



**INTERIM CONDENSED CONSOLIDATED
STATEMENTS**

FOR THE THREE MONTHS ENDED

DECEMBER 31, 2020 AND 2019

**(Unaudited - Expressed in Canadian
Dollars)**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed consolidated financial statements of Cypherpunk Holdings Inc. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards have been set out in the Note 2 of these interim condensed consolidated financial statements. Any applicable changes in accounting policies have also been disclosed in these financial statements. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate control over its financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on "Internal Control Over Financial Reporting Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2020.

CONCLUSION RELATING TO DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of management, including the Chief Executive and Chief Financial Officers, of the effectiveness of the Company's disclosure controls and procedures as defined in the National Instrument 52-109. Based on that evaluation, the interim Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2020.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

CYPHERPUNK HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	December 31, 2020	September 30, 2020
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 1,894,078	\$ 485,379
Sales tax receivable and prepaid expenses (Note 5)	24,142	18,160
Convertible loan receivable (Note 6)	156,167	-
Cryptocurrencies (Note 7)	<u>8,672,373</u>	<u>3,926,801</u>
	10,746,760	4,430,340
Investments (Note 8)	1,798,743	2,412,463
Other assets (Note 9)	<u>10,800</u>	<u>12,825</u>
	\$ 12,556,303	\$ 6,855,628
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 277,805	\$ 186,114
Shareholders' Equity		
Capital stock (Note 11)	8,566,725	8,547,784
Reserves	12,151,175	12,155,116
Accumulated other comprehensive income	2,126	2,126
Deficit	<u>(8,441,528)</u>	<u>(14,035,512)</u>
	12,278,498	6,669,514
	\$ 12,556,303	\$ 6,855,628

Nature of Operations and Going Concern (Note 1)
Contingent liabilities (Note 15)
Subsequent events (Note 18)

SIGNED ON BEHALF OF THE BOARD

(Signed) "Marc Henderson"
Director

(Signed) "Blaise Yerly"
Director

CYPHERPUNK HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended December 31,	2020	2019
Income (loss)		
Interest income	\$ 1,493	\$ 12,265
Net realized gain (loss) on cryptocurrencies (Note 7)	1,302,751	(627)
Net unrealized gain (loss) on cryptocurrencies (Note 7)	5,319,245	(342,609)
Unrealized loss on investments (Note 8)	<u>(595,510)</u>	<u>(487,696)</u>
	<u>6,027,979</u>	<u>(818,667)</u>
Expenses		
General and administrative	\$ 17,435	\$ 15,009
Consulting fees (Note 14)	48,583	53,000
Professional fees (Note 14)	12,500	13,177
Director fees (Note 14)	7,500	11,250
Rent and administrative services (Note 14)	13,266	26,660
Foreign exchange loss	<u>334,711</u>	<u>45,696</u>
	<u>433,995</u>	<u>164,792</u>
Total comprehensive income (loss)	<u>\$ 5,593,984</u>	<u>\$ (983,459)</u>
Net income (loss) per share - basic & diluted	\$ 0.06	\$ (0.01)
Weighted average number of shares outstanding	<u>94,025,178</u>	<u>90,166,482</u>

CYPHERPUNK HOLDINGS INC.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Common Shares	Capital Stock	Reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, October 1, 2019	90,166,482	\$ 8,187,214	\$ 11,656,565	\$ 4,139	\$ (14,414,534)	\$ 5,433,384
Net loss for the period	-	-	-	-	(983,459)	(983,459)
Balance, December 31, 2019	90,166,482	8,187,214	11,656,565	4,139	(15,397,993)	4,449,925
Units issued for cash in private placement (Note 12)	10,100,000	505,000	-	-	-	505,000
Share issuance costs (Note 11)	-	(11,766)	-	-	-	(11,766)
Issuance of warrants (Note 12)	-	(132,664)	132,664	-	-	-
Stock-based compensation (Note 12)	-	-	365,887	-	-	365,887
Net income for the period	-	-	-	-	1,362,481	1,362,481
Other comprehensive income	-	-	-	(2,013)	-	(2,013)
Balance September 30, 2019	100,266,482	8,547,784	12,155,116	2,126	(14,035,512)	6,669,514
Warrants exercised (Note 13)	150,000	15,000	-	-	-	15,000
Fair value of warrants exercised (Note 13)	-	3,941	(3,941)	-	-	-
Net income for the period	-	-	-	-	5,593,984	5,593,984
Balance, December 31, 2020	100,416,482	\$ 8,566,725	\$ 12,151,175	\$ 2,126	\$ (8,441,528)	\$ 12,278,498

