BANXA HOLDINGS INC.
(formerly A-Labs Capital I Corp)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
30 JUNE 2021 AND 2020

(EXPRESSED IN AUSTRALIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Banxa Holdings Inc.

Opinion

We have audited the consolidated financial statements of Banxa Holdings Inc. (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2021 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $5,828,116 and reported negative cash flows from operating activities of $1,640,842 during the year ended June 30, 2021. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

The consolidated financial statements of the Company for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on November 30, 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis (MD&A).

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the MD&A 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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
October 28, 2021
Toronto, Ontario

Banxa Holdings Inc.

(formerly A-Labs Capital I Corp)

Consolidated Statements of Financial Position
As at 30 June 2021 and 2020
(Expressed in Australian Dollars)

As at	Notes	30 June 2021	30 June 2020
		$	$
ASSETS			
Current assets			
Cash		**18,615,803**	2,067,304
Trade and other receivables	5	**1,849,294**	761,766
Inventories	6	**45,311**	33,059
Prepaids	7	**292,902**	3,631
Deposits	8	**3,653,138**	1,029,887
Total current assets		**24,456,448**	3,895,647
Intangible assets	9	**151,643**	151,643
Equipment		**35,244**	5,712
Other deposits - bank guarantee		**252,758**	-
Total assets		**24,896,093**	4,053,002
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	10	**3,815,872**	1,493,313
Borrowings	11	**444,869**	90,875
Income tax	12	**255,431**	209,812
Employee benefits	13	**289,855**	63,791
Derivative liability	11	**1,127,457**	76,664
Deferred consideration	14	**-**	500,000
Total current liabilities		**5,933,484**	2,434,455
Borrowings	11	**-**	369,935
Employee benefits	15	**28,889**	22,401
Total liabilities		**5,962,373**	2,826,791
Equity			
Share capital	16	**20,913,753**	6,523,314
Contributed surplus	17	**8,695,175**	6,848
Foreign currency translation reserve	17	**511,245**	54,386
Accumulated losses	18	**(11,186,453)**	(5,358,337)
Total equity		**18,933,720**	1,226,211
Total equity and liabilities		**24,896,093**	4,053,002

Nature of operations (note 1)
Subsequent events (note 33)

Approved and authorized for issuance by the Board of Directors of Banxa Holdings Inc on 27 October 2021.

(Signed) " D. Carosa "
Chairman

(Signed) " J. Landau "
Non-executive director

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

Banxa Holdings Inc

(formerly A-Labs Capital I Corp)

Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended 30 June 2021 and 2020
(Expressed in Australian Dollars)

	Notes	Year ended 30 June 2021	Year ended 30 June 2020
		$	$
REVENUE			
Revenue	21	**45,970,658**	6,787,435
Cost of sales		**29,119,825**	4,103,579
Gross profit		**16,850,833**	2,683,856
Operating expenses			
Salary expense		**7,266,313**	2,353,776
Amortization and depreciation	28	**39,075**	627,713
Share-based compensation		**2,081,011**	6,848
General and administration	28	**5,814,207**	1,209,389
Total operating expenses		**15,200,606**	4,197,726
Income (loss) from operations before other items and income taxes		**1,650,227**	(1,513,870)
Other items			
Unrealized loss on fair value of deposits	8	**(975,829)**	-
Unrealized loss on fair value of derivative liability	11	**(1,050,793)**	-
Other income	26	**627,860**	326,989
Net foreign exchange losses		**(2,715,843)**	(455,536)
Impairment of goodwill		**-**	(167,529)
Impairment of intangible assets		**-**	(817,797)
Finance expense	28	**(532,771)**	(61,205)
Listing expenses	4	**(2,690,513)**	(1,098,266)
Total other items		**(7,337,889)**	(2,273,344)
Loss before tax		**(5,687,662)**	(3,787,214)
Income tax expense	27	**(140,454)**	(347,789)
Net loss for the year		**(5,828,116)**	(4,135,003)
Other comprehensive income			
Item that may be reclassified to profit or loss			
Foreign currency translation		**456,859**	52,214
Total comprehensive loss for the year		**(5,371,257)**	(4,082,789)
Loss per share			
Basic	22	(0.15)	(0.14)
Diluted	22	(0.15)	(0.14)

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

Banxa Holdings Inc

(formerly A-Labs Capital I Corp)
Consolidated Statements of Changes in Equity
For the years ended 30 June 2021 and 2020
(Expressed in Australian Dollars)

	Number of common shares	Share capital	Foreign currency translation reserve	Contributed surplus	Accumulated losses	Total equity
		$	$	$	$	$
Balances, 1 July 2019	**16,425**	**2,923,744**	**2,172**	**-**	**(1,223,334)**	**1,702,582**
Other comprehensive income	-	-	52,214	-	-	52,214
Loss for the year	-	-	-	-	(4,135,003)	(4,135,003)
Total comprehensive loss for the year	-	-	52,214	-	(4,135,003)	(4,082,789)
Transactions with owners in their capacity of owners:						
Private placement	2,641	3,678,889	-	-	-	3,678,889
Prepaid shares	-	333,298	-	-	-	333,298
Share issuance costs	-	(412,617)	-	-	-	(412,617)
Share-based payment	-	-	-	6,848	-	6,848
Balances, 30 June 2020	**19,066**	**6,523,314**	**54,386**	**6,848**	**(5,358,337)**	**1,226,211**
Other comprehensive income	-	-	456,859	-	-	456,859
Loss for the year	-	-	-	-	(5,828,116)	(5,828,116)
Total comprehensive loss for the year	-	-	456,859	-	(5,828,116)	(5,371,257)
Transactions with owners in their capacity of owners:						
Pre-reverse takeover ("RTO") shares issued for:						
Private placement	334	517,700	-	-	-	517,700
Acquisition consideration	55	100,375	-	-	-	100,375
Subscription receipts	2,316	4,226,700	-	-	-	4,226,700
Conversion of prepaid shares (note 15 c)	274	-	-	-	-	-

Banxa Holdings Inc

(formerly A-Labs Capital I Corp)
Consolidated Statements of Changes in Equity (Continued)
For the years ended 30 June 2021 and 2020
(Expressed in Australian Dollars)

	Number of common shares	Share capital	Foreign currency translation reserve	Contributed surplus	Accumulated losses	Total equity
		$	$	$	$	$
Recapitalization transaction:						
Total BTC shares originally issued	(22,045)	-	-	-	-	-
Issuance of resulting issuer shares	38,314,204	-	-	-	-	-
RTO issuance	1,200,000	1,220,160	-	-	-	1,220,160
Stock options issued pursuant to RTO	-	-	-	108,860	-	108,860
Shares issued to RTO advisors	1,196,500	1,216,601	-	-	-	1,216,601
Warrants issued to RTO advisors (note 20)	-	(50,728)	-	50,728	-	-
Other share issuance costs	-	(797,930)	-	-	-	(797,930)
Other:						
Share-based compensation	-	-	-	2,081,011	-	2,081,011
Share issuance costs - placement	-	(1,498,180)	-	-	-	(1,498,180)
Share-based finance charge (issue of warrants)	-	-		172,952	-	172,952
Exercise of stock options	132,500	105,766	-	-	-	105,766
Exercise of warrants	29,412	31,094	-	-	-	31,094
Private placement	3,749,552	10,208,621	-	5,385,036	-	15,593,657
Warrants issued to placement advisors (note 20)	-	(889,740)	-	889,740	-	-
Shares issued to advisors at $C 7.60	121,866	962,951	-	-	-	962,951
Share issuance cost – advisors shares	-	(962,951)	-	-		(962,951)
Balances, 30 June 2021	**44,744,034**	**20,913,753**	**511,245**	**8,695,175**	**(11,186,453)**	**18,933,720**

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

Banxa Holdings Inc

(formerly A-Labs Capital I Corp)

Consolidated Statements of Changes in Cash Flows

For the years ended 30 June 2021 and 2020

(Expressed in Australian Dollars)

