

**FILING STATEMENT**

**IN RESPECT OF**

**THE QUALIFYING TRANSACTION OF**

**AUMENTO CAPITAL VI CORPORATION**

**August 17, 2018**

*Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement.*

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Appendix A – Resulting Issuer Stock Option Plan

## GLOSSARY OF TERMS

In this filing statement, unless otherwise defined or expressly stated herein or something in the subject matter or the context is clearly inconsistent therewith:

“**ACC Shares**” means the common shares in the capital of Aumento.

“**ACC Options**” means 325,280 incentive stock options of Aumento granted pursuant to the Stock Option Plan and 125,280 options of Aumento granted to Canaccord pursuant to the Initial Public Offering, each of which entitles the holder thereof to acquire one ACC Share.

“**ACC Shareholders**” means the holders of ACC Shares and “**ACC Shareholder**” means any one of them.

“**Adrenaline**” means Adrenaline Pty Ltd, a proprietary company under the *Corporations Act 2001* (Cth) (Australia).

“**Adrenaline Note**” has the meaning ascribed thereto under “*Non-Arm’s Length Party Transactions*”.

“**Affiliate**” means a Company that is affiliated with another Company as described below.

- (a) A Company is an “**Affiliate**” of another Company if:
  - (i) one of them is the subsidiary of the other; or
  - (ii) each of them is controlled by the same Person.
- (b) A Company is “**controlled**” by a Person if:
  - (i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and
  - (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.
- (c) A Person beneficially owns securities that are beneficially owned by:
  - (i) a Company controlled by that Person; or
  - (ii) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“**Amalco**” means the corporation resulting from the Amalgamation.

“**Amalgamation**” means the amalgamation of CryptoStar and Newco pursuant to the Amalgamation Agreement.

“**Amalgamation Agreement**” means the amalgamation agreement to be entered into among Aumento, Newco and CryptoStar.

“**Assets Transfer**” has the meaning ascribed thereto under “*General Development of the Business*”.

**“Associate”** when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
  - (b) any partner of the Person;
  - (c) any trust or estate in which a Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity;
  - (d) in the case of a Person that is an individual:
    - (i) that Person’s spouse or child; or
    - (ii) any relative of that Person or of his spouse who has the same residence as that Person;
- but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**“Audit Committee”** means the audit committee of the Board.

**“Aumento”** means Aumento Capital VI Corporation, a company formed under the OBCA.

**“Board”** means the board of directors of Aumento.

**“Blockchain”** means a distributed ledger comprised of blocks that serves as a historical transaction record of all past transactions and can be accessed by anyone with appropriate permissions. Blocks are chained together using cryptographic signatures. See *“Description of the Business – Background and History of Blockchain”*.

**“Blockmines”** has the meaning ascribed thereto under *“General Development of the Business”*.

**“Canaccord”** means Canaccord Genuity Corp.

**“Capital Pool Company”** or **“CPC”** means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the completion of a Qualifying Transaction has not yet occurred.

**“Closing”** means the closing of the Transaction.

“**Closing Date**” means the day that the Transaction occurs, which shall not be prior to the date upon which all regulatory approvals have been obtained for the transactions described herein, and including specifically the approval of the Exchange for the Transaction to be the Qualifying Transaction of Aumento and all conditions contained in the Qualifying Transaction Agreement shall be met or waived.

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Completion of the Transaction**” or “**Completion of the Qualifying Transaction**” means the date that the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“**CPC Escrow Agreement**” means the Escrow Agreement dated March 30, 2017 among Aumento, TSX Trust Company and certain securityholders of Aumento, in the form of Exchange Form 2F – CPC Escrow Agreement.

“**CPC Escrow Shares**” means the 2,000,000 ACC Shares held in escrow pursuant to the CPC Escrow Agreement.

“**CPC Policy**” means Policy 2.4 of the Exchange Corporate Finance Manual entitled “*Capital Pool Companies*”.

“**CryptoStar**” means CryptoStar Inc., a company formed under the OBCA.

“**CryptoStar Board**” means the board of directors of CryptoStar.

“**CryptoStar Consultant Warrants**” means the 1,000,000 share purchase warrants issued to a consultant on closing of the Private Placement. Each CryptoStar Consultant Warrant entitles the holder thereof to purchase one CryptoStar Share at a price of \$0.50 for a period of two years following the closing of the Private Placement.

“**CryptoStar Finder’s Warrants**” means the 2,204,700 finder’s warrants issued to Canaccord Genuity Corp. on closing of the Private Placement. Each CryptoStar Finder’s Warrant entitles the holder thereof to purchase one CryptoStar Share at a price of \$0.50 for a period of two years following the closing of the Private Placement.