CYPHERPUNK HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended December 31,	2020	2019
Cash and cash equivalents (used in) provided by:		
Operating activities		
Net income (loss) for the year	\$ 5,593,984	\$ (983,459)
Adjustments for:		
Net unrealized loss (gain) on cryptocurrencies (Note 7)	(5,319,245)	342,609
Net realized loss (gain) on cryptocurrencies (Note 7)	(1,302,751)	627
Unrealized loss on investments (Note 8)	595,510	487,696
Foreign exchange loss	328,107	42,056
Net change in non-cash working capital items:		
Sales tax receivable and prepaid expenses	(5,983)	10,320
Reallocation of other assets	2,025	2,025
Net purchases of cryptocurrencies (Note 7)	-	(262,617)
Accounts payable and accrued liabilities	(54,757)	(5,159)
Cash used in operating activities	(163,110)	(365,902)
Financing Activities		
Warrants exercised	15,000	-
Advance from shareholder (Note 10)	150,000	-
Cash provided by financing activities	165,000	-
Investing Activities		
Purchase of investments (Note 8)	\$ -	(445,027)
Sale of guaranteed investment certificate (Note 9)	-	52,720
Cryptocurrencies sales (Note 7)	1,406,809	-
Cash (used in) provided by investing activities	1,406,809	(392,307)
Change in cash and cash equivalents	1,408,699	(758,209)
Cash and cash equivalents, beginning of the period	485,379	1,742,674
Cash and cash equivalents, end of the period	\$ 1,894,078	\$ 984,465

Supplementary cash flow information

Cryptocurrency used in the loan granted to NGRAVE (Note 8)	\$ 158,763	\$ -
Purchase of cryptocurrencies with other cryptocurrencies (Note 7)	\$ 1,282,431	\$ 208,060

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended December 31, 2020 and 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

Cypherpunk Holdings Inc. (the "Company" or "Cypherpunk") is a publicly listed company incorporated in Canada under the legislation of the Province of Ontario. The registered office of the Company is located at The Exchange Tower, 130 King Street West, Suite 3680, Toronto, Ontario, Canada M5X 1B1. Since February 4, 2019, the Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "HODL".

The Company business plan is focused on investments centred on the thesis that technologies and cryptocurrencies with strong privacy will have strong market demand; consequently, its targeted portfolio is shared between cryptocurrencies and investments in entities which enhance the overall privacy of the internet or enable further decentralization of blockchain networks.

At December 31, 2020, the Company has a working capital of \$10,468,955 (September 30, 2020 - \$4,244,226), and has accumulated losses of \$8,441,528 (September 30, 2020 - \$14,035,512). The Company business model is to make investments in cryptocurrencies and blockchain technology which are exposed to risk and uncertainty as they are part of an emerging industry, all of which creates material uncertainty and casts significant doubt upon the Company's ability to continue as a going concern.

The Company's cryptocurrencies may be subject to significant fluctuations in value and are subject to risks unique to the asset class and different from traditional financial assets (Note 16). Additionally, certain assets are held in cryptocurrency exchanges or with custodians that are limited in oversight by regulatory authorities.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiary, or on its ability to raise capital to fund operations, in future periods.

On February 25, 2021, the Board of Directors approved the interim condensed consolidated financial statements for the periods ended December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and their interpretations issued by the IFRS Interpretations Committee.

These interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2020 which includes the information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies are presented as Note 2 in the audited consolidated financial statements for the year ended September 30, 2020, and have been consistently applied in the preparation of these interim condensed consolidated financial statements.

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The interim condensed consolidated financial statements as at December 31, 2020 and 2019 have been prepared and presented on a going concern basis.

Principles of Consolidation

The interim condensed consolidated financial statements include all entities over which the Company has control. For accounting purposes, control is established by an investor when it 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 over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are no longer consolidated on the date control ceases.

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary located in Netherlands, Khan Resources B.V. ("KRBV").

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the interim condensed consolidated financial statements.