	Notes	Year Ended 30 June 2021	Year Ended 30 June 2020
		$	**$**
OPERATING ACTIVITIES			
Loss for the year		**(5,828,116)**	(4,135,003)
Adjustments for:			
Amortization and depreciation		**39,075**	627,713
Unrealized fair value adjustment to deposits		**975,829**	-
Impairment of goodwill		**-**	167,529
Unrealized fair value adjustment to derivative liability		**1,050,793**	-
Impairment of other intangible assets		**-**	817,797
Share-based compensation		**2,081,011**	6,848
Share-based finance charges		**172,952**	-
Deferred income tax		**-**	347,789
Gain on bargain purchase		**(326)**	-
Unrealized foreign exchange gain		**(406,707)**	-
Provision for chargeback expenses		**1,641,003**	-
Listing expenses		**2,690,513**	-
Increase in trade and other receivables		**(2,756,996)**	(337,692)
Increase in inventories		**(12,252)**	(47,046)
(Increase) decrease in prepaids		**(289,271)**	181,681
Increase in deposits		**(3,599,080)**	(614,479)
Increase in trade and other payables		**2,322,559**	598,164
Increase (decrease) in employee benefits		**232,552**	(241,574)
Increase in other operating assets and liabilities		**-**	245,697
Increase (decrease) in income tax payable		**45,619**	(95,122)
Cash used in operating activities		**(1,640,842)**	(2,477,698)
INVESTING ACTIVITIES			
Intangible assets		**-**	(82,023)
Net cash acquired from acquisitions	31	**111,047**	601,067
Increase in other deposits – bank guarantee		**(252,758)**	-
Equipment		**(68,607)**	-
Net advances to acquired entities pre-acquisition		**(82,254)**	(1,240,518)
Cash used in investing activities		**(292,574)**	(721,474)
FINANCING ACTIVITIES			
Proceeds from convertible note issue		**-**	446,599
Proceeds from issuance of common shares (net of costs)		**18,033,915**	3,599,570
Payment of deferred consideration		**(399,625)**	-
Increase in credit card borrowings		**44,059**	30,875
Borrowings (repayment of loan) from related party		**(60,000)**	60,000
Repayment of other unsecured borrowings		**-**	(858)
Cash provided by financing activities		**17,618,349**	**4,136,186**
Increase in cash		**15,684,933**	937,024
Cash, beginning of year		**2,067,304**	1,130,290
Effect of foreign exchange on cash		**863,566**	-
Cash, end of year		**18,615,803**	2,067,304

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

1. Nature of operations

Banxa Holdings Inc. (the "Company" or "ALBS"), incorporated as A-Labs Capital I Corp, a Canada Business Corporation, was formed on 6 March 2018. The Company's shares are traded on the TSX Venture Exchange as a Tier 2 Technology company under the trading symbol "BNXA".

BTC Corporation Holdings Pty Ltd ("BTC") was incorporated on 27 March 2014 in Australia under the Corporations Act 2001. On 23 December 2020 BTC's shareholders acquired control of ALBS through a reverse acquisition transaction. ALBS issued additional shares which were exchanged with 100% of the shares of BTC. Following this transaction, BTC and its subsidiaries (the "Consolidated Entity") are deemed to be a continuation of BTC's operations. Concurrent with the closing of the acquisition on 23 December 2020, the Company changed its name to Banxa Holdings Inc. and effected a change in directors, management and business.

The Consolidated Entity's principal business activity is being a payment service provider to global cryptocurrency exchanges.

The head office is located in Melbourne, Australia at level 2, 2-6 Gwynne Street, Cremorne, Victoria, 3121. The registered office of the Company is located at 595 Howe St 10th floor, Vancouver, British Columbia, Canada V6C 2T5.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Consolidated Entity incurred a loss of $5,828,116 and had net cash outflows from operating activities of $1,640,842 for the year ended 30 June 2021. The Consolidated Entity has historically incurred losses, as well as reported net cash outflows from operating activities.

The above noted conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Consolidated Entity's ability to continue as a going concern and otherwise execute on its business strategies. These audited consolidated financial statements do not give effect to adjustments or disclosures that would be necessary should the Consolidated Entity be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these audited consolidated financial statements.

The Directors have considered the net working capital position, which include cash of $18,615,803, of the Consolidated Entity as at 30 June 2021 amounting to $18,522,964 and reviewed the cashflow forecasts for a period in excess of 12 months from the signing of this financial report, and believe the Consolidated Entity has the ability to meet its debts as and when they fall due. The cashflow forecast assumes that the level of volume of cryptocurrency transactions traded by the Consolidated Entity's global partners will continue to increase, driven by continued increases in the global partner network and continued usage of the Banxa payment infrastructure by the global partner network, irrespective of day to day movements in specific crypto currencies.

Accordingly, the Directors believe the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committee.

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of 30 June 2021.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for:

- Inventory which is recognized and subsequently measured at fair value less costs to sell, as explained in note 6. Changes in fair value less cost to sell of inventory are recognized in profit or loss; and
- Digital currency deposits are recognized and subsequently measured at fair value less costs to sell, as explained in note 8. Changes in fair value of digital currency deposits are recognised in profit or loss.

These consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

New amendments adopted

The following amendments to existing standards were adopted by the Consolidated Entity on 1 July 2020:

- Amendments to IFRS 3 *Business Combinations* improve the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

- Definition of Material (Amendments to *IAS 1 Presentation of Financial Statements* ["IAS 1"] and to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ["IAS 8"]) is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

- *COVID-19 Related Rent Concessions* (Amendment to IFRS 16, Leases): i) provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification; ii) require lessees that apply the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications.

The adoption by the Consolidated Entity of the amendments listed above did not have any impact on the Consolidated Entity's consolidated financial statements.

3. Significant accounting policies (continued)

Standards issued but not yet effective

The following amendments to existing standards have been issued and are applicable to the Consolidated Entity for its annual period beginning on 1 July 2022 and thereafter, with an earlier application permitted:

- Amendments to IFRS 3 *Business Combinations* are designed to: i) update its reference to the *2018 Conceptual Framework* instead of the 1989 Framework; ii) add a requirement that, for obligations within the scope of IAS 37*, Provisions, Contingent Liabilities and Contingent Assets*, ("IAS 37") an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC Interpretation 21, *Levies*, ("IFRIC 21") the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date; and iii) add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

- Amendments to IAS 16 *Property, Plant and Equipment* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- Amendments to IAS 37 specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract" in assessing whether a contract is onerous. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* extend the relief, which allows subsidiaries that become a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, to the cumulative translation differences for all foreign operations.

- Amendments to IFRS 9 *Financial Instruments* ("IFRS 9") clarify which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- Amendments to IFRS 16 *Leases* ("IFRS 16"), remove the illustration of the reimbursement of leasehold improvements included in the Illustrative Example 13 of IFRS 16 since it does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

The following amendments to existing standards have been issued and are applicable to the Consolidated Entity for its annual period beginning on 1 July 2023 and thereafter, with an earlier application permitted:

- Amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1"), clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

3. Significant accounting policies (continued)

Standards issued but not yet effective (continued)

- Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Amendments to IAS 12 *Income Taxes* specify how entities should account for deferred income taxes on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognizing deferred income taxes when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations and that entities are required to recognize deferred income taxes on such transactions.

The Consolidated Entity is currently evaluating the impacts of adopting these amendments on its consolidated financial statements.

Significant accounting judgments and estimates

In the application of the Consolidated Entity's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Many aspects of the digital currency and blockchain industry have not yet been addressed by current IFRS guidance. The Consolidated Entity is required to make significant assumptions and judgements as to its accounting policies and the application thereof which is disclosed in the notes to these consolidated financial statements. If specific guidance is enacted by the IASB in the future, the impact may result in changes to the Consolidated Entity's profit or loss and financial position as currently presented.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, 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, but are not limited to, the following:

- IFRS does not include specific guidance on the accounting for digital assets and there is no clear industry practice and, accordingly, the accounting for digital assets could fall into a variety of different standards. The Consolidated Entity has assessed that it acts in a capacity as a commodity broker-trader as defined in IAS 2 *Inventories* ("IAS 2") in characterizing its holding of digital assets. The Consolidated Entity holds cryptocurrencies for sale in the ordinary course of business. The Consolidated Entity actively trades the cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. Although 'commodity' is not defined in IAS 2, the Consolidated Entity has concluded that its holding of cryptocurrencies is a commodity or similar to a commodity and measured its holding of cryptocurrencies at fair value less costs to sell.

3. Significant accounting policies (continued)

Significant accounting judgments and estimates (continued)

- Digital currency denominated deposits (note 8) are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on Binance prices as at 2 pm UTC. 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 may have a significant impact on the consolidated entity's results and financial position.

