000	No expiry date	352,000	No expiry date
Share issue costs	465,000	2044-2046	31,000	2041-2046
Investment tax credit	9,000	2031	9,000	2031
Investment in Cedarcross	(2,631,000)	No expiry date	-	-
Investment in Vertex	2,940,000	No expiry date	-	-
Investment in Verses	(34,000)	No expiry date	-	-
Non-capital losses available for future periods	10,199,000	2027-2044	6,442,000	2027-2043

14. SUBSEQUENT EVENTS

a) On February 26, 2025, the Company acquired an additional 26% stake in Cedarcross. With the completion of the acquisition, the Company now holds an approximate 75% ownership in Cedarcross. In consideration for the acquisition, the Company issued 19,999,988 common shares at a deemed value of $0.075 for total consideration of $1,499,999.

b) On February 28, 2025, The Company completed a debt settlement totaling $160,698 owed to certain creditors of the Company in consideration of 788,331 common shares and 640,092 units of the Company. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.15 for a period of two years.

c) On February 4, 2025, loans with Cedarcross (Note 5) were extended for one year beyond their original maturity date.

d) During February 2025, the Company granted an aggregate of 500,000 RSUs to certain consultants of the Company.

e) On January 21, 2025, the Company granted 2,900,000 RSUs to certain directors, officers, and consultants of the Company.

f) On December 13, 2024, Company acquired 1,111,111 common shares of Blueprint AI Technologies Inc. ("Blueprint"), representing a 11.56% interest. The acquisition was at a price of $0.135 per share for a total cash payment of $150,000. The Company includes a commitment to invest an additional $200,000 in Blueprint's net equity financing round, contingent upon Blueprint achieving aggregate gross proceeds of $400,000 in that financing round. Further, the Company is eligible to receive up to 555,532 additional common shares of Blueprint upon achieving specific milestones.

g) On November 28, 2024, the Company issued an aggregate of 4,290,400 units for the conversion of the convertible debt of the Company in full. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.05 for one year from the date of conversion.

h) On November 18, 2024, the Company granted 3,020,000 stock options exercisable at $0.05 per share for a period of 2-3 years from the date of issuance and 2,036,000 RSUs expiring three years from the date of issuance.

i) On October 21, 2024, the Company granted 1,000,000 RSUs to a consultant of the Company.

j) The Company issued an aggregate of 17,300,538 common shares for the exercise of warrants and options of the Company for gross proceeds of $875,527 subsequent to September 30, 2024, $77,323 of which is outstanding as a receivable as at the date of filing.

k) The Company sold 312,500 shares in Verses for $528,316, subsequent to September 30, 2024.

l) An aggregate of 14,448,669 share purchase warrants expired unexercised. An aggregate of 5,695,000 stock options were cancelled subsequent to September 30, 2024.