Basis of Measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and cryptocurrencies which are measured at fair value less cost to sell. In addition, the interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21. The functional currency of the parent company Cypherpunk Holdings Inc. is the Canadian dollar and the functional currency of the wholly owned subsidiary KRBV is the Euro. The presentation currency for the Company is the Canadian dollar.

Cryptocurrencies

The Company's cryptocurrencies are primarily traded in active markets and are purchased with the intent to resell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Company has determined that its holding of cryptocurrencies should be accounted for under IAS 2, Inventories, and it meets the definition of a commodity broker-trader. Under IAS 2, cryptocurrencies are measured at fair value less cost to sell, with changes in fair value recognized in profit or loss. In accordance with IAS 2, commodity broker-traders are those who buy or sell commodities for others or on their own account. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. As these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of IAS 2.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, income and expenses. Actual results may differ from those estimates.

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended December 31, 2020 and 2019

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Significant Judgements

Classification of cryptocurrencies as current assets - The Company has determined to classify its holding of cryptocurrencies as current assets, based on its assessment that they are considered to be commodities, and the availability of liquid markets to which the Company may sell such assets to generate a profit from price fluctuations.

Accounting for cryptocurrencies - The Company applied judgement in the determination that its holding of cryptocurrencies should be accounted for under IAS 2, Inventories, since it meets the definition of a commodity broker-trader. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin.

Valuation techniques - The fair value of investments are measured using an income or market approach (Note 16). The determination of the fair value requires significant judgement by the Company. The Company acts in good faith to fair value its investments on the date of purchase and on a quarterly basis thereafter, consistent with fair value accounting guidance in accordance with IFRS 13, Fair Value Measurement.

Significant Estimates

Valuation of cryptocurrencies and investments - The Company's cryptocurrencies are traded in active markets and are valued based upon quoted prices at period end as of 24:00 UTC (less any costs to sell) but some of the Company's investments are not actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs. These valuations require the Company to make significant estimates and assumptions.

Realized gains and losses from the sale and disposition of cryptocurrencies and investments, whether by conversion to cash or other cryptocurrencies, are recorded as net realized gain (loss) on cryptocurrencies and net realized gain (loss) on investments, respectively. Unrealized gains and losses on cryptocurrencies and investments due to the change in fair market value are recorded as net unrealized gain (loss) on cryptocurrencies and net unrealized gain (loss) on investments, respectively.

Stock-based compensation and valuation of warrants in units offerings - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the stock-based payments and warrants issued in units offerings. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life and expected dividend yield.

4. CASH AND CASH EQUIVALENTS

The balance consists of funds in cash and banks immediately available for their use in the Company's operations and cashable guaranteed investment certificates ("GIC"). Any cashable GIC pledged as security is presented as restricted cash in the other assets account.

	December 31, 2020	September 30, 2020
Cash in banks	\$ 1,638,922	\$ 231,629
Guaranteed investment certificates - GIC	255,156	253,750
	\$ 1,894,078	\$ 485,379

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended December 31, 2020 and 2019

5. SALES TAX RECEIVABLE AND PREPAID EXPENSES

The balances are comprised as follows:

	December 31, 2020	September 30, 2020
Prepaid expenses and advances	13,737	11,736
Harmonized sales tax	10,405	6,424
	\$ 24,142	\$ 18,160

6. CONVERTIBLE LOAN RECEIVABLE

On December 29 2020, the Company granted a convertible loan of 100,000 Euros (\$158,763) to NGRAVE.IO ("NGRAVE"), a limited liability company located in Antwerpen, Belgium, for a 12-month period. NGRAVE is a digital asset and blockchain security provider that owns ZERO, a fully offline hardware wallet that features EAL7, the world's highest security certification for its secure operating system.

The loan is subject to a gross annual interest of 5% and is payable on December 29, 2021; on this date, the loan and accrued interest will be converted into common stock of NGRAVE at a price per share equal to 95% of the price per share paid by the investors in a qualified equity financing. At December 31, 2020 the accrued interest is \$87 based on the annual effective interest rate of the loan of 10.3%.

The activity of the loan receivable for the period ended December 31, 2020 is as follows:

Loan at date of granting - December 29, 2020	\$ 158,763
Interest accrued	87
Foreign exchange	(2,683)
Balance at December 31, 2020	\$ 156,167

7. CRYPTOCURRENCIES

Cryptocurrencies are digital currencies that are typically part of a decentralized system of recording transactions and issuance of new units and that rely on cryptography to secure its transactions, to control the creation of additional units, and to verify the transfer of assets.