- The Consolidated Entity has assessed the functional currency for each entity within the Consolidated Entity by taking into account the currency which influences sale prices for goods and services, the currency of the country whose competitive forces and regulations determine sale prices, and the currency that mainly influences labour, material and other costs of providing goods or services.

- Assumptions are made and judgment is used in calculating the fair value of stock options and warrants using the Black-Scholes option pricing model. These assumptions and judgments include estimating the fair value of the Consolidated Entity's stock, future volatility of the stock price and expected dividend yield. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Significant judgment is required in determining the provision for income taxes. Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of allrelevant factors. The Consolidated Entity reviews the adequacy of these provisions at the end of the reporting period.However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Management believes they have adequately provided for the probable outcome of these matters;however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognizes liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

- Recovery of deferred tax assets: Deferred tax assets are recognized for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

- In addition, the Consolidated Entity recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. Unrecognized deferred tax assets are re-assessed at each reporting date and will be recognized when it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

- The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties.

- Management's consideration of principal or agent in a revenue transaction is disclosed in the revenue recognition policy below.

3. Significant accounting policies (continued)

Significant accounting judgments and estimates (continued)

- Provision for legal claims: A provision has been made for the present value of anticipated costs for legal settlements. The calculation of this provision requires assumptions such as the number of unresolved payment disputes during each reporting period that will advance to legal refund demands or be referred to police investigation. The provision recognised for each operating subsidiary is periodically reviewed and updated based on the facts and circumstances available at the time.

- Coronavirus ("COVID-19") pandemic: Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavorably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

- Goodwill and other indefinite life intangible assets: The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

- Impairment of non-financial assets other than goodwill and other indefinite life intangible assets: The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

- Employee benefits provision: The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognized and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(Expressed in Australian Dollars)

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company, BTC, and all subsidiaries of BTC, the accounting parent entity, as at 30 June 2021 and 2020 and the results of all subsidiaries for the years then ended (or from the date when acquired during the year).

Subsidiaries are all those entities over which BTC has control. BTC controls an entity when BTC is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to BTC. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between entities in the Consolidated Entity are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Where BTC loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. BTC recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Subsidiaries

The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company ultimately owns:

		% Equity interest at	
		30 June 2021	30 June 2020
Name	**Country of incorporation**		
BTC Corporation Holdings Pty Ltd	Australia	100.00%	100.00%
BC Cloud Mining Pty Ltd	Australia	100.00%	100.00%
Global Internet Ventures Pty Ltd	Australia	100.00%	100.00%
Global Internet Ventures Limited (UK)	United Kingdom	100.00%	100.00%
Richmond Internet Ventures Corporation	Canada	100.00%	na
Internet SG Ventures Pte Ltd	Singapore	100.00%	na
Banxa.com Pty Ltd	Australia	100.00%	100.00%
RhinoLoft Pty Ltd	Australia	100.00%	100.00%
EU Internet Ventures B.V.	The Netherlands	100.00%	100.00%
BTC Sing SPV Pte Ltd	Singapore	100.00%	100.00%
LT Internet Ventures UAB	Lithuania	100.00%	na

3. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Current and non-current classification

Assets and liabilities are presented in the consolidated statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, fiat deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Significant accounting policies (continued)

Inventories

Inventories are represented by cryptocurrencies. Subsequent to initial recognition at cost, the cryptocurrencies are held at fair value less costs to sell, reflecting the Consolidated Entity's purpose of holding such inventory as a commodity broker-trader in accordance with IAS 2. The Consolidated Entity holds cryptocurrencies for sale in the ordinary course of business. The Consolidated Entity actively trades the cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. Changes in the value of cryptocurrencies are included in profit and loss for the period.

The Consolidated Entity recognizes realized gains or losses on its digital assets when it sells digital assets that it holds on a first-in, first-out (FIFO) basis.

Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of equipment (excluding land) over their expected useful lives as follows:

Computer equipment	3-7 years

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

An item of equipment is derecognized upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The gains or losses recognized in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortization method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

3. Significant accounting policies (continued)

Intangible assets (continued)

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalized when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial Instruments

<u>*Financial assets*</u>

Initial recognition and measurement

Non-derivative financial assets with the scope of IFRS 9 are classified and measured as “financial assets at fair value” as either FVTPL or FVOCI, and “financial assets at amortized costs” as appropriate. The Consolidated Entity determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs of the trade date at which the Consolidated Entity becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

3. Significant accounting policies (continued)

Financial assets (continued)

Impairment

The Consolidated Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI.

The Consolidated Entity's management, using both historical analysis and forward-looking information, has evaluated its exposure to expected credit losses on its financial assets measured at amortized cost and concluded that the probability of default is minimal as all receivables were short-term and the counterparties to the receivables have a strong capacity to meet their contractual obligations in the near term. Therefore, allowance recognized for expected credit losses is insignificant.

Financial assets were classified as follows:

Classification	**IFRS 9**
Cash	Amortized cost
Trade and other receivables	Amortized cost
Deposits with exchanges (fiat currencies)	Amortized cost

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, as is the case with derivative instruments, or the Company as opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value, and where applicable net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires with any associated gain or loss recognized in other income or expense in the statement for profit or loss.

Financial liabilities were classified as follows:

Classification	**IFRS 9**
Trade and other payables	Amortized cost
Other borrowings	Amortized cost
Convertible notes	Amortized cost
Derivative liability	FVTPL
Deferred consideration	Amortized cost

3. Significant accounting policies (continued)

Convertible notes

BTC issued convertible notes denominated in a currency other than its functional currency. Therefore, the conversion option failed to be an equity instrument and was considered an embedded derivative. Convertible notes are separated into liability and derivative liability components based on the terms of the contract. On issuance of the convertible notes, the fair value of the derivative liability is determined using an option pricing model. This amount is measured at FVTPL. Changes in the fair value of the derivative liability is charged to operations.

The remainder of the proceeds is allocated to the debt host that is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

Provisions

Provisions are recognized when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Foreign currency translation

The Consolidated Entity's consolidated financial statements are presented in Australian dollar, which is also BTC's functional currency. For each entity, the Consolidated Entity determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions and balances

Foreign currency transactions in currencies other than their functional currencies are translated into their functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3. Significant accounting policies) (continued)

Foreign currency translation (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Judgment is required in determining whether the Consolidated Entity is the principal or the agent in transactions between customers. The Consolidated Entity evaluates the presentation of revenue on a gross or net basis based on whether it controls the cryptocurrency provided before it is transferred to the customer (gross) or whether it acts as an agent by arranging for other customers on the platform to provide the cryptocurrency to the customer (net). In respect of commissions and spread, the Consolidated Entity does not control the cryptocurrency being provided before it is transferred to the buyer, and therefore does not have inventory risk related to the cryptocurrency. The Consolidated Entity also does not set the price for the cryptocurrencies as the price is a market rate established by the platform. As a result, the Consolidated Entity acts as an agent in facilitating the ability for a customer to purchase cryptocurrencies from another customer.

Sale of cryptocurrencies

Sales of cryptocurrencies are recognized at the point in time when the Consolidated Entity has delivered the cryptocurrencies to its customers' wallet accounts. The Consolidated Entity has control of the cryptocurrencies either in its custody or with the exchanges prior to the sale to the customers. Accordingly, the Consolidated Entity records the total value of the sale as revenue and the corresponding cost of the cryptocurrencies in the cost of sales.

3. Significant accounting policies (continued)

Revenue recognition (continued)

Commissions and spread from services

Revenue from commissions and spread is a single performance obligation to provide a payment channel service when customers buy, sell or convert cryptocurrencies on the Consolidated Entity's proprietary platform. The Consolidated Entity considers its performance obligation satisfied, and recognizes revenue, at the point in time the transaction is processed. Commission is calculated as a fixed percentage of the total transaction value. In addition to a commission, the Consolidated Entity earns a spread, which is also calculated as a percentage of the total transaction value, based on custom pricing with certain customers.

Integration services

The Group provides a service of installation of its payment technologies to trading platforms. Such services are recognized as a performance obligation satisfied over time. Revenue is recognized for these installation services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Government grants

Government grants, including the Australian Tax Office COVID incentive, are recognized when they are received or when the right to receive payment is established.

Government grants are recognized in the consolidated statements of profit or loss and other comprehensive income on a systematic basis over the periods in which the Consolidated Entity recognizes as expenses the related costs for which the grants are intended to compensate. Government grants are included in other income.

