

A2ZCRYPTOCAP INC.

(A CAPITAL POOL COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the Three and Six Months Ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL RESULTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed financial statements of the Company have been prepared in accordance with IFRS and are the responsibility of the Company's management. The interim condensed financial statements and related financial reporting matters have been reviewed and approved by the Audit Committee.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim condensed financial statements by an entity's auditor.

A2ZCRYPTOCAP INC.
(A CAPITAL POOL COMPANY)
Statement of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

As at,		June 30, 2024	December 31, 2023
	<u>Note</u>		
ASSETS			
Current Assets			
Cash	4	\$ 321,594	\$ 313,302
Receivables	7	1,299	1,185
		<u>\$ 322,893</u>	<u>\$ 314,487</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	\$ 5,163	\$ 23,533
SHAREHOLDERS' EQUITY			
Share capital	5	399,709	359,709
Contributed Surplus		75,898	75,898
Deficit		<u>(157,877)</u>	<u>(144,653)</u>
		<u>317,730</u>	<u>290,954</u>
		<u>\$ 322,893</u>	<u>\$ 314,487</u>

Nature of operations and going concern (Note 1)

See accompanying notes to the interim condensed financial statements

A2ZCRYPTOCAP INC.

(A CAPITAL POOL COMPANY)

Statement of Loss and Comprehensive Loss

For the Three and Six Months Ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

		Three months ended		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		<u>Note</u>			
Expenses					
General and administrative	9	\$ 1,122	\$ 6,130	\$ 13,224	\$ 16,835
		1,122	6,130	13,224	16,835
Net loss and comprehensive loss		\$ (1,122)	\$ (6,130)	\$ (13,224)	\$ (16,835)
Net loss per common share					
Basic and diluted	6	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

See accompanying notes to the interim condensed financial statements.

A2ZCRYPTOCAP INC.

(A CAPITAL POOL COMPANY)

Statement of Changes in Equity

For the Three and Six Months Ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

	Shares		Share Capital		Contributed Surplus		Deficit		Total
Balance, December 31, 2022	6,040,000	\$	359,709	\$	75,898	\$	(105,054)	\$	330,553
Net loss for the period	-		-		-		(16,835)		(16,835)
Balance, June 30, 2023	6,040,000	\$	359,709	\$	75,898	\$	(121,889)	\$	313,718
Balance, December 31, 2023	6,040,000	\$	359,709	\$	75,898	\$	(144,653)	\$	290,954
Exercise of warrants	400,000	\$	40,000	\$	-	\$	-		40,000
Net loss for the period	-		-		-		(13,224)		(13,224)
Balance, June 30, 2024	6,440,000	\$	399,709	\$	75,898	\$	(157,877)	\$	317,730

See accompanying notes to the interim condensed financial statements.

A2ZCRYPTOCAP INC.
(A CAPITAL POOL COMPANY)
Statement of Cash Flows
For the Six Months Ended June 30, 2024 and 2023
(Unaudited)
(Expressed in Canadian Dollars)

	Six months ended	
	June 30, 2024	June 30, 2023
Cash Provided by (Used in):		
Operating Activities		
Net loss	\$ (13,224)	\$ (16,835)
Add back non-cash items		
Share based compensation	-	-
Changes in non-cash working capital:		
Accounts receivable	(114)	(1,002)
Accounts payable and accrued liabilities	(18,370)	6,078
Net cash used in operating activities	(31,708)	(11,759)
Financing Activities		
Exercise of warrants	40,000	-
Cash from financing activities	40,000	-
Net increase (decrease) in cash	\$ 8,292	\$ (11,759)
Cash, beginning of year	313,302	344,269
Cash, end of period	\$ 321,594	\$ 332,510

See accompanying notes to the interim condensed financial statements.

A2ZCRYPTOCAP INC.

(A CAPITAL POOL COMPANY)

Notes to the Interim Condensed Financial Statements

For the Three and Six Months Ended June 30, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

A2ZCryptoCap Inc. (the "**Company**") was incorporated under the *Business Corporations Act* (Alberta) on October 15, 2021 and is listed as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 - *Capital Pool Companies* of the TSX Venture Exchange Inc. (the "**Exchange**") Corporate Finance Manual. The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction (as defined in Exchange Policy 2.4).

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The head office and the registered office of the Company is located at Suite 800 Dome Tower, 333 - 7th Avenue SW, Calgary (Alberta) T2P 2Z1.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2024, the Company has not yet completed its Qualifying Transaction which is required to eventually be completed as a Capital Pool Company.

For the six months ended June 30, 2024, the Company incurred a net loss of \$13,224 (June 30, 2023 \$16,835), and as of that date, the Company's deficit was \$157,877 (December 31, 2023 – \$144,653). The Company's ability to continue as a going concern is dependent upon the successful identification and completion of its Qualifying Transaction and to commence profitable commercial activities. These factors give rise to material uncertainties that cast significant doubt on the validity of the going concern assumption.