As at December 31, and September 30, 2020, the balance of cryptocurrencies at cost and at market value is as follows:

	Quantity	Cost (USD) (a)	Cost (a)	Market Value
Bitcoin	231.9	\$ 2,279,228	\$ 2,901,913	\$ 8,672,373
Balance at December 31, 2020		\$ 2,279,228	\$ 2,901,913	\$ 8,672,373

	Quantity	Cost (USD) (a)	Cost (a)	Market Value
Bitcoin	263.7	\$ 2,286,650	\$ 3,050,162	\$ 3,793,134
Ethereum	278.4	100,202	133,659	133,667
Balance at September 30, 2020		\$ 2,386,852	\$ 3,183,821	\$ 3,926,801

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended December 31, 2020 and 2019

7. CRYPTOCURRENCIES (Continued)

(a) The cost is determined as the historical weighted average cost of the cryptocurrencies acquisitions and disposals of which \$5,319,245 has been recognized as an unrealized gain on cryptocurrencies during the period ended December 31, 2020 (2019 - loss of \$342,609).

The continuity of the cryptocurrencies account is as follows:

Balance at October 1, 2019	\$	1,975,762
Cash purchases		1,190,717
Purchases with other cryptocurrencies		553,018
Transfers to other cryptocurrencies		(441,277)
Net unrealized gain on cryptocurrencies		657,698
Foreign exchange		(9,117)
Balance at September 30, 2020		3,926,801
Cash proceeds from sales		(1,406,809)
Realized gain on cryptocurrencies sales		1,302,751
Cryptocurrencies used in the the loan granted to NGRAVE (Note 6)		(158,763)
Purchases with other cryptocurrencies		1,282,431
Transfers to other cryptocurrencies		(1,282,431)
Unrealized gain on cryptocurrencies		5,319,245
Foreign exchange		(307,213)
Cryptocurrencies used for transaction fees payment		(3,639)
Balance at December 31, 2020	\$	8,672,373

The Company's net realized gain on cryptocurrencies of \$1,302,751 (2019 - loss of \$627) is calculated as the proceeds received, utilizing the closing price on www.coinmarketcap.com for crypto-to-crypto transactions, less its assigned average cost as at the transaction date. The Company's net unrealized gain or loss on cryptocurrencies is calculated as the change in fair value of the cryptocurrency from the beginning of the period.

8. INVESTMENTS

The Company's investments in equity instruments are classified as FVTPL and are carried at fair value. The detail is as follows:

	Quantity	December 31, 2020	Quantity	September 30, 2020
Hydro66 Holdings Corp. - Shares	3,842,000	\$ 845,240	3,842,000	\$ 1,440,750
zkSnacks Limited - Shares	4,500	445,027	4,500	445,027
Chia Network Inc. - SAFE	-	381,960	-	400,170
Streetside Development, LLC (formerly Katana Cryptographic Ltd.) - Interest	1,429	126,516	1,429	126,516
		\$ 1,798,743		\$ 2,412,463

During the current period there have not been any activity other than the described in the below investments continuity chart. More details of the investments are disclosed in the audited consolidated financial statements at September 30, 2020.

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended December 31, 2020 and 2019

8. INVESTMENTS (Continued)

The continuity of the investments account for the period ended December 31, 2020 and year ended September 30, 2020, is as follows:

Balance at October 1, 2019	\$	1,724,502
Purchases		445,027
Proceeds from sale		(292,491)
Realized gain on investments		171,311
Unrealized gain on investment		361,234
Foreign exchange		2,880
Balance at September 30, 2020		2,412,463
Unrealized loss on investments		(595,510)
Foreign exchange		(18,210)
Balance at December 31, 2020	\$	1,798,743

9. OTHER ASSETS

The balances are comprised as follows:

	December 31, 2020	September 30, 2020
Non-current prepaid insurance	\$ 10,800	12,825
	\$ 10,800	\$ 12,825

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balances are comprised as follows:

	December 31, 2020	September 30, 2020
Trade accounts payable	\$ 68,630	\$ 63,235
Accrued liabilities	57,346	120,396
Advance from shareholder (a)	150,000	-
Due to Laramide Resources Ltd. (Note 14)	1,248	2,276
Due to Treasury Metals Inc. (Note 14)	581	207
	\$ 277,805	\$ 186,114

(a) In connection with the private placement offering disclosed in Note 18, a shareholder sent his capital contribution in advance.