Share-based compensation

The Company has a share-based compensation plan that is described in note 19. The Company accounts for share-based payments using the fair value based method. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche of options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. The fair value of each tranche of options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of stock options, adjusted for expected forfeitures, is recognized as share-based compensation over each tranche's vesting period with an offsetting credit charged to contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

3. Significant accounting policies (continued)

Fair value measurement (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognized for prior periods, where applicable.

Deferred tax assets and liabilities are recognized for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The carrying amount of recognized and unrecognized deferred tax assets are reviewed at each reporting date. Deferred tax assets recognized are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognized deferred tax assets are recognized to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3. Significant accounting policies (continued)

Income tax (continued)

In Australia, BTC and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime. BTC and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, BTC also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognized as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Goods and services tax (“GST”) and other similar taxes

Revenues, expenses and assets are recognized net of the amount of associated (Australian) GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

4. Reverse takeover

On 23 December 2020, the Company completed a reverse takeover transaction (“RTO”) with BTC whereby the Company acquired 100% of the issued and outstanding common shares of BTC. Pursuant to the RTO, the Company issued an aggregate of 38,314,204 common shares of the Company in exchange for all of the issued and outstanding shares of BTC. Upon closing of the transaction, the Company was renamed Banxa Holdings Inc. and the ownership of the Company was as follows:

	%
Previous shareholders of BTC	94.1
Previous shareholders of ALBS	3.0
Shares issued to arrangers	2.9

As a result, the transaction is considered a reverse acquisition of the Company by BTC. The Company changed its year end from 31 December to 30 June in order to align the fiscal year period to that of BTC.

(Expressed in Australian Dollars)

4. Reverse takeover (continued)

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since ALBS, prior to the RTO, did not constitute a business. The RTO is accounted for in accordance with IFRS 2 *Share-based Payments* whereby BTC is deemed to have issued shares in in exchange for the net assets of the Company together with its TSX Venture Exchange listing status at the fair value of the consideration deemed paid to the ALBS's shareholders.

Accordingly, these accounts have been prepared as follows:

- The consolidated financial statements of the combined entities are issued under the legal parent, Banxa Holdings Inc, but are considered a continuation of the financial statements of the legal subsidiary, BTC;
- All comparative figures reflect the consolidated BTC group only and exclude ALBS;
- Since BTC is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying value; and
- The value in excess of the net identifiable assets or obligations of ALBS acquired on closing was expensed in the consolidated statement of profit or loss and other comprehensive income as a listing expense.

The fair value of the 1,200,000 common shares deemed issued was determined to be $C 1.00 per share	1,220,160

The fair value of all the consideration given was as follows:	
• 1,200,000 common shares of the Company	1,220,160
• 162,857 options to acquire common shares of the Company	108,914
Total consideration paid	1,329,074

The listing expenses were determined as follows:	
• Fair value of net liabilities assumed	144,838
• Charge related to the public company listing - equity issue	1,329,074
• Arranger fees - equity issue	1,216,601
Total listing expenses	**2,690,513**

The fair value of the options of $108,914 was estimated by using the Black-Scholes option pricing model. The fair value estimates are based on assumed risk-free rates ranging from 0.19% to 0.33%, expected terms ranging from 0.5 to 3.5 years, dividend yield of 0% and estimated volatility of 125%.

For the year ended 30 June 2020, listing expenses comprise $1,098,266 of advisory costs related to the preparing the Company for the RTO transaction.

(Expressed in Australian Dollars)

5. Trade and other receivables

	As at 30 June 2021	As at 30 June 2020
	$	$
Payment gateway receivables	**2,106,798**	713,328
Allowance for chargeback expenses	**(432,246)**	-
GST receivable	**125,163**	38,438
Other	**49,579**	10,000
Total	**1,849,294**	761,766

If a customer is suspected of making a fraudulent transaction or claims a chargeback, suitable allowances are set aside for all receivables, although these are not subject to the expected credit loss model. The change in the allowance for chargeback expenses is detailed below:

	As at 30 June 2021	As at 30 June 2020
	$	$
Balance at beginning of year	**-**	-
Change in allowance, other than write-offs and recoveries	**(1,641,003)**	-
Write-offs of trade receivables	**1,208,757**	-
Balance at end of year	**(432,246)**	-

The expense during the year is presented as part of “chargeback expenses” in the general and administration expenses (refer note 28).

6. Inventories

	As at 30 June 2021	As at 30 June 2020
	$	$
Cryptocurrencies held for resale	**45,311**	33,059

Cryptocurrencies are measured at fair value less cost to sell in accordance with the Consolidated Entity’s accounting policy for cryptocurrencies and in accordance with IAS 2.

Management considers the fair value of inventories to be a Level 1 input under IFRS 13 *Fair Value Measurement* (“IFRS 13”) fair value hierarchy.

There has been no change to the valuation technique during the year.

The Consolidated Entity’s realized gain or loss on inventories is calculated as the proceeds received from the sale of cryptocurrencies less its assigned original cost. The Consolidated Entity’s unrealized gain or loss on cryptocurrencies consists of both the change in fair value on cryptocurrencies from the beginning of the year and the reversal of any previously recognized unrealized gain or loss on cryptocurrencies sold during the year.

(Expressed in Australian Dollars)

7. Prepaids

	As at 30 June 2021	As at 30 June 2020
	$	$
Insurance	**64,617**	-
Consultancy fees	**133,579**	-
Other operational expenses	**94,706**	3,631
Total	**292,902**	3,631

8. Deposits

Deposits are comprised of digital and fiat currencies held at exchanges or with custodians. As at 30 June 2021 and 2020, deposits held at exchanges, or with custodians, consisted of the following:

	As at 30 June 2021		As at 30 June 2020	
	Number of coins held	**Value**	Number of coins held	Value
		$		$
Digital and fiat currencies held at exchanges or with custodian				
LTC	17,171.18	**3,308,007**	-	-
Link	1,615.45	**40,509**	-	-
BNB	288.48	**111,791**	-	-
ETH	1.68	**4,768**	-	-
Cash deposits	N/A	**50,150**	N/A	606,689
Tether deposits	N/A	**147,810**	N/A	423,198
Total digital and fiat currencies held at exchanges or with custodians		**3,663,035**		1,029,887
Provision for collectability		**(9,897)**		-
Net deposits		**3,653,138**		1,029,887

Deposits with trading exchanges are made to facilitate the Consolidated Entity's ability to transact more efficiently at various trading volumes. The Consolidated Entity maintains deposits in digital currencies with exchanges from time to time in connection with the sale of cryptocurrencies in the ordinary course of business. The Consolidated Entity actively trades cryptocurrencies, purchasing them with a view to their resale in the near future and generating profit from fluctuations in the price or trader's margin. As there is no specific guidance in IFRS on cryptocurrencies held at exchanges or with custodians, the Consolidated Entity followed the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and decided, in accordance with paragraphs 8-10, to apply the broker-trader exemption under IAS 2. Accordingly, these deposits in digital currencies with exchanges are measured at fair value less cost to sell, in accordance with the accounting policy for inventories.

Management considers the fair value of deposits with trading exchanges to be either a Level 1 or a Level 2 input under IFRS 13 fair value hierarchy.

There has been no change to the valuation technique during the year.

Other Items for the year ended 30 June 2021 include an unrealized loss on fair value re-measurement of deposits of $975,829 (2020: nil).

(Expressed in Australian Dollars)

9. Intangible assets

	As at 30 June 2021	As at 30 June 2020
	$	$
Goodwill	**151,643**	151,643

During the year ended 30 June 2021, the Consolidated Entity determined that there is no impairment of the goodwill arising from the European acquisition which occurred during the previous financial year. The recoverable amount of the goodwill is determined on the basis of value in use calculations of a Cash Generating Unit (CGU), being the European operation. The Consolidated Entity has determined that the recoverable amount calculations are most sensitive to changes in the following assumptions:

- assumptions in respect of continued growth in total transaction volume;
- expected average EBITDA of 0.30% (2020: 0.30%);
- terminal growth rate equal to CPI; and
- a discount rate of 30% (2020: 30%).

