

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Notice of No Auditors Review of Interim Financial Statements

Under National Instrument 51-102, if an auditor has not performed a review of interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements (unaudited) of CryptoStar Corp. (the “Company”) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

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

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2018

Financial Statements (Unaudited)

Condensed Interim Consolidated Statements of Financial Position	1
Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income	2
Condensed Interim Consolidated Statements of Changes in Deficiency	3
Condensed Interim Consolidated Statements of Cash Flows	4
Notes to the Condensed Interim Consolidated Financial Statements	5 – 17

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in US dollars)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash [Note 5]	793,454	249,382
Restricted cash	—	1,667,495
Deposits and prepaids [Note 6]	1,445,295	840,208
Digital currencies [Note 7]	611,124	1,007,209
Total current assets	2,849,873	3,764,294
Equipment [Note 8]	25,403,585	9,925,015
Deferred income tax asset	304,414	56,740
Total assets	28,557,872	13,746,049
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	1,339,772	91,277
Income taxes payable	65,239	203,510
Warrant liability [Note 10]	2,014,603	—
Total current liabilities	3,419,614	294,787
Payable to related party [Note 10]	2,051,328	1,811,507
Total liabilities	5,470,942	2,106,294
STOCKHOLDERS' EQUITY		
Share capital [Note 11]	24,790,861	9,356,659
Warrant and option reserve [Note 11]	989,982	—
Shares to be issued [Note 9]	—	1,643,004
(Deficit) retained earnings	(2,693,913)	640,092
Total stockholders' equity	23,086,930	11,639,755
Total liabilities and stockholders' equity	28,557,872	13,746,049

Nature of operations [Note 1]
Commitments [Note 15]
Segmented information [Note 16]
Subsequent events [Note 18]

Approved on behalf of the Board of Directors on November 26, 2018

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(Unaudited)
(Expressed in US dollars)

	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017	For the Three Months Ended September 30, 2018	For the Three Months Ended September 30, 2017
INCOME FROM MINING OF DIGITAL CURRENCY				
Income from mining of digital currency	13,018,503	3,998,630	3,877,994	2,376,409
Impairment of digital currency	(499,280)	—	1,960	—
Operating and maintenance costs	(4,674,001)	(748,201)	(2,209,008)	(515,863)
Depreciation	(6,232,090)	(788,392)	(2,766,920)	(370,606)
Net mining income (loss)	1,613,132	2,462,037	(1,095,974)	1,489,940
OPERATING EXPENSES				
Interest and bank charges	3,584	129,373	2,181	172
Stock based compensation	271,592	—	—	—
Management fees, salaries and wages	590,596	138,426	157,450	68,019
Office and administration	429,424	297,292	172,432	159,030
Professional fees	472,335	34,273	167,245	26,536
Realized loss on digital currency	700,052	—	84,672	—
Foreign exchange (gain)	(51,364)	—	—	—
Net (loss) income before undernoted items	(803,087)	1,862,673	(1,679,954)	1,236,183
Listing expense [Note 11]	637,157	—	637,157	—
Recognition and change in fair value of warrant liability [Note 10]	2,014,603	—	(837,639)	—
Net (loss) income before income taxes	(3,454,847)	1,862,673	(1,479,472)	1,236,183
Income taxes	(120,842)	698,150	(362,338)	232,717
Net (loss) income and comprehensive (loss) income for the period	(3,334,005)	1,164,523	(1,117,134)	1,003,466
(Loss) earnings per share, basic and diluted	(0.016)	0.010	(0.005)	0.008
Weighted average shares, basic and diluted [Note 17]	205,134,410	118,400,042	205,676,783	118,400,042

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Condensed Interim Consolidated Statements of Changes in Deficiency (Unaudited)
(Expressed in US dollars)