These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. Basis of Presentation

a) Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and International Accounting Standards 34, "Interim Financial Reporting" ("**IAS34**") as issued by the International Accounting Standards Board ("**IASB**"), and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). These Financial Statements are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual financial statements. Given that certain information and note disclosures, which are included in the annual audited financial statements, have been condensed or excluded in accordance with IAS 34, these Financial Statements should be read in conjunction with the annual audited financial statements as at and for the year ended December 31, 2023, including the accompanying notes thereto, which are available on SEDAR+ at www.sedarplus.ca.

The Board of Directors approved the issuance of these financial statements on July 12, 2024.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

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For the Three and Six Months Ended June 30, 2024 and 2023

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(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

c) Functional Currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) Use of Estimates and Significant Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Summary of Material Accounting Policies

The significant accounting policies used by the Company are set out in the Company's audited December 31, 2023 financial statements and were consistently applied to all periods presented.

4. Restriction on Use of Proceeds

The proceeds raised from the issuance of common shares in the capital of the Company may only be used to identify and evaluate businesses or assets and to obtain shareholder approval for a proposed Qualifying Transaction, other than for reasonable general and administrative expenses of the Company which are limited to \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

5. Share Capital

Authorized:

Unlimited common voting shares

Unlimited preferred shares

Issued and outstanding:

	Number of Common Shares		Amount
At incorporation, October 15, 2021	1	\$	0.05
Shares issued during period	2,039,999		101,999.95
Balance, December 31, 2021	2,040,000	\$	102,000
Shares issued during 2022	4,000,000		400,000
Share issuance costs	-		(142,291)
Balance, December 31, 2023	6,040,000	\$	359,709
Exercise of warrants	400,000		40,000
Balance, June 30, 2024	6,440,000	\$	399,709

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5. Share Capital (continued)

The issued and outstanding founders' common shares of 2,040,000 are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in Exchange Policy 1.1 - *Interpretation*) (the "**Initial Release**") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers, and non-employees prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "**Stock Option Plan**") for the benefit of directors and officers, and where permitted pursuant to Exchange policies, employees, and consultants of the Company. A maximum of ten percent (10%) of the issued and outstanding common shares of the Company upon completion of the initial public offering may be reserved for issuance pursuant to the exercise of stock options to be granted to directors and officers, and where permitted pursuant to Exchange policies employees and consultants, of the Company. In addition, subject to the policies of the Exchange, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants and employees conducting investor relations activities shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors, subject to the price restrictions and other requirements imposed by TSX Venture. Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

On June 23, 2022, the Company granted options to directors to purchase an aggregate of 604,000 common shares, at a price of \$0.10 per common share for a period of 10 years from the date of the grant. The options vested immediately.

The below table outlines the options outstanding at the end of the period.

	Number of Options	Weighted average exercise price
Balance, December 31, 2023	604,000	\$0.10
Issued during period	-	\$0.00
Balance, June 30, 2024	604,000	\$0.10
Exercisable, June 30, 2024	604,000	\$0.10

The below table outlines the weighted average life of the options.

Options outstanding	Weighted average exercise price	Weighted average remaining term (years)	Options exercisable
604,000	\$0.10	7.98	604,000

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5. Share Capital (continued)

The below table outlines the warrants outstanding and the end of the period.

	Number of Warrants	Weighted average exercise price
Balance, December 31, 2023	400,000	\$0.10
Exercised during period	(400,000)	\$0.10
Balance, June 30, 2024	-	\$0.00
Exercisable, June 30, 2024	-	\$0.00

6. Net Loss Per Common Share

Basic and diluted loss per share has been calculated using the weighted average number of common shares of 6,075,165 (June 30, 2023 – 4,510,330).

7. Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities.

Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk

Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Company is not susceptible to any credit risk since the cash is held in the Company's lawyers trust account and at a chartered financial bank.

Liquidity risk

The Company's exposure to liquidity risk is dependent on purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. As at June 30, 2024, the Company has cash of \$321,594 (December 31, 2023 - \$313,302) to settle financial liabilities of \$5,163 (December 31, 2023 - \$23,533).

Fair value

The fair values of cash, receivables and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature.

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7. Financial Instruments (continued)

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at June 30, 2024, the Company had no amounts, classified as "fair value through profit or loss".

8. Capital Management

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Company includes shareholders' equity of \$317,730 (December 31, 2023 - \$290,954) in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Company's plan is to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Company when required.

The Company is not subject to externally imposed capital requirements other than the restriction on the use of proceeds disclosed in Note 4.

9. Related Party Transactions

For the six months ended June 30, 2024, \$3,966 (June 30, 2023 - \$309) in legal fees were incurred with a law firm of which one of the corporate directors is a partner. The legal fees were recognized in general and administration expense. Included in accounts payable and accrued liabilities as at June 30, 2024 is \$nil (December 31, 2023 - \$2,198) related to these fees.