10. Trade and other payables

	As at 30 June 2021	As at 30 June 2020
	$	$
Trade payables	**1,273,927**	707,057
Other payables and accruals	**1,686,031**	649,548
Accrued interest	**13,460**	6,773
Employee withholdings payable	**424,265**	123,196
Provision for legal settlements`	**418,189**	-
Payment provider liabilities	**-**	6,739
Total trade and other payables	**3,815,872**	1,493,313

11. Borrowings

	As at 30 June 2021	As at 30 June 2020
	$	$
Loans from director – unsecured, non-interest bearing	**-**	60,000
Credit card	**74,934**	30,875
Convertible notes	**369,935**	369,935
	444,869	460,810
Less current portion	**(444,869)**	(90,875)
Borrowings – noncurrent	**-**	369,935

Notes were issued for $C 419,000 on 15 June 2020 at an issue price of $C 1.00 per note. Each note entitled the holder, at the holder's discretion, to convert to one common share at a cost of $C 0.85 per share.

11. Borrowings (continued)

The functional currency of BTC, the issuer, is Australian dollars and the convertible notes are denominated in Canadian dollars, so the conversion option was not an equity instrument. It was an embedded derivative that was not closely related to the host debt instrument, because the risks inherent in the derivative (equity risk) and the host were dissimilar. Therefore, the conversion option was separated and classified as a derivative liability.

The carrying value of the convertible notes at initial recognition was the difference between the consideration received of $377,089 (equivalent to $C 347,035) and the fair value of the embedded derivative of $76,664 (equivalent to $C 71,965). The convertible notes were subsequently measured at amortized cost until extinguished on conversion. At 30 June 2021, the convertible notes were $369,935 (30 June 2020: $369,935).

The change in the fair value of the derivative liability is as follows:

	As at 30 June 2021	As at 30 June 2020
	$	$
Balance at beginning of year	**76,664**	-
Addition	-	76,664
Change in fair value	**1,050,793**	-
Balance at end of year	**1,127,457**	76,664

The fair value of the derivative liability on convertible notes as at 30 June 2021 was estimated by using the trinomial option pricing model. The fair value estimates are based on assumed risk-free rate of 0.46%, expected term of one year, dividend yield of 0%, early conversion factor of 2.5 and estimated volatility of 125%.

The convertible notes were non-transferable, carried compounding interest at a rate of 12% per annum and had a maturity date of 15 June 2022. At the maturity date, the convertible notes still outstanding would have automatically converted into common shares of the Company at a conversion price of $C 0.85 per share.

Subsequent to the end of the financial year, the convertible notes were converted through the issue of 492,941 common shares.

12. Current liabilities – income tax

	As at 30 June 2021	As at June 30, 2020
	$	$
Provision for income tax - current period (refer note 27)	**193,778**	-
Provision for income tax - prior periods	**61,653**	209,812
Income taxes payable	**255,431**	209,812

(Expressed in Australian Dollars)

13. Current liabilities – employee benefits

	As at 30 June 2021	As at June 30, 2020
	$	$
Provision for annual leave	**265,463**	63,791
Provision for long service leave	**24,392**	-
Total provision for employee benefits	**289,855**	63,791

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. All amounts are presented as current liabilities.

14. Deferred consideration

	As at 30 June 2021	As at 30 June 2020
	$	$
Deferred consideration	**-**	500,000

Deferred consideration arose from the acquisition of RhinoLoft Pty Ltd in May 2018. The balance carried interest at 10% per annum. During the year ended 30 June 2021, the Consolidated Entity repaid $100,375 of the deferred consideration via issue of common shares (refer note 16). The remaining amount was paid in cash.

15. Non-current liabilities – employee benefits

	As at 30 June 2021	As at June 30, 2020
	$	$
Provision for long-service leave	**28,889**	22,401

16. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As detailed in note 4, the Consolidated Entity reflects the effects of an RTO between BTC and ALBS on 23 December 2020. Accordingly, the balance in equity represents the continuing equity balance of BTC prior to its takeover of ALBS, together with common share transactions arising from, and subsequent to, the RTO transaction, as summarized below:

(Expressed in Australian Dollars)

16. Share capital (continued)

Common shares (BTC) issued at 1 July 2019	**16,425**
Private placements during the year	2,641
Number of common share (BTC), 30 June 2020	**19,066**
Private placement prior to RTO	2,650
Acquisition consideration	55
Conversion of prepaid shares	274
BTC shares acquired through issue of RTO consideration	(22,045)
Common shares issued at RTO as consideration to BTC shareholders	38,314,204
Common shares attributable to pre-transaction ALBS shareholders	1,200,00
Common shares issued to arrangers and advisors of RTO	1,196,500
Stock options exercised	132,500
Warrants exercised	29,412
Private placement in April 2021	3,749,552
Common shares issued to placement advisors	121,866
Number of common shares, 30 June 2021	**44,744,034**

Share capital, 1 July 2019	$	**2,923,744**
Private placements during the year, net of costs		3,266,272
Issue of prepaid common shares		333,298
Share capital, 30 June 2020		**6,523,314**
Capital raised prior to the RTO by BTC		4,744,400
Costs related to RTO		(848,658)
Shares issued by BTC in respect of acquisition payment		100,375
Share issues included in listing expenses		2,436,761
Private placement in April 2021		15,593,657
Value of placement attributed to attaching warrants (note 20)		(5,385,036)
Proceeds from stock options exercised		105,766
Proceeds from warrants exercised		31,094
Shares issued to placement advisors		962,951
Cost of shares and warrants issued to placement advisors		(1,852,691)
Other share issue costs relating to private placement		(1,498,180)
Share capital, 30 June 2021	$	**20,913,753**

c) Prepaid shares

Amounts described above as prepaid shares represent amounts received during the previous financial year as part of a share subscription agreement with multiple investors in Singapore, for which 274 preference shares of special-purpose vehicle BTC Sing SPV Pte Ltd were issued. In December 2020, a total of 274 ordinary shares of BTC were issued to replace these preference shares.

(Expressed in Australian Dollars)

16. Share capital (continued)

d) Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, to meet the needs of ongoing operations, and to maintain a flexible capital structure which optimizes the cost of capital. The capital structure of the Company consists of equity comprised of issued share capital and reserves. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

17. Equity – reserves

	As at 30 June 2021	As at 30 June 2020
	$	$
Foreign currency translation reserve	**511,245**	54,386
Contributed surplus	**8,965,175**	6,848
Total reserves	**9,476,420**	61,234

Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Consolidated Entity's foreign operations into Australian dollars.

Contributed surplus

This reserve comprises private placement proceeds allocated to unexercised share purchase warrants, the value of warrants issued to advisers, unexercised stock options, as well as other share-based payment transactions that do not involve the issuance of shares.

18. Equity – accumulated losses

	As at 30 June 2021	As at 30 June 2020
	$	$
Accumulated losses, beginning of year	**5,358,337**	1,223,334
Net loss for the year	**5,828,116**	4,135,003
Accumulated losses, end of the year	**11,186,453**	5,358,337

19. Stock options

The Company has adopted a share option plan whereby it is authorized to grant options to executive officers and directors, employees and/or consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. As at 30 June 2021, the aggregate maximum number of common shares issuable under the plan is 4,474,403 (30 June 2020: nil) common shares.

(Expressed in Australian Dollars)

19. Stock options (continued)

The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company's common shares on the day before the date on which the Directors grant such options.

The following is a summary of the changes in the Company's share option activities for the years ended 30 June 2021 and 2020:

	30 June 2021 Number of options	**30 June 2021** Weighted-average exercise price ($C)	30 June 2020 Number of options	30 June 2020 Weighted-average exercise price ($C)
Outstanding, beginning of year	**-**	**-**	-	-
Granted	**4,046,745**	**1.08**	-	-
Expired	**(42,857)**	**0.47**	-	-
Exercised	**(132,500)**	**1.00**		
Outstanding, end of year	**3,871,388**	**1.10**	-	-

On 23 December 2020, the Company granted 3,746,745 share options to various consultants, directors and officers of the Company as follows:

- 3,583,888 share options have an exercise price of $C 1.00 per share and expire on 22 December 2025;
- 120,000 share options have an exercise price of $C 0.47 per share and expire on 31 October 2023; and
- 42,857 share options had an exercise price of $C 0.47 per share and expired on 1 May 2021.

The fair value of these options was determined as $3,178,397. Of this amount, $1,783,640 has been recognized in this financial period as a share-based payment. An additional $108,914, representing legacy ALBS entitlements, was included in the determination of listing expenses in note 4.