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Three Months Ended December 31, 2020 and 2019

11. CAPITAL STOCK

a) AUTHORIZED

Unlimited common shares

b) ISSUED

COMMON SHARES	Number of Shares	Stated Value
Balance at September 30, and December 31, 2019	90,166,482	\$ 8,187,214
Units issued for cash in private placement	10,100,000	505,000
Share issuance costs	-	(11,766)
Issuance of warrants	-	(132,664)
Balance, at September 30, 2020	100,266,482	\$ 8,547,784
Warrants exercised	150,000	15,000
Fair value of warrants exercised	-	3,941
Balance at December 31, 2020	100,416,482	\$ 8,566,725

On August 27, 2020, the Company closed a private placement for aggregate gross proceeds of \$505,000 through the issuance of 10,100,000 units at a price of \$0.05 per unit. Each unit consisted of one common share and one half common share purchase warrant. Each full warrant entitles his holder to acquire one common share at an exercise price of \$0.10 for a period of 24 months from the date of issuance. The Company incurred in \$11,766 of issue costs in connection with the private placement. Using the relative fair value method, \$132,664 was attributed to the warrants (Note 13).

12. STOCK-BASED COMPENSATION

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options to acquire shares of the Company to directors, officers, consultants and other key employees of the Company. The number of common shares subject to options granted under the Plan is limited to the greater of 5 million or 10% in the aggregate, of the number of issued and outstanding common shares of the Company at the date of the grant of the option. The exercise price of any option granted under the Plan may not be less than the fair market value of the common shares at the time the option is granted, less any permitted discount. Options issued under the Plan may be exercised during a period determined by the board of directors which cannot exceed five years. The plan does not require any vesting period and the board of directors may specify a vesting period on a grant by grant basis.

On August 28, 2020, the Company issued 3,750,000 options to directors, officers, and consultants to buy common shares at an exercise price of \$0.10 per common share and expiring on August 28, 2025. The stock options vest at issue date. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.10, dividend yield 0%, expected volatility based on historical volatility of 201.05%, a risk free interest rate of 0.41%, and an expected life of 5 years. The fair value of the options was estimated at \$365,887 and was recognized in the statement of comprehensive income (loss) for the period ended September 30, 2020.

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Three Months Ended December 31, 2020 and 2019

12. STOCK-BASED COMPENSATION (Continued)

The continuity of outstanding and exercisable stock options for the period ended December 31, 2020 and for the year ended September 31, 2020 is as follows:

	December 31, 2020	Weighted average exercise price	September 30, 2020	Weighted average exercise price
Beginning Balance	7,850,000	\$0.10	5,900,000	\$0.10
Issued	-	-	3,750,000	\$0.10
Cancelled	-	-	(1,800,000)	\$0.10
Ending Balance	7,850,000	\$0.10	7,850,000	\$0.10

The detail of outstanding and exercisable options at December 31, 2020 and September 30, 2020 is as follows:

Expiry Date	December 31, 2020	Exercise price	September 30, 2020	Exercise Price
June 1, 2023	3,200,000	\$0.10	3,200,000	\$0.10
June 1, 2023	900,000	\$0.07	900,000	\$0.07
August 28, 2025	3,750,000	\$0.10	3,750,000	\$0.10
	7,850,000		7,850,000	

CYPHERPUNK HOLDINGS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13. WARRANTS

In connection with the private placement completed on August 27, 2020 (Note 11), the Company issued 5,050,000 warrants exercisable within 24 months at a price of \$0.10 per share. The warrants were assigned a fair value of \$132,664 using the Black-Scholes option pricing model with the following assumptions: share price \$0.09, dividend yield 0%, expected volatility, based on historical volatility 162.2%, a risk free interest rate of 0.29% and an expected life of 2 years.