“**CryptoStar Management Warrants**” means the 10,000,000 share purchase warrants issued to Adrenaline on closing of the Private Placement. Each CryptoStar Management Warrant entitles the holder thereof to purchase one CryptoStar Share at a price of \$0.50 for a period of three years following the closing of the Private Placement.

“**CryptoStar Securities**” means, collectively, the CryptoStar Shares and the CryptoStar Warrants and “**CryptoStar Security**” means any such security.

“**CryptoStar Securityholders**” means collectively, the holders of CryptoStar Securities and “**CryptoStar Securityholder**” means any one of them.

“**CryptoStar Shareholders**” means the holders of CryptoStar Shares and “**CryptoStar Shareholder**” means any one of them.

“**CryptoStar Shares**” means all of the shares in the capital of CryptoStar outstanding at the Time of Closing.

“**CryptoStar USA**” means CryptoStar USA, Inc., a company formed under the laws of the State of Delaware.

“**CryptoStar Warrants**” means, collectively, the CryptoStar Finder’s Warrants, CryptoStar Consultant Warrants and CryptoStar Management Warrants.

“**Electric Service Agreement**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Escrow Agent**” means TSX Trust Company.

“**Exchange**” or “**TSXV**” means TSX Venture Exchange Inc.

“**Filing Statement**” means this filing statement of Aumento dated August 17, 2018 filed with the Exchange pursuant to the Exchange requirements.

“**Final Exchange Bulletin**” means the bulletin issued by the Exchange following Completion of the Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Transaction.

“**Holdings**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Iceland Data Centre**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**IFRS**” means the International Financial Reporting Standards set by the International Accounting Standard Board which are applicable on the date on which any calculation is to be effective or the date of any financial statements referred to herein, as the case may be.

“**Initial Public Offering**” means the offering of 1,252,800 ACC Shares pursuant to the final prospectus of Aumento dated March 30, 2017.

“**Insider**” if used in relation to a Company, means:

- (a) a director or senior officer of the Company;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the Company;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company; or
- (d) the Company itself if it holds any of its own securities.

“**Listing Date**” means the date on which the Resulting Issuer Shares commence trading on the Exchange.

“**Miners**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Mining**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Name Change**” means the filing of articles of amendment to change to the name of Aumento to “CryptoStar Corp.” or such other name as CryptoStar may direct in writing and shall be acceptable to applicable regulatory authorities.

“**Newco**” means 2626694 Ontario Inc., a company formed under the OBCA.

“**NL Data Centre**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Non-Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Non-Arm’s Length Parties to the Qualifying Transaction**” means any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“**Non-Arm’s Length Qualifying Transaction**” means a Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the Qualifying Transaction.

“**OBCA**” means the *Business Corporations Act* (Ontario) as amended from time to time, the regulations and policies thereunder and any replacement legislation.

“**Person**” means a Company or individual.

“**Principal**” means a person who, upon completion of a Qualifying Transaction, will be:

- (a) a promoter of the Resulting Issuer;
- (b) a director or senior officer of the Resulting Issuer or of a material operating subsidiary of the Resulting Issuer;
- (c) a Person that beneficially owns, directly or indirectly, has control or direction over, or has a combination of direct or indirect beneficial ownership of and control or direction over, securities of the Resulting Issuer carrying more than 20% of the voting rights attached to all of the outstanding voting securities of the Resulting Issuer;
- (d) a person or Company that beneficially owns, directly or indirectly, has control or direction over, or has a combination of direct or indirect beneficial ownership of and control or direction over, securities of the Resulting Issuer carrying more than 10% of the voting rights attached to all of the outstanding voting securities of the Resulting Issuer, and:
  - (i) has appointed or elected, or has the right to appoint or elect, a director or senior officer of the Resulting Issuer; or

- (ii) one or more directors or senior officers of the Resulting Issuer is also a director or officer of, or beneficially owns, directly or indirectly or has control or direction over, or has a combination of direct or indirect beneficial ownership of and control or direction over, securities of that person or Company carrying more than 10% of the voting rights attached to all of the outstanding voting securities of that person or Company; or
- (e) a Company 20% or more of the voting rights attached to all of the outstanding voting securities of which are beneficially owned, directly or indirectly, by any one of the persons or companies referred to in clauses (a) through (d), or over which one or more of the persons or companies referred to in clauses (a) through (d) has or have control or direction (or a combination of beneficial ownership and control or direction); or
- (f) an Associate of a person or Company referred to in clauses (a) through (e).

**“Private Placement”** means the private placement of 43,000,000 CryptoStar Shares completed by CryptoStar on January 4, 2018 at a price of \$0.50 per CryptoStar Share for aggregate gross proceeds of \$21,500,000.