On 25 February 2021, the Company granted 200,000 share options to officers and staff of the Company. The options have an exercise price of $C 2.15 per share and expire on 31 December 2025. 100,000 of these options were granted to an executive and have been included in related party transactions. The fair value of the 200,000 options granted was determined as $453,001 with $214,887 included as a share-based payment in the current financial year.

On 23 June 2021, the Company granted 100,000 share options to a consultant of the Company. The options have an exercise price of $C 3.00 per share and expire on 1 July 2025. The fair value of these options was determined as $306,729 (with $ 82,484 included as a share-based payment in the current financial year).

All option grant valuations during the financial year have been determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended 30 June 2021	Year Ended 30 June 2020
Share price	**$C 1.00 - $C 3.19**	-
Exercise price	**$C 1.00 - $C 3.00**	-
Risk-free interest rate	**0.19 - 0.97%**	-
Expected term (in years)	**0.5 - 5.0**	-
Estimated dividend yield	**0%**	-
Estimated volatility	**125%**	-

(Expressed in Australian Dollars)

19. Stock options (continued)

The following table summarizes information regarding share options outstanding and exercisable as at 30 June 2021:

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price ($C)	Weighted-average exercise price - vested ($C)
31 October 2023	60,000	60,000	1.7	0.47	0.47
22 December 2025	3,511,388	835,972	4.5	1.00	1.00
25 February 2026	200,000	25,000	4.5	2.15	2.15
1 July 2025	100,000	-	4.0	3.00	-
Total	**3,871,388**	**920,972**	**4.4**	**1.10**	**0.94**

20. Warrants

The following is a summary of the changes in the Company's warrants for the years ended 30 June 2021 and 2020:

	30 June 2021		30 June 2020	
	Number of warrants	**Weighted-average exercise price ($C)**	Number of warrants	Weighted-average exercise price ($C)
Outstanding, beginning of year	**-**	**-**	-	-
Granted	**2,792,164**	**6.62**	-	-
Exercised	**(29,412)**	**1.00**	-	-
Expired	**-**	**-**	-	-
Outstanding, end of year	**2,762,752**	**6.68**	-	-

On 23 December 2020, 492,941 share purchase warrants were granted to convertible note holders. Each warrant entitles the holder to acquire one common share in the Company at $C 1.00 per share until 23 December 2022. No expense has been determined in the year to date profit and loss.

On 23 December 2020, 41,712 share purchase warrants were granted to the Company's convertible note advisors. Each warrant entitles the holder to acquire one common share in the Company at $C 1.00 per share until 22 June 2022. These warrants replaced options over shares in BTC previously granted to an advisor in the preceding financial period in relation to the convertible note financing. No expense has been included in the current financial period's profit and loss.

On 23 December 2020, 79,948 share purchase warrants were granted to listing advisors. Each warrant entitles the holder to acquire one common share in the Company at $C 1.00 per share until 23 December 2022. The fair value of these warrants was determined as $50,728 (included in share issue costs).

On 25 February 2021, 100,000 share purchase warrants were granted to an unsecured loan provider. Each warrant entitles the holder to acquire one common share in the Company at $C 2.20 per share until 24 February 2022. The fair value of these warrants was determined as $172,952 and has been included as a share-based finance charge in the current period.

(Expressed in Australian Dollars)

20. Warrants (continued)

On 8 April 2021, advisors to the Company's private placement were issued 202,787 share purchase warrants exercisable at $C 8.50 per share for a period of 42 months from the date of issuance. The fair value these warrants was determined as $889,740 and has been debited to share capital.

On 8 April 2021, investors to the Company's private placement were issued 1,874,776 share purchase warrants exercisable at $C 8.50 per share for a period of 42 months from the date of issuance. The fair value these warrants was determined as $5,385,036 and has been debited to share capital.

Each of the warrant issue valuations during the financial year were undertaken using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended 30 June 2021	Year Ended 30 June 2020
Share price	**$C 1.00 - $C 7.60**	-
Exercise price	**$C 1.00 - $C 8.50**	-
Risk-free interest rate	**0.20 - 0.46%**	-
Expected term (in years)	**2.0 - 3.5**	-
Estimated dividend yield	**0%**	-
Estimated volatility	**125%**	-

During the year ended 30 June 2021, 29,412 warrants were exercised for proceeds of $31,094 (2020: nil).

21. Revenue

	Year Ended 30 June 2021	Year Ended 30 June 2020
	$	$
Revenue by type		
Sale of cryptocurrencies	**12,758,510**	4,590,664
Integration services	**212,054**	-
Commissions and spread from services	**33,000,094**	2,196,771
Total revenue	**45,970,658**	6,787,435

Revenue by geographical regions		
Australia	**15,157,271**	6,787,435
North America	**4,049,559**	-
Europe	**26,763,828**	-
Total revenue	**45,970,658**	6,787,435

Timing of revenue recognition		
Cryptocurrencies transferred at a point in time	**12,758,510**	4,490,664
Services transferred over time	**212,054**	-
Services transferred at a point in time	**33,000,094**	2,196,771
Total revenue	**45,970,658**	6,787,435

(Expressed in Australian Dollars)

22. Loss per share

For the years ended 30 June 2021 and 2020, basic and diluted loss per share has been calculated as follows:

	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Net loss after tax	**(5,828,116)**	(4,135,003)
Basic weighted average number of common shares	**38,258,594**	30,433,032
Diluted weighted average number of common shares	**38,258,594**	30,433,032
Basic net loss per share	**$ (0.15)**	$ (0.14)
Diluted net loss per share	**$ (0.15)**	$ (0.14)

The calculation of weighted average number of shares has been adjusted retrospectively for the effects of the equity recapitalization associated with the reverse takeover, refer note 4. Diluted loss per share did not include the effect of the following items as they are anti-dilutive:

	Year ended 30 June 2021	Year ended 30 June 2020
Common stock options	**3,871,388**	-
Warrants for the purchase of common stock	**2,762,752**	-
Convertible note conversion	**492,941**	-
Total	**7,127,081**	-

23. Related party transactions

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(a) Renumeration of directors and key management personnel of the Company was as follows:

	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Salaries	**1,385,950**	426,297
Consulting fees including reimbursements at cost	**429,732**	627,373
Director fees	**229,196**	92,250
Share-based compensation	**1,399,046**	-
Total remuneration	**3,443,924**	1,145,920

Key management personnel were not paid post-employment benefits, termination benefits, or other (non share-based) long-term benefits during the year ended 30 June 2021 (2020: nil).

(Expressed in Australian Dollars)

23. Related party transactions (continued)

(b) The Consolidated Entity entered into the following transactions with related parties:

	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Issue of arranger shares	**722,945**	-
Repayment of loans to director	**60,000**	-
Payment of acquisition consideration	**17**	-
Pre-acquisition loans to related party acquisitions	**82,254**	1,503,110
Rental payments at cost	**134,932**	62,107
Purchase of Bitcoin for resale	**-**	67,014

(c) As at 30 June 2021, included in borrowings is a balance of $nil (30 June 2020: $60,000) payable to related parties as follows:

	As at 30 June 2021	As at 30 June 2020
	$	$
Directors – non-interest bearing loans	**-**	60,000

(d) As at 30 June 2021, included in trade and other payables is a balance of $47,242 (30 June 2020: $88,461) payable to related parties as follows:

	As at 30 June 2021	As at 30 June 2020
	$	$
Directors of the Company	**36,065**	33,997
Officers of the Company	**11,177**	45,037
Employees of the Company	**-**	9,427
Total trade and other payables to related parties	**47,242**	88,461

24. Nature and extent of risk arising from financial instruments and digital assets

Classification of financial instruments

The following table sets out the financial instruments at the end of the reporting period:

	As at 30 June 2021	As at 30 June 2020
	$	$
Financial assets at amortized cost		
Cash	**18,615,803**	2,067,304
Trade and other receivables	**1,849,294**	761,766
Deposits with exchanges (fiat currencies)	**50,150**	606,689
Total	**20,515,247**	3,435,759

(Expressed in Australian Dollars)

24. Nature and extent of risk arising from financial instruments and digital assets (continued)

Classification of financial instruments (continued)

	As at 30 June 2021	As at 30 June 2020
	$	$
Financial liabilities at amortized cost		
Trade and other payables	**3,815,782**	1,493,313
Convertible notes	**369,935**	369,935
Borrowings	**74,934**	90,875
Deferred consideration	**-**	500,000
Financial liabilities at FVTPL		
Derivative liability	**1,127,457**	76,664
Total	**5,388,108**	2,530,787

Risk management policy

In the normal course of business, the Consolidated Entity is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Consolidated Entity, Management takes steps to avoid undue concentrations of risk. The Consolidated Entity manages the risks as follows:

Credit risk

The Consolidated Entity has credit risk in respect of both financial instruments and crypto-currency deposits. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount of cash and cash equivalents (including cash deposits and trade and other receivables, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements). The Consolidated Entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 30 days.