The continuity of outstanding warrants for the period ended December 31, 2020 and the year ended September 30, 2020 is as follows:

	December 31, 2020	Weighted average exercise price	September 30, 2020	Weighted average exercise price
Beginning Balance	5,050,000	\$0.10	-	\$0.10
Issued	-	-	5,050,000	\$0.10
Exercised	(150,000)	\$0.10	-	-
Ending Balance	4,900,000	\$0.10	5,050,000	\$0.10

The detail of outstanding warrants at December 31, 2020 and September 30, 2020 is as follows:

Expiry Date	December 31, 2020	September 30, 2020	Exercise Price
August 27, 2022	4,900,000	5,050,000	\$0.10

14. RELATED PARTY DISCLOSURES

The Company's related parties include its subsidiary, key management personnel and any entity related to key management personnel that has transactions with the Company. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

During the period ended December 31, 2020, Laramide Resources Ltd. ("Laramide"), a company having a director and officer in common with the Company, charged \$3,600 (2019 - \$22,500) for financial and administrative services, rent and other shared expenditures. In addition, Laramide paid \$5,942 (2019 - \$4,526) of certain expenses on behalf of the Company which were subsequently reimbursed to Laramide. At December 31, 2020, there is \$1,248 (September 30, 2020 - \$2,276) of accounts payable to Laramide (Note 10).

During the period ended December 31, 2020, Treasury Metals Inc. ("Treasury Metals"), a company having a director and officer in common with the Company, paid Nil (2019 - \$839) of certain expenses on behalf of the Company. At December 31, 2020, there is \$581 (September 30, 2020 - \$207) of accounts payable to Treasury Metals (Note 10).

During the period ended December 31, 2020, the Company paid \$18,000 (2019 - \$18,000) for consulting services provided by an officer and director of the Company. At December 31, 2020 there is \$21,881 (September 30, 2020 - \$20,340) of accounts payable to this related party.

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14. RELATED PARTY DISCLOSURES (Continued)

During the period ended December 31, 2020, the Company paid \$10,500 (2019 - \$Nil) for consulting services provided by an officer of the Company. At December 31, 2020 there is \$3,500 (September 30, 2020 - \$3,500) of accounts payable to this related party.

During the period ended December 31, 2020, the Company paid \$18,000 (2019 - \$Nil) for consulting services provided by a director and officer of the Company. At December 31, and September 30, 2020 there is Nil of accounts payable to this related party.

During the period ended December 31, 2020, the Company paid Nil (2019 - \$27,626) for legal services by a firm of which an officer of the Company is a partner. At December 31, 2020 there is \$145 of accounts payable to this related party (September 30, 2020 - \$4,358).

Key Management Compensation

Key management includes the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and directors of the Company.

The compensation payable to key management is shown below:

Period ended December 31	2020	2019
Consulting fees	\$ 46,500	\$ 44,000
Director fees	7,500	11,250
	\$ 54,000	\$ 55,250

At December 31, 2020, included in accounts payable and accrued liabilities is \$7,500 (September 30, 2020 - \$7,500) owed relating to director fees.

15. CONTINGENT LIABILITIES

a) Netherlands Preliminary Tax Assessment - On February 15, 2017 the Company received an income tax reassessment from the Netherlands tax authority reassessing the Company's subsidiary KRBV for an amount payable of 3.3 million euros (CAD\$5 million). This reassessment was pursuant to management challenging an earlier preliminary assessment for an amount payable by KRBV of 11.4 million euros. The preliminary tax assessment and the reassessment were both issued before KRBV had filed its 2016 tax return and as such are based on incomplete information. The 2016 tax return has since been filed. It is management's opinion that the assessed amount payable of 3.3 million euros (CAD\$5 million) continues to be an over assessment. The Netherlands Tax Authority has again issued a preliminary assessment and the Company has filed a notice of objection to this assessment. Management believes that this issue will be resolved when the Netherlands tax authority has completed a review of all the facts. As a result, no provision has been made for this reassessment in these interim condensed consolidated financial statements.

b) Former Officer Claim - In October 2017, the former Chief Executive Officer filed a \$775,000 claim for severance and damages against the Company. The Company believes the severance is not appropriate and the amount claimed is not probable to be paid. No provision has been made for the claim in these interim condensed consolidated financial statements. During the period ended September 30, 2019 the Company paid \$25,000 as an interim settlement ordered by the Court of Ontario.

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16. FINANCIAL RISK FACTORS

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the investment in cryptocurrencies and blockchain companies. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to be its capital stock, warrant, and stock option components of shareholders' equity.

To effectively manage the Company's capital requirements, the management has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient working capital and planned future capital raises to meet its short-term business requirements, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and short-term investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended December 31, 2020.