	Common stock			Warrant and Option Reserve	Shares to be Issued	(Deficit) Retained Earnings	Total
	Members' Capital	Shares	Amount				
See Note 2							
As at December 31, 2016	100	—	—	—	—	(183,981)	(183,881)
Net income for the period	—	—	—	—	—	1,164,523	1,164,523
As at September 30, 2017	100	—	—	—	—	980,542	980,642
Net income for period ended December 21, 2017	—	—	—	—	—	1,881,261	1,881,261
As at December 21, 2017	100	—	—	—	—	2,861,803	2,861,903
As at November 24, 2017	—	—	—	—	—	—	—
Shares issued on asset transfer	—	162,500,000	7,678,370	—	—	—	7,678,370
Shares issued for cash	—	4,310,000	1,678,289	—	—	—	1,678,289
Shares to be issued	—	—	—	—	1,643,004	—	1,643,004
Net income for the period	—	—	—	—	—	640,092	640,092
As at December 31, 2017	—	166,810,000	9,356,659	—	1,643,004	640,092	11,639,755
Shares issued for cash	—	38,690,000	14,519,973	—	(1,643,004)	—	12,876,969
Issuance costs [Note 11]	—	—	(598,778)	598,778	—	—	—
Stock based compensation [Note 11]	—	—	—	271,592	—	—	271,592
Deferred income taxes on share issuance cost	—	—	254,499	10,604	—	—	265,103
Reverse takeover transaction [Notes 1 & 11]	—	3,252,800	1,258,508	109,008	—	—	1,367,516
Net loss for the period	—	—	—	—	—	(3,334,005)	(3,334,005)
As at September 30, 2018	—	208,752,800	24,790,861	989,982	—	(2,693,913)	23,086,930

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in US dollars)

	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
OPERATING ACTIVITIES		
Net (loss) income for the period	(3,334,005)	1,164,523
Adjusted for:		
Income from mining of digital currency	(13,018,503)	—
Impairment of digital assets	499,280	—
Proceeds from sale of digital currency	12,215,256	—
Depreciation	6,232,090	788,392
Stock based compensation	271,592	—
Realized loss on digital currency	700,052	—
Warrants	2,014,603	—
Deferred income taxes	17,429	—
Listing expense	637,157	—
Changes in non-cash working capital items:		
Deposits and prepaid expenses	(605,087)	(413,772)
Accounts payable and accrued liabilities	1,240,822	—
Income taxes payable	(138,271)	698,150
Payable to related party	239,821	3,098,342
Shares to be issued	—	—
Cash provided by operating activities	6,972,236	5,335,635
INVESTING ACTIVITIES		
Purchases of property and equipment	(21,710,660)	(5,365,221)
Cash used in investing activities	(21,710,660)	(5,365,221)
FINANCING ACTIVITIES		
Cash acquired on reverse takeover transaction	738,032	—
Shares issued for cash	12,876,969	—
Cash provided by financing activities	13,615,001	—
Net decrease in cash during the period	(1,123,423)	(29,586)
Cash, beginning of the period	1,916,877	29,999
Cash, end of period	793,454	413

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

1. NATURE OF OPERATIONS

CryptoStar Corp. (formerly Aumento Capital VI Corporation (“Aumento”)), was incorporated under the *Business Corporations Act* (Ontario) (“OBCA”) on January 6, 2017 and was classified as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”).

CryptoStar Inc. (“CryptoStar”) was incorporated in the province of Ontario on November 24, 2017 under the OBCA. The Company’s head office is located at 181 Bay Street, Suite 4400, Toronto, ON M5J 2T3. The Company is in the business of providing infrastructure solutions in the blockchain industry, including the mining of digital currencies.