There is a liquidity management function within the business, which on a daily or more frequent basis manages and monitors the trading activities and volumes associated with amounts deposited with trading exchanges.

The Consolidated Entity limits its credit risk by placing its cryptocurrencies with crypto-exchanges ("trading exchanges") on which the Consolidated Entity has performed internal due diligence procedures.

The Consolidated Entity deems these procedures necessary as some trading exchanges are unregulated and not subject to regulatory oversight. Furthermore, trading exchanges may engage in the practice of commingling with clients' assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange, potentially reducing the integrity of the data.

25. Nature and extent of risk arising from financial instruments and digital assets (continued)

Credit risk (continued)

As at 30 June 2021, the Consolidated Entity held deposits with trading exchanges of $3,663,035 (30 June 2020: $1,029,887) together with payment gateway receivables of $2,106,798 (30 June 2020: $713,328). These amounts represent balances with exchanges or custodians that do not have system or organisation control reporting available.

The Consolidated Entity's due diligence procedures around exchanges include, but are not limited to, internal control procedures around on-boarding new exchanges which includes review of the exchanges anti-money laundering ("AML") and know-your-client ("KYC") policies, obtaining a security ratings report by an independent third party on certain exchanges, constant review of market information specifically regarding the exchanges' security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing daily asset management reports to ensure limits are being followed and having a fail-over plan to move digital assets held on an exchange in instances where risk exposure significantly changes.

The Consolidated Entity limits its credit risk with respect to its payment gateways receivables by transacting with credit worthy counterparties that are believed to have sufficient capital to meet their obligations as they come due and, with regard to over-the-counter counterparties, on which the Consolidated Entity has performed the relevant AML and KYC procedures. As of each reporting period, the Consolidated Entity assesses if there may be expected credit losses requiring a provision.

While the Consolidated Entity intends to only transact with trading exchanges that it believes to be creditworthy, there can be no assurance that a trading exchange will not default and that the Consolidated Entity will not sustain a material loss on the transaction as a result. As of 30 June 2021, the Consolidated Entity does not expect any material unprovided loss of any of its digital assets.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and (where required) available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and where practical matching the maturity profiles of financial assets and liabilities. In addition, as outlined above the daily liquidity management function monitors and manages amounts deposited with trading exchanges. The Consolidated Entity further manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances, and operating results.

(Expressed in Australian Dollars)

24. Nature and extent of risk arising from financial instruments and digital assets (continued)

Liquidity risk (continued)

The Consolidated Entity's trade payables and accruals are substantially due within twelve months. The maturity schedule of the Consolidated Entity's credit facilities and convertible debentures is described below.

30 June 2021	**2022**	**2023**	**2024**	**2025**	**Thereafter**
	$	$	$	$	$
Trade payables	**1,273,927**	**-**	**-**	**-**	**-**
Accrued wages and other	**424,265**	**-**	**-**	**-**	**-**
Interest – Convertible note	**53,591**	**-**	**-**	**-**	**-**
Commitments – principal					
Convertible notes	**369,935**	**-**	**-**	**-**	**-**
Credit card	**74,934**	**-**	**-**	**-**	**-**
Total contractual obligations	**2,196,652**	**-**	**-**	**-**	**-**

30 June 2020	2021	2022	2023	2024	Thereafter
	$	$	$	$	$
Trade payables	707,057	-	-	-	-
Accrued wages and other	123,196	-	-	-	-
Interest- convertible note	53,591	-	-	-	-
Commitments – principal					
Deferred consideration	500,000	-	-	-	-
Director loan	60,000	-	-	-	-
Convertible notes	-	369,935	-	-	-
Credit card	30,875	-	-	-	-
Total contractual obligations	1,474,719	369,935	-	-	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Digital asset risks

Access to digital assets can be disrupted by a number of matters including:

- Loss of access risk, such as to private keys;
- Irrevocable transactions given that transactions cannot be changed or corrected once a transaction has been verified and recorded on the blockchain;
- Fluctuations in digital asset prices due to global forces, interest rate, exchange, inflation, political/economic conditions;
- Vulnerability of crypto networks to hacking; and
- Unregulated crypto exchanges.

(Expressed in Australian Dollars)

24. Nature and extent of risk arising from financial instruments and digital assets (continued)

Price risk relating to digital assets

Fluctuations in the prices of cryptocurrencies may impact the day to day trading volumes of the Consolidated Entity's exchange partners, and unfavourably impact the Consolidated Entity's revenues. Additionally, during periods of rapid price fluctuations, there is a risk that unfavourable trading margins may occur due to delays in filling orders.

Interest rate risk

The Consolidated Entity's convertible notes outstanding, totalling $369,935 (30 June 2020: $369,935), is an interest only liability. Quarterly cash outlays of approximately $13,397 (2020: nil) per month are required to service the interest payments. The notes were converted into equity subsequent to year end (refer note 33).

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		**Liabilities**	
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020
Consolidated	**$**	$	**$**	$
US dollars	**7,284,476**	14,493	**338,059**	25,365
Euros	**1,737,749**	907,467	**65,285**	73,161
Pound sterling	**10,452,404**	670,129	**-**	142,564
Singapore dollar	**-**	-	**-**	4,646
Canadian dollars	**2,341,065**	-	**1,565,249**	554,564
Philippine peso	**-**	-	**2,723**	-
	21,815,694	1,592,089	**1,971,316**	800,300

The Consolidated Entity had net assets denominated in foreign currencies of $19,844,376 (assets of $21,815,694 less liabilities of $1,971,316) as at 30 June 2021 (30 June 2020: net assets of $791,789 (assets of $1,592,089 less liabilities of $800,300)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2020: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Consolidated Entity's loss before tax for the year would have been $1,984,438 lower/$992,219 higher (2020: $79,179 lower/$39,589 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The realised foreign exchange loss for the year ended 30 June 2021 was $1,351,126 (2020: loss of $19,758).

(Expressed in Australian Dollars)

25. Fair value measurement

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either Directly or indirectly

Level 3: Unobservable inputs for the asset or liability

30 June 2021	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Inventories	**45,311**	**-**	**-**	**45,311**
Deposits with trading exchanges held in cryptocurrency, Tether	**3,312,775**	**300,110**	**-**	**3,612,885**
Total assets	**3,358,086**	**300,110**	**-**	**3,658,196**
Liabilities				
Derivative liability	**-**	**1,127,457**	**-**	**1,127,457**

30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Inventories	33,059	-	-	33,059
Deposits with trading exchanges held in cryptocurrency, Tether	-	423,198	-	423,198
Total assets	33,059	423,198	-	456,257
Liabilities				
Derivative liability	-	76,664	-	76,664

There were no transfers between levels during the financial year.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. This valuation technique maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates.

(Expressed in Australian Dollars)

25. Fair value measurement (continued)

Deposits held with trading exchanges in cryptocurrencies and Tether (note 8) and inventories (note 6) [collectively, the “digital assets”] are measured at fair value using Level 1 or Level 2 inputs. Digital asset prices are affected by various global forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the Consolidated Entity is impacted by the current and future market price of digital assets; in addition, the Consolidated Entity may not be able to liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Consolidated Entity’s future operations. The Consolidated Entity has not hedged the conversion of any its digital currency sales. Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. For the year ended 30 June 2021, management’s estimate of the effect on loss before tax of a +/- 15% (2020: 15%) change in the market price of the Consolidated Entity’s digital assets, with all other variables held constant, is +/- $548,729 (2020: +/-$68,439).