Risk Disclosures

Exposure to credit, interest rate, cryptocurrency and currency risks arises in the normal course of the Company's business.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Company limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. Furthermore, crypto-exchanges engage in the practice of commingling their clients' assets in exchange wallets. When cryptoassets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions or the existence of period end balances represented by exchanges.

As at December 31, 2020, the Company holds \$1,894,078 in cash and cash equivalents at high credit quality financial institutions, \$156,167 in a convertible loan receivable from a third party for which the Company intends to convert the loan into its shares in a financing to be performed in the short-term, and \$8,672,373 in cryptocurrencies at a custodian regulated by the New York Department of Financial Services. The Company's due diligence procedures around exchanges and custodians utilized throughout the period include, but are not limited to, internal control procedures around on-boarding new exchanges or custodians which includes review of the exchanges or custodians anti-money laundering ("AML") and know-your-client ("KYC") policies by the Company's chief investment officer, constant review of market information specifically regarding the exchanges or custodians security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing weekly asset management reports to ensure limits are being followed and having a fail-over plan to move cash and cryptocurrencies held on an exchange or with a custodian in instances where risk exposure significantly changes.

There is no significant credit risk with respect of receivables.

Interest Rate Risk

The Company has no exposure to interest rate risk since there are no outstanding debts or other payables subject to interest charges at the end of the reported periods.

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16. FINANCIAL RISK FACTORS (Continued)

Cryptocurrencies Risk

Cryptocurrencies are measured at fair value less cost to sell. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Company is related to the current and future market price of cryptocurrencies; in addition, the Company may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history, their fair values have historically been volatile and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Company's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware, and could lead to theft of the Company's digital wallets and the loss of the Company's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

The cryptocurrency exchanges on which the Company may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Company to recover money or cryptocurrencies being held on the exchange. Further, the Company may be unable to recover cryptocurrencies awaiting transmission into or out of the exchange, all of which could adversely affect an investment of the Company. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of cryptocurrencies, or may adversely affect the Company, its operations and its investments.

Furthermore, crypto-exchanges engage in commingling their client's 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. Therefore, there is a risk around the occurrence of transactions or existence of period end balances represented by exchanges.

Loss of access risk

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the cryptocurrency.

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16. FINANCIAL RISK FACTORS (Continued)

Irrevocability of transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

Hard fork and air drop risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Company, it is expected that the Company would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency that they will be able to claim a certain amount of the new cryptocurrency for free.

The Company may not be able to realize the economic benefit of a hard fork or air drop, either immediately or ever, for various reasons. For instance, the Company may not have any systems in place to monitor or participate in hard forks or airdrops.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's investments are susceptible to other market risk arising from uncertainties about future prices of the instruments. The Company moderates this risk through the various investment strategies within the parameters of the Company's investment guidelines.

As of December 31, 2020, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Company's investments, with all other variables held constant, is \$179,874.

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currencies giving rise to this risk are primarily the U.S. dollar and the Euro, the balance of net monetary assets in such currencies as of December 31, 2020 is \$10,597,085 (September 30, 2020 - \$4,725,471). Sensitivity to a plus or minus 10% change in the foreign exchange rates would affect the net comprehensive loss by \$1,059,709.

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result of its trade accounts payable as well as the risk of not being able to liquidate assets at reasonable prices. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had cash and cash equivalents balance of \$1,918,220 (September 30, 2020 - \$503,539) to settle current liabilities of \$277,805 (September 30, 2020 - \$186,114). All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Fair Value Hierarchy

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 – Financial Instruments; Fair Value Measurement ("IFRS 13").

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16. FINANCIAL RISK FACTORS (Continued)

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

December 31, 2020:	Level One	Level Two	Level Three
Cash and cash equivalents	\$ 1,894,078	\$ -	\$ -
Convertible loan receivable	-	-	156,167
Cryptocurrencies	-	8,672,373	-
Investments	845,240	-	953,503
	\$ 2,739,318	\$ 8,672,373	\$ 1,109,670

September 30, 2020:	Level One	Level Two	Level Three
Cash and cash equivalents	\$ 485,379	\$ -	\$ -
Investments	-	3,926,801	-
Investments	1,440,750	445,027	526,686
	\$ 1,926,129	\$ 4,371,828	\$ 526,686

There have been no transfers between levels 1, 2 or 3 during the reported periods except for the sale of a previously reported level 2 GIC during the current period (Note 9).