Reverse Takeover Transaction and Name Change

Effective September 26, 2018, Aumento completed its “Qualifying Transaction” as defined under the policies of the Exchange pursuant to the definitive qualifying transaction agreement between Aumento, Subco and CryptoStar dated August 17, 2018, (the “Transaction”). The Transaction involved the acquisition by Aumento of all of the issued and outstanding shares of CryptoStar (the “CryptoStar Shares”) by way of a three-cornered amalgamation. As part of the Transaction, CryptoStar amalgamated with Subco to form Amalco, a wholly-owned subsidiary of Aumento. CryptoStar Holdings Inc. (“Amalco”), formed pursuant to the amalgamation between the company previously named CryptoStar Inc. (“CryptoStar”) and 2626694 Ontario Inc. (“Subco”).

As a result of the Transaction, Aumento changed its name to “CryptoStar Corp.” Also refer Note 10 for more detailed explanation.

2. BASIS OF PRESENTATION

Statement of compliance

The notes presented in our unaudited condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in our annual audited financial statements; thus, our interim consolidated financial statements are referred to as condensed. Our condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2017 and 2016.

Our unaudited condensed interim consolidated financial statements are expressed in US dollars and follow the same accounting policies and methods of their application as set out in our consolidated financial statements for the year ended December 31, 2017. These condensed interim consolidated financial statements comply with International Accounting Standard 34, Interim Financial Reporting of the International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS-IASB”) and reflect all adjustments which are necessary for a fair statement of the results for the interim periods presented. The condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2018 and 2017 comprise the Company and its subsidiary CryptoStar USA, Inc., and its predecessor entities and operations, as more fully described below under “Basis of presentation”.

Our unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018, were authorized by our Board of Directors for issue on November 26, 2018.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

Basis of presentation

CryptoStar was a subsidiary of Adrenaline Pty Ltd. (“Adrenaline”) incorporated in 2001 under the Corporations Act (Cth) (Australia). CryptoStar was incorporated by Adrenaline in order to combine the existing cryptocurrency mining operations of Adrenaline and Blockmines, LLC (“Blockmines”), an entity under common control with Adrenaline, in the US, Canada and Iceland, to facilitate capital raising activities and to further expand mining operations.

In May and June 2017, Adrenaline entered into hosting service agreements with third party data centre operators to commence cryptocurrency mining businesses in Newfoundland and Labrador, Canada, and Reykjanes, Iceland, respectively.

On December 12, 2017, Adrenaline acquired all assets of Blockmines, a Delaware company formed in May 2016, with cryptocurrency mining assets based in Utah, USA.

On December 22, 2017, CryptoStar acquired all of the mining assets owned by Adrenaline in the US, Canada and Iceland through the issuance of 162,500,000 common shares. The common shares were measured at the December 21, 2017 carrying value for the assets acquired, net of liabilities assumed, of \$7,678,370. This amount consists of the combined retained earnings at December 21, 2017 of the cryptocurrency mining operations of \$2,861,803 and the balance of the payable to Adrenaline of, \$4,816,567, which was settled in the transaction.

All the subject entities and operations were under common control from formation through to their acquisition by CryptoStar from Adrenaline. Based on guidance available within IFRS 3 - *Business Combinations*, the acquisition has been determined to be a common control business combination. Since there is no specific guidance within IFRS 3 on the accounting treatment for common control business combinations, CryptoStar has elected to account for the acquisition at predecessor carrying values and to present the historical results of operations on the following basis:

- All assets acquired and liabilities assumed have been recognized by CryptoStar at the carrying values recorded by Blockmines and Adrenaline, and CryptoStar has presented the results of operations, cash flows and financial position of the historical operations as if they had been acquired at May 26, 2016, the earliest date when the cryptocurrency mining operations existed, being the date of formation of Blockmines.
- CryptoStar was incorporated on November 24, 2017 and upon acquisition of the cryptocurrency mining operations by CryptoStar on December 22, 2017, the members’ capital and retained earnings of Blockmines and the retained earnings of Adrenaline relating to the Canada and Iceland mining operations, have been closed on the date of transaction and is not carried forward to CryptoStar. Changes in members’ capital of Blockmines are included from May 26, 2016 to December 21, 2017 given that the cryptocurrency operations of Blockmines constituted the entirety of its business. By contrast, Adrenaline’s common stock is not reflected in the condensed interim consolidated financial statements as the cryptocurrency operations were carved out of Adrenaline, which has other operations, and did not have directly associated share capital.
- The Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income and Cash Flows comprise the following:
 - o Results of operations for Blockmines for the three and nine months ended September 30, 2017 and its cash flows for the nine months ended September 30, 2017.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