26. Other income

	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
ATO Covid incentive	**50,000**	50,000
Research and development grant	**566,997**	-
Other	**10,863**	34,599
Reversal of loan provision - related company	**-**	241,574
Interest received	**-**	816
Total other income	**627,860**	326,989

(Expressed in Australian Dollars)

27. Income tax expense

	As at 30 June 2021	As at 30 June 2020
	$	$
Loss before income tax expense	**(5,687,662)**	(3,787,214)
Tax at the statutory tax rate of 27% (2020: 27.5%)	**(1,535,669)**	(1,041,484)
Effect of differences in tax rates globally	**(17,946)**	-
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	**561,603**	1,883
Listing expenses	**726,439**	-
Non-assessable items	**(166,589)**	-
Impairment of goodwill	**-**	46,070
Other deductible items	**(265,114)**	270,731
Other non-deductible items	**1,220,990**	-
Impairment of other intangible assets	**-**	224,894
Amortisation of intellectual property	**-**	168,541
Other	**(53,324)**	(7,747)
	470,390	(337,112)
Derecognition of deferred tax balances previously brought to account	**-**	347,789
Current year losses not brought to account	**317,322**	337,112
Utilisation of prior year tax losses	**(647,258)**	-
Income tax expense	**140,454**	347,789
Other	**53,324**	-
Amount representing derecognition of deferred tax balances	**-**	(347,789)
Income tax payable	**193,778**	-

Tax losses, including losses carried forward from prior years, are $1,606,047 as well as an additional $40,100 in capital losses.

The potential tax benefit relating to these losses has not been recognized in the consolidated statement of financial position as the recovery of this benefit is uncertain.

The taxation benefits of tax losses not brought to account will only be obtained if:

- The Consolidated Entity drives future assessable income of a nature of an amount sufficient to enable the benefit from the deductions for the losses to be realized;
- the Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the Consolidated Entity in realizing the benefits from deducting the losses.

(Expressed in Australian Dollars)

28. Expenses

Amortization and Depreciation	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Computer equipment	39,075	8,236
Back-end platform	-	131,733
Customer interface platform	-	65,867
Customer list	-	415,278
Website development	-	6,599
Total amortization and depreciation	**39,075**	627,713

General and Administration	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Chargeback expenses	1,686,905	45,010
Legal, accounting, audit, consulting	1,516,834	-
Software development	748,361	293,915
Investor and public relations	528,422	-
Bank charges	345,906	112,244
Rental expense relating to operating leases	168,940	111,010
Marketing and advertising	148,096	208,780
TSX costs	141,916	-
Security audit	112,000	-
Travel	45,985	123,280
Other	370,842	315,150
Total general and administration	**5,814,207**	1,209,389

Finance	Year ended 30 June 2021	Year ended 30 June 2020
	$	$
Interest	359,819	61,205
Share-based finance charge (refer note 19)	172,952	-
Total finance expenses	**532,771**	61,205

29. Contingent assets

There are no contingent assets as at 30 June 2021 and 2020.

30. Contingent liabilities

There are no contingent liabilities as at 30 June 2021 and 2020.

(Expressed in Australian Dollars)

31. Acquisitions

Acquisitions during the year ended 30 June 2021

Singapore

On 7 September 2020, BTC acquired 100% of the ordinary shares of Internet SG Ventures Pte Ltd ("ISGV") for the total consideration of $1. ISGV operates a similar business on a shared platform as part of the strategy to enter the Southeast Asian market. The acquired entity did not meet definition of a business as per IFRS 3; hence, this transaction was treated as an asset acquisition.

Canada

On 30 September 2020, BTC acquired 100% of the ordinary shares of Richmond Internet Ventures Corporation ("RIV") for the total consideration of $16. RIV operates a similar business on a shared platform in the Canadian market. The acquired entity did not meet definition of business combination as per IFRS 3; hence, this transaction was treated as asset acquisition.

Total acquisition payments

Total net cash inflow as the result of acquisition of the above entities was $111,047, after total cash considerations paid for $17.

Acquisition during the year ended 30 June 2020

On 29 June 2020, BTC acquired 100% of the ordinary shares of EU Internet Ventures BV ("EUIV") for a total consideration of $1,967. EUIV operates a similar business on a shared platform in the European market. The acquired business contributed revenue of $716 and profit after tax of $292 to the Consolidated Entity for the period from 29 June 2020 to 30 June 2020. If the acquisition occurred on 1 July 2019, the full year contributions would have been revenue of $261,317 and profit after tax of $106,580. The values identified below in relation to the acquisition of EUIV are final as at 30 June 2020.

	$
Cash	603,034
Trade receivables	372,820
Deposits with trading exchanges	415,408
Trade payables	(45,299)
Domain names	13,828
Provision for sales tax	(45,638)
Loan due to acquirer	(1,463,829)
Far value of net liabilities assumed	(149,676)
Fair value of total consideration paid - cash	1,967
Goodwill	151,643

(Expressed in Australian Dollars)

32. Segmented Information

The Consolidated Entity conducts its business as a single operating segment. The Consolidated Entity maintains offices in Australia, North America, and Europe.

Revenue by geographic region is included in note 21. The following table summarizes the Consolidated Entity's segment assets information by geographic region

As at 30 June 2021:

	Australia	North America	Europe	Total
	$	$	$	$
Cash	4,445,493	2,377,818	11,792,491	18,616,803
Trade and other receivables	626,164	(49,092)	1,272,223	1,849,294
Inventories	45,311	-	-	45,311
Prepaids	187,806	105,096	-	292,902
Deposits	517,162	-	3,135,976	3,653,138
Intangible assets	151,643	-	-	151,643
Equipment	19,331	-	15,913	35,244
Other deposits	252,758	-	-	252,758
Total assets	**6,245,668**	**2,433,822**	**16,216,603**	**24,896,093**
Trade and other payables	2,505,243	545,914	764,715	3,815,782
Borrowings	74,934	-	-	74,934
Income tax	191,314	7,184	56,933	255,431
Convertible notes	369,935	-	-	369,935
Derivative liability	1,127,457	-	-	1,127,457
Employee benefits	318,744	-	-	318,744
Total liabilities	**4,587,627**	**553,098**	**821,648**	**5,962,373**

As at 30 June 2020:

	Australia	North America	Europe	Total
	$	$	$	$
Cash	1,464,270	-	603,034	2,067,304
Trade and other receivables	375,118	-	386,648	761,766
Inventories	33,059	-	-	33,059
Prepaids	3,631	-	-	3,631
Deposits	614,479	-	415,408	1,029,887
Intangible assets	151,643	-	-	151,643
Equipment	5,712	-	-	5,712
Total assets	**2,647,912**	**-**	**1,405,090**	**4,053,002**
Trade and other payables	1,401,676	-	91,637	1,493,313
Borrowings	90,875	-	-	90,875
Income tax	209,812	-	-	209,812
Convertible notes	369,935	-	-	369,935
Derivative liability	76,664	-	-	76,664
Deferred consideration	500,000	-	-	500,000
Employee benefits	86,192	-	-	86,192
Total liabilities	**2,735,154**	**-**	**91,637**	**2,826,791**

33. Subsequent events

On 14 July 2021, the Company announced that it intends to issue 15,512 common shares of the Company at a price of $4.00 per share in settlement of outstanding debt totalling $62,051 (€42,000) owing to an arm's length party, General Research GmbH, in relation to business development, marketing research and customer acquisition services provided to the Company. The debt settlement is subject to all necessary regulatory and exchange approvals. All securities issued in connection with the debt settlement will be subject to a four-month hold period from the closing date under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside Canada. The liability was subsequently settled for cash rather than shares.

On 27 July 2021, the Company issued 492,941 common shares of the Company to the convertible noteholders. The convertible note liability was repaid through the issue of shares with an issue price of $C 0.85 each.

On 5 August 2021, the Company announced that it has filed a final short form base shelf prospectus (the "Base Shelf Prospectus") with the securities commissions in each of the provinces and territories of Canada. The Base Shelf Prospectus filings allow the Company to make offerings of common shares, warrants, subscription receipts, units or debt securities, or a combination thereof, up to an aggregate total of $C 88.8 million during the 25-month period that the Base Shelf Prospectus remains effective. Such securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more shelf prospectus supplements.

On 6 August 2021, the Company announced the issuance of 35,000 common shares of the Company to SRAX, Inc. ("SRAX"), at a deemed price of $C 4.00 per share, as consideration for marketing services rendered by SRAX to the Company pursuant to the terms of a platform account agreement.

With the exception of the above items, there are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect, the Consolidated Entity's operations, the results of those operations, on the Consolidated Entity's state of affairs in future financial periods.