The Company's cryptocurrencies are classified as Level Two determined by taking the price from www.coinmarketcap.com as of 24:00 UTC.

The Company's investments are classified as Level One, Two or Three depending on the inputs utilized to determine the fair value at period or year end.

The investment classified as Level One is the 3,842,000 shares of Hydro66. The shares have a fair value of \$845,240 at December 31, 2020 (September 30, 2020 - \$1,440,750). The fair value of the shares is determined using the stock price of Hydro66 which is listed under the trading symbol "SIX". On December 31, 2020, the share price was \$0.22 (September 30, 2020 - \$0.38). The Company performed a sensitivity analysis on the fair value of the shares and noted that a 20% decrease in share price would result in a \$169,048 decrease in the fair value of the shares.

The loan classified as a Level Three is the Euros 100,000 convertible loan granted to NGRAVE (\$156,167 including accrued interest), a third party entity that operates in the digital asset and blockchain security business, for which the Company intends to convert the loan into its shares in a financing to be performed in the short-term. Investments classified as Level Three consist of the USD\$337,500 (CAD\$445,027) invested for 4,500 shares of zkSnacks, USD\$300,000 (CAD\$381,960) invested for a SAFE with Chia, and USD\$100,000 (CAD\$126,516) invested for an interest in Streetside Development. The fair value of the level three assets are determined using the consideration paid for each transaction plus accrued interest, when applicable. The Company performed a sensitivity analysis on the carrying value of the Level 3 assets and noted that a 20% decrease would result in a \$221,934 decrease in their fair value.

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16. FINANCIAL RISK FACTORS (Continued)

The fair value of Level 3 assets is inherently subjective. Because of the uncertainty of fair value of assets that do not have readily ascertainable market values, management's conclusion of fair value for a financial asset on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the asset itself.

The following is the activity of Level 3 assets for the period ended December 31, 2020 and for the year ended September 30, 2019:

	Fair value October 1, 2020	Additions	Foreign exchange Gain	Fair value December 31, 2020
NGRAVE.IO - Convertible loan	\$ -	\$ 158,849	\$ (2,683)	\$ 156,166
zkSnacks Limited - Shares	445,027	-	-	445,027
Chia Network Inc. - SAFE	400,170	-	(18,210)	381,960
Streetside Development, LLC (formerly Katana Cryptographic Ltd.) - Interest	126,516	-	-	126,516
	\$ 971,713	\$ 158,849	\$ (20,893)	\$ 1,109,669

	Fair value October 1, 2019	Additions	Foreign exchange Gain	Fair value September 30, 2020
zkSnacks Limited - Shares	\$ -	\$ 445,027	\$ -	\$ 445,027
Chia Network Inc. - SAFE	397,290	-	2,880	400,170
Streetside Development, LLC (formerly Katana Cryptographic Ltd.) - Interest	126,516	-	-	126,516
	\$ 523,806	\$ 445,027	\$ 2,880	\$ 971,713

Accounts payable and accrued liabilities are measured at amortized cost which also approximates fair value.

17. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being investment in cryptocurrencies and blockchain technology.

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18. SUBSEQUENT EVENTS

- On January 15, 2021, the Company closed a non-brokered private placement offering through the issuance of 19,867,470 Units at a price of C\$0.15 per Unit for gross proceeds of C\$2,980,120. Each Unit is comprised of one common share in the capital of the Company and one half of one whole Common Share purchase warrant. Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of C\$0.25 until January 15, 2023. The net proceeds will be used to continue investing in cryptocurrencies, companies, technologies and protocols that enhance or protect privacy often in the blockchain ecosystem. In connection with the Offering, certain eligible finders received cash commissions in the aggregate amount of \$17,550. All securities issued in connection with the Offering are subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable security legislation. This Offering is subject to final approval of the Canadian Securities Exchange.

- Subsequent to December 31, 2020 and up to February 25, 2021, the date of approval of the financial statements by the Board of Directors, 3,225,000 warrants and 350,000 options have been exercised resulting in the issuance of 3,575,000 common shares of the Company.

- In February 2021, the Company purchased a package of IP addresses from Hype Enterprises for USD\$393,216. The package of IP addresses known as IPv4 Subnet 206.206.64.0/18 is intended to be leased to generate operating revenues.