**“Qualifying Transaction”** means a transaction where a Capital Pool Company acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

**“Qualifying Transaction Agreement”** means the definitive qualifying transaction agreement dated August 17, 2018 between Aumento, NewCo and CryptoStar in respect of the Transaction.

**“Resulting Issuer”** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin. In the case of Aumento, the Resulting Issuer will be Aumento as it exists upon the Completion of the Transaction.

**“Resulting Issuer Stock Options”** means the incentive stock options of the Resulting Issuer granted pursuant to the Resulting Issuer Stock Option Plan, each of which entitles the holder thereof to acquire one Resulting Issuer Share.

**“Resulting Issuer Stock Option Plan”** means the fixed number incentive stock option plan approved by the shareholders of Aumento on March 14, 2018, to be the option plan of the Resulting Issuer, which provides that the board of directors of the Resulting Issuer may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of the Resulting Issuer, non-transferable options to purchase Resulting Issuer Shares, as attached as Appendix A.

**“Resulting Issuer Securities”** means the Resulting Issuer Stock Options, the Resulting Issuer Shares and the Resulting Issuer Warrants.

**“Resulting Issuer Shares”** means the common shares of the Resulting Issuer.

**“Resulting Issuer Warrants”** means the common share purchase warrants of the Resulting Issuer to be issued by the Resulting Issuer to holders of the CryptoStar Warrants in exchange for the CryptoStar Warrants.

“**Salary Allocation Agreement**” has the meaning ascribed thereto under “*Executive Compensation – Summary Compensation*”.

“**Share Exchange Ratio**” shall mean one ACC Share for each CryptoStar Share.

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the Capital Pool Company, together with any concurrent transactions, would result in the Capital Pool Company meeting the minimum listing requirements of the Exchange.

“**Sponsor**” has the meaning ascribed in Exchange Policy 2.2 “*Sponsorship and Sponsorship Requirements*”.

“**Stock Option Plan**” means the stock option plan of Aumento.

“**Surplus Security Escrow Agreement**” means the escrow agreement in the form of the Exchange’s Form 5D to be entered into by and among the Escrow Agent, the Resulting Issuer and certain Principals of the Resulting Issuer prior to the Completion of the Transaction.

“**Target Company**” means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction and, for the purposes of this Filing Statement, means CryptoStar.

“**Time of Closing**” means such time on the Closing Date as the parties hereto agree.

“**Transaction**” means the exchange of the CryptoStar Securities for Resulting Issuer Securities.

“**Utah Data Centre**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**Utah Lease**” has the meaning ascribed thereto under “*General Development of the Business*”.

“**US Mining Assets**” has the meaning ascribed thereto under “*General Development of the Business*”.

## CURRENCY

Unless otherwise specified or the context otherwise requires: (i) all references to “\$” or “C\$” are to Canadian dollars; and (ii) all references to “US\$” are to United States dollars.

## MEANING OF CERTAIN REFERENCES

As used in this Filing Statement, unless the context otherwise indicates, the terms “Aumento”, “we”, “us” and “our” mean Aumento Capital VI Corporation.

Statistical information and other data relating to the cryptocurrency industry in general included in this Filing Statement are derived from industry reports published by industry analysts, industry associations and/or independent consulting and data compilation organizations. Market data and industry forecasts used throughout this Filing Statement were obtained from various publicly available sources. Although we believe that these independent sources are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified.

For an explanation of certain technical terms and abbreviations used in this Filing Statement and not otherwise defined, see the “*Glossary*”.

## NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect beliefs of management of Aumento or CryptoStar and are based on information currently available to management of Aumento or CryptoStar.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Aumento, CryptoStar or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (A) the intention to complete the Transaction; (B) the description of the Resulting Issuer that assumes Completion of the Transaction; and (C) the intention to grow the business and operations of CryptoStar. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Filing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of Aumento or CryptoStar to obtain necessary financing; the economy generally; anticipated and unanticipated costs; the price of Bitcoin; the price and availability of Miners; and electricity prices. These forward-looking statements should not be relied upon as representing Aumento’s or CryptoStar’s views as of any date subsequent to the date of this Filing Statement. Although Aumento and CryptoStar have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Resulting Issuer. Additional factors are noted under “*Information Concerning the Resulting Issuer – Risk Factors*” in this Filing Statement. The forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements

included in this Filing Statement are made as of the date of this Filing Statement and neither Aumento nor CryptoStar undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

## AUMENTO CAPITAL VI CORPORATION

### SUMMARY OF FILING STATEMENT

(as at August 17, 2018, except as otherwise indicated)