- Results of operations for CryptoStar for the three and nine months ended September 30, 2018 and its cash flows for the nine months ended September 30, 2018.
- The Condensed Interim Consolidated Statements of Changes in Equity comprise the following:
 - Issuance of members' capital and retained earnings (deficit) for Blockmines for nine six months ended September 30, 2017 and from July 1, 2017 through December 21, 2017.
 - Retained earnings for Adrenaline resulting from the Canada and Iceland mining operations, prepared on a carve-out basis from Adrenaline, from commencement of operations in May and June 2017, respectively, through December 21, 2017.
 - Issuance of CryptoStar common stock from November 24, 2017 to December 31, 2017, including the shares issued to effect the asset transfer from Adrenaline on December 22, 2017, and retained earnings for the same period.
 - Issuance of CryptoStar common stock and warrants and retained earnings of CryptoStar for the nine months ended September 30, 2018.

All intercompany and inter-operational transactions have been eliminated.

Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in our consolidated financial statements for the year ended December 31, 2017.

Going concern

These unaudited condensed consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date the Company has incurred an accumulated loss of 2,693,913. However, the Company has a positive cash flow from operations for the nine-month ended September 30, 2018 in the amount of \$6,972,236. The Company has a working capital deficiency as of the balance sheet date of \$569,741. The Company has raised debt and equity financing to fund its mining operations. Moreover, the Company anticipates further investment and will require additional debt and/or equity financing in order to develop its business.

Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future or available under terms acceptable to the Company, or that the Company will be able to generate sufficient returns from operations. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue and debt and/or equity financing sufficient to fund its cash flow needs. These circumstances indicate the existence of material uncertainty that casts significant doubt on the ability of the Company to meet its business plan and its obligations as they come due, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

these unaudited condensed interim consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the classifications used in the unaudited condensed interim consolidated statement of financial position. Such differences in amounts could be material.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in US dollars, which is the functional and presentation currency of CryptoStar and that of its subsidiaries and all predecessor operations during the periods.

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

3. CHANGES IN ACCOUNTING STANDARDS

Standards, interpretations and amendments to published standards adopted with an effect on the interim condensed consolidated financial statements

IFRS 15 - Revenue from contracts with customers

IFRS 15 was issued in May 2014 and replaces prior guidance, including IAS 18, Revenue. In April 2016, the IASB issued amendments to the standard that clarified specific guidance and provided additional transitional relief. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and can be applied on a retrospective basis or using a modified retrospective approach.

The new guidance includes a five-step, principles-based recognition and measurement approach, as well as requirements for accounting for contract costs, and enhanced quantitative and qualitative disclosure requirements. IFRS 15 excludes from its scope revenue related to lease contracts, insurance contracts and financial instruments.

The Company derives its income from digital currency received for providing “mining” services to a digital currency blockchain. Mining is the Company’s principal business activity and is the process by which transactions are verified and added to the blockchain. A miner is only able to validate transactions once their computer equipment has solved a computationally difficult mathematical problem. Under the previous revenue recognition guidance under IAS 18, the Company had determined that the substance of its mining activities is a service under IFRS notwithstanding the lack of a formal contractual arrangement under which it provides such services, as the services are provided through the blockchain protocol.

Under IFRS 15 however, the recognition of revenue requires that the Company have a contract with a customer and, on the blockchain, there is no identifiable customer nor contract in place with any customer. As a result, the value of the digital currency received for providing mining services does not qualify for recognition as revenue under IFRS 15. Rather, the Company accounts for the value of digital currency received as “other income” and presents this as “income from mining of digital currency” in the Statements of (Loss) Income and Comprehensive (Loss) Income. Historical presentation of revenue has been retrospectively amended to conform to the “other income” presentation adopted.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

Income from mining of digital assets

Other income earned from providing digital currency mining services is recognized by the Company when the digital currency is received for the mining services rendered. In return for the mining services rendered, digital currency is deposited into the Company's wallet and this income is recognized at the US dollar value of the digital currencies mined as at the time of actual receipt. The fair value is reliably measured using the closing price on Coin Market Cap on the date of receipt. Any costs associated with the Company's mining activities are incurred simultaneously with the earning of income. The Company has not deferred any expenditures with regards to fulfilling mining services.

IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments. IFRS 9 replaces the requirements in IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities, impairment for financial assets and general hedge accounting. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial asset is set out below. The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39. The adoption of IFRS 9 did not have any significant impact on the consolidated financial statements of the Company.

The classification and measurement of financial assets is determined on the basis of the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Changes in accounting standards not yet effective

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16"), which replaces IAS 17 – *Leases*, and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its condensed interim consolidated financial statements and plans to adopt the requirements in 2019.

IFRIC 23, Uncertainty Over Income Tax Treatments

IFRIC 23 was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its condensed interim consolidated financial statements and plans to adopt the requirements in 2019.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

4. CASH AND RESTRICTED CASH

Cash balance as at September 30, 2018 consists of cash held in the Company's bank account.

5. DEPOSITS AND PREPAIDS

	September 30, 2018	December 31, 2017
Security deposit	364,634	10,000
Prepaid service charges	1,080,661	830,208
	1,445,295	840,208

6. DIGITAL CURRENCIES

Digital currencies consist of Bitcoin coins. Below is a continuity of digital currencies mined, acquired through purchase, settled and impaired during the year. Prior to December 22, 2017, all Bitcoin mined was immediately applied to repay amounts due to related party with no resulting gain or loss on settlement.

	September 30, 2018		December 31, 2017	
	Bitcoin	\$	Bitcoin	\$
Opening balance	75.61	1,007,209	-	-
Mined additions	1,582.37	13,018,503	2,200.71	10,325,668
Bitcoin sold	(1,565.04)	(12,215,256)	-	-
Repaid to related party	-	-	(2,125.10)	(9,254,905)
Realized loss on digital currency	-	(700,052)	-	(63,554)
Impairment of digital currency	-	(499,280)	-	-
Ending balance	92.94	611,124	75.61	1,007,209

The fair value of digital currencies at September 30, 2018 is \$611,124 (December 31, 2017: \$1,007,209).

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

7. EQUIPMENT

	Mining equipment	Other property and equipment	Total
Cost			
Balance, December 31, 2016	536,361	85,707	622,068
Additions	9,691,399	1,738,234	11,429,633
Balance, December 31, 2017	10,227,760	1,823,941	12,051,701
Additions	12,173,267	9,537,394	21,710,661
Balance, September 30, 2018	22,401,027	11,361,335	33,762,362
Accumulated depreciation			
Balance, December 31, 2016	76,489	3,169	79,658
Depreciation	1,904,573	142,455	2,047,028
Balance, December 31, 2017	1,981,062	145,624	2,126,686
Depreciation	5,107,725	1,124,366	6,232,091
Balance, September 30, 2018	7,088,787	1,269,990	8,358,777
Net book value			
As at December 31, 2017	8,246,698	1,678,317	9,925,015
As at September 30, 2018	15,312,240	10,091,345	25,403,585

Cost includes amount of \$Nil (2017: \$1,460,915) prepaid for the acquisition of mining assets and \$Nil (2017: \$904,491) prepaid for the acquisition of other property and equipment. These assets were not available for use as at December 31, 2017, and hence, were not depreciated for the year ended December 31, 2017.

8. SHARES TO BE ISSUED

The Company received proceeds in the amount of \$1,643,004 as of December 31, 2017 with regard to issuance of the Company's common shares. These shares were issued January 4, 2018.

9. RELATED PARTY TRANSACTIONS

During the period ended December 31, 2017, substantially all expenses and additions of equipment were paid on the Company's behalf by Adrenaline, which is a related party by virtue of its shareholdings in the Company and common control.

Prior to the acquisition of Blockmines by Adrenaline (see Note 2), Adrenaline provided advances to Blockmines through a Line of Credit Promissory Note ("Note"), bearing interest at 12% per annum and secured by all of the assets of Blockmines. Interest paid to Adrenaline during the nine months period ended September 30, 2018 on the Note totaled \$Nil (2017: \$374,801). All amounts payable under the Note were settled on December 21, 2017.

The balance of \$2,051,328 (Dec 2017: \$1,811,507) payable to related party as at September 30, 2018 represents the amount advanced under a line of credit provided by Adrenaline on December 22, 2017. The available line of credit

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

totals \$4,000,000, bears interest at 12% per annum and is repayable on December 22, 2022. If the balance on the line of credit is paid prior to June 22, 2018, interest is waived and interest may be waived at any point at the sole discretion of Adrenaline. Adrenaline has waived the interest charge on the line of credit for the period.

Management fees, salaries and wages comprise amounts paid to personnel, including officers and directors, of Adrenaline for services provided.

The remuneration of key management personnel paid by Adrenaline on the Company's behalf during the periods was as follows:

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Management fees, salaries and wages to key management personnel	228,350	209,628

On January 4, 2018, CryptoStar issued 10,000,000 Management Warrants as part of the private placement. The warrants are exercisable at C\$0.10 per share for a period of three years. The initial value of these warrants was determined to be \$3,641,412 using the Black-Scholes option pricing model using a risk-free interest rate of 1.66%, volatility of 139%, expected life of 3 years, and 0% dividend yield. These warrants were revalued to \$2,014,603 at September 30, 2018 using the Black-Scholes option pricing model using a risk-free interest of 1.66%, volatility of 92.04%, expected life of 2.27 years, 0% dividend yield. This amount was charged as an expense and is reflected within warrant liability on the statement of financial position because the warrants are exercisable in a currency other than the functional currency of CryptoStar, in accordance with IFRS 9.

10. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and fully paid common shares

	September 30, 2018	December 31, 2017
Common shares - 208,752,800 (2017: 166,810,000)	24,790,861	9,356,659

On January 4, 2018, CryptoStar issued 2,204,700 Finder's Warrants relating to the private placement. The warrants are exercisable at C\$0.50 per share for a period of two years. The value of these warrants has been determined to be \$598,778 using the Black-Scholes option pricing model using a risk-free interest rate of 1.66%, volatility of 139%, expected life of 2 years, and 0% dividend yield. This amount reduces share capital as a cost of the private placement and is reflected within warrant and option reserve on the statement of financial position in accordance with IFRS 2.

On January 4, 2018, CryptoStar issued 1,000,000 Consultant's Warrants relating to the private placement. The warrants are exercisable at C\$0.50 per share for a period of two years. The value of these warrants has been determined to be \$271,592 using the Black-Scholes option pricing model using a risk-free interest rate of 1.66%, volatility of 139%, expected life of 2 years, and 0% dividend yield. This amount was charged as an expense and is reflected within warrant and option reserve on the statement of financial position in accordance with IFRS 2.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

Reverse Takeover Transaction

Pursuant to the reverse takeover transaction as explained in Note 1 to the condensed interim consolidated financial statements, CryptoStar was deemed to be the acquirer in the Acquisition for accounting purposes. Since Aumento's operations did not constitute a business, the Transaction was accounted for in accordance with IFRS 2. The purchase price is determined as the fair value of the shares and options that are held by the current shareholders of Aumento after completion of the Acquisition. For purposes of the pro-forma, the fair value of common shares has been determined to be C\$0.50 per share, reflecting the fair value of the CryptoStar shares. The fair value of the options has been determined using the Black-Scholes option pricing model. The excess of the amount paid over the fair value of the assets is charged to the income statement as expense of listing as detailed below:

Total purchase price for Aumento:

Common shares issued and outstanding	3,252,800
Price per share based on CryptoStar share price	C\$0.50 / US\$0.39855
Cost of acquisition, shares issued	1,258,508
Fair value of stock options issued	109,008
Total consideration	1,367,516
Less: fair value of net assets of Aumento	(730,359)
Excess paid over net assets - Listing expense	637,157

In connection with the Transaction, the Company issued:

(a) an aggregate of 205,500,000 common shares ("Common Shares") issuable in exchange for the outstanding CryptoStar Shares; and

(b) an aggregate of 13,204,700 warrants to purchase Common Shares in exchange for the outstanding warrants to purchase CryptoStar Shares, each exercisable into one Common Share at a price of \$0.50, with expiry dates ranging from January 4, 2020 to January 4, 2021.

Following completion of the Transaction, the Company has an aggregate of 208,752,800 Common Shares issued and outstanding.

Aumento has 325,280 options outstanding as at September 30, 2018. The fair value of the Options were estimated at \$109,008 using the Black-Scholes option pricing model with the following assumptions:

- expected dividend yield of 0%;
- expected volatility of 139%;
- risk-free interest rate of 1.66%;
- share price of \$0.50;
- forfeiture rate of nil; and
- expected life of 4.5 years.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in trust as at September 30, 2018.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long term obligations as and when they fall due. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused in digital currency prices and exchange rates.

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations as well as the currency in which the Company has historically raised capital.

The Company's presentation currency is the US dollar and major purchases are transacted in US dollars. Financing incurred to date has been completed in Canadian dollars. The fluctuation of the Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. The Company's net monetary position in the significant foreign currencies as of September 30, 2018 is summarized below with the effect on earnings before tax of a 10% fluctuation of each currency to the USD dollar:

	Net Monetary Position September 30, 2018 (US\$ equivalent)	Impact of 10% variance in foreign exchange rate
Canadian dollar	3,927	497

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

Fair value

The fair value of the Company's financial instruments approximates carrying value due to their short-term nature.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

12. DIGITAL CURRENCY AND RISK MANAGEMENT

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its coin sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. The Company's digital currencies currently consist of Bitcoin. The impact of a 25% variance in the price of this digital currency on the Company's earnings before tax, based on their closing prices at September 30, 2018 would be \$152,781.

13. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. 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 and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended September 30, 2018.

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company rents premises under operating leases which expire beginning in 2019. Annual minimum lease payments in aggregate and for the next five years:

2018	\$ 438,000
2019	436,000
2020	363,000
2021	375,000
2022	376,000
Thereafter	<u>31,000</u>
	<u>\$ 2,019,000</u>

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

15. SEGMENTED INFORMATION

The Company has three reportable segments related to the three countries in which it operates, namely, United States, Canada, and Iceland. The disclosure with regards to the Company's aforementioned locations are listed below:

Period Ended: September 30, 2018	USA	Canada	Iceland	Head Office	Total
Income from mining of digital currency					
Income from mining of digital currency	9,777,150	1,681,761	1,559,592	—	13,018,503
Impairment of digital currency	(374,969.03)	(64,498.17)	(59,812.80)	—	(499,280)
Operating and maintenance cost	(3,510,266)	(603,799)	(559,936)	—	(4,674,001)
Depreciation	(5,121,551)	(711,907)	(398,633)	—	(6,232,090)
Net mining income	770,364	301,557	541,210	—	1,613,132
Operating expenses					
Interest and bank charges	3,584	—	—	—	3,584
Stock based compensation	—	—	—	271,592	271,592
Management fees, salaries and wages	224,426	11,812	11,812	342,546	590,596
Office and administration	429,424	—	—	—	429,424
Professional fees	160,594	—	66,127	245,614	472,335
Realized loss on digital currency	525,753	90,434	83,865	—	700,052
Foreign exchange gain	—	—	—	(51,364)	(51,364)
Net (loss) income before undernoted items	(573,416)	199,311	379,406	(808,388)	(803,087)
Listing expense	—	—	—	637,157	637,157
Recognition and change in fair value of warrant liability [Note 10]	—	—	—	2,014,603	2,014,603
Net (loss) income before income taxes	(573,416)	199,311	379,406	(3,460,148)	(3,454,847)
Income taxes expense	(144,787)	132,783	(108,838)	—	(120,842)
Net (loss) income	(428,629.35)	66,528	488,244	(3,460,148)	(3,334,005)
Total assets	22,560,719	1,999,051	3,426,945	571,157	28,557,872
Total liabilities	1,750,701	5,471	5,471	3,709,299	5,470,942

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

Period Ended: September 30, 2017	USA	Canada	Iceland	Head Office	Total
Income from mining of digital currency					
Income from mining of digital currency	3,281,809	653,914	62,907	—	3,998,630
Impairment of digital currency	—	—	—	—	—
Operating and maintenance cost	(614,074)	(122,357)	(11,771)	—	(748,201)
Depreciation	(647,060)	(128,929)	(12,403)	—	(788,392)
Net mining income	2,020,676	402,628	38,733	—	2,462,037
Operating expenses					
Interest and bank charges	129,373	—	—	—	129,373
Stock based compensation	—	—	—	—	—
Management fees, salaries and wages	138,426	—	—	—	138,426
Office and administration	297,292	—	—	—	297,292
Professional fees	—	34,273	—	—	34,273
Realized loss on digital currency	—	—	—	—	—
Foreign exchange gain	—	—	—	—	—
Net income before undernoted items	1,455,585	368,355	38,733	—	1,862,673
Recognition and change in fair value of warrant liability [Note 10]	—	—	—	—	—
Net income before income taxes	1,455,585	368,355	38,733	—	1,862,673
Income taxes expense	545,569	138,063	14,518	—	698,150
Net income	910,016	230,292	24,216	—	1,164,523
Total assets	3,350,841	1,691,951	509,530	—	5,552,322
Total liabilities	1,796,435	2,085,616	105,980	—	3,988,031

16. (LOSS) EARNINGS PER SHARE

As a result of the common control business combination described in Note 2 to the consolidated financial statements for the periods ended December 31, 2017 and 2016, the calculation of basic and diluted earnings (loss) per share for the period ended September 30, 2018 has been calculated using the weighted average number of shares issued by the Company on acquisition of the operations of Blockmines as if the shares issued in the business combination had been outstanding during the period in which the Blockmines operations existed, including the period ended September 30, 2017.

CRYPTOSTAR CORP.
(Formerly Aumento Capital VI Corporation)
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
September 30, 2018
(Expressed in US dollars)

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events up to the date of November 26, 2018, the date of issuance of these interim condensed consolidated financial statements, and notes that although the price of Bitcoin was relatively stable from early September 2018 to mid-November 2018, a sharp decline in the price of Bitcoin in recent weeks has put a strain on the Company's liquidity.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue and debt and/or equity financing sufficient to fund its cash flow needs. As discussed in Note 2, above, these financial statements were prepared on a going concern basis in accordance with IFRS. The decline in the price of Bitcoin as at the date hereof indicates the existence of material uncertainty on the ability of the Company to meet its business plan and its obligations as they come due, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

The Company is exploring a variety of financing alternatives in an effort to ensure that the Company has sufficient liquidity to meet its near term financial needs.