*The following is a summary of information relating to Aumento, CryptoStar and the Resulting Issuer (assuming the Completion of the Transaction), and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.*

#### **Principal Terms of the Transaction**

The following summary is subject to the detailed provisions of the Qualifying Transaction Agreement and is qualified in its entirety by reference to the Qualifying Transaction Agreement which is available under Aumento's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On August 17, 2018, Aumento entered into Qualifying Transaction Agreement, pursuant to which the parties have agreed to complete the Transaction on the terms set out therein and in the Amalgamation Agreement. The Transaction will involve the amalgamation of CryptoStar and NewCo, a wholly-owned subsidiary of Aumento and the exchange of CryptoStar Securities for Resulting Issuer Securities based on the Share Exchange Ratio. Aumento will issue 205,500,000 Resulting Issuer Shares at a deemed issue price of \$0.50 per Resulting Issuer Share. In addition, Aumento will issue 13,204,700 Resulting Issuer Warrants and 2,600,000 Resulting Issuer Stock Options.

For further information on the proposed Transaction, see "*Information Concerning Aumento – Principal Terms of the Transaction*" below.

#### **Information Concerning CryptoStar**

CryptoStar Inc. is a private company incorporated under the OBCA on November 24, 2017. The head and the registered office of CryptoStar is located at 181 Bay Street, Suite 4400, Toronto, ON M5J 2T3.

CryptoStar operates in the distributed ledger technology space, utilizing specialized equipment to perform computationally intensive cryptographic operations to validate transactions on the Blockchain, receiving digital currencies (primarily Bitcoin).

CryptoStar currently has operations in Utah, USA, Newfoundland and Labrador, Canada and Reykjanesbæ, Iceland.

For further information regarding CryptoStar, see "*Information Concerning CryptoStar*" below.

#### **Not a Non-Arm's Length Qualifying Transaction**

The Transaction is not a Non-Arm's Length Qualifying Transaction.

#### **Interests of Insiders, Promoters or Control Persons of Aumento**

Except as otherwise stated herein, none of the Insiders, promoters or Control Persons of Aumento or any of their respective Associates and Affiliates (before and after giving effect to the Transaction) have any interest in the Transaction, other than that which arises from their holding of ACC Shares.

### **Estimated Available Funds and Proposed Principal Uses Thereof**

The following table sets out the estimated available funds after giving effect to the Transaction and the proposed principal uses for those funds:

<b>Item</b>	<b>Approximate Amount (US\$)</b>
Completion of infrastructure build-out	US\$1,240,000
General and administrative expenses	US\$570,000
<b>Total</b>	<b>US\$1,810,000</b>

Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management considers it to be in the best interests of Aumento and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

### **Selected Pro Forma Consolidated Financial Information**

The following table sets out select *pro forma* consolidated financial information of the following table sets out select *pro forma* consolidated financial information of the Resulting Issuer as at March 31, 2018 on a consolidated basis, expressed in United States dollars, based on the *pro forma* consolidated financial statements contained in this Filing Statement, after giving effect to the Transaction.

This table should be read in conjunction with the Company's *pro forma* financial statements attached hereto as Schedule "E".

<b>Designation</b>	<b>Amount Authorized or to be Authorized</b>	<b>Amounts After Giving Effect to the Transaction</b>
Resulting Issuer Shares	Unlimited	208,752,800
ACC Options	N/A	450,560
Resulting Issuer Stock Options	41,750,560	2,600,000
Resulting Issuer Warrants	N/A	13,204,700
Long-term Debt	N/A	Nil
Total Assets	N/A	US\$28,716,224
Total Liabilities	N/A	US\$5,593,899
Total Shareholders' Equity	N/A	US\$28,716,224

### **Aumento's Listing on the Exchange**

The outstanding ACC Shares are listed on the Exchange under the trading symbol "AUO.P". Pursuant to the policies of the Exchange, trading in the ACC Shares was halted effective December 15, 2017 and has not yet resumed. The closing price of the ACC shares on September 18, 2017, being the last day on which the ACC Shares traded prior to the announcement of the proposed Qualifying Transaction on December 22, 2017, was \$0.60 per ACC Share.

No public market exists for the CryptoStar Securities.

### **Sponsorship**

Pursuant to Policy 2.2 – *Sponsorship and Sponsorship Requirements of the Exchange*, sponsorship is generally required in conjunction with a Qualifying Transaction. The Issuer received an exemption from the sponsorship requirement.

### **Conditional Listing Approval**

The Exchange has conditionally accepted the Qualifying Transaction, subject to Aumento fulfilling all of the requirements of the Exchange on or before October 8, 2018.

### **Conflicts of Interest**

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the Completion of the Transaction or who may be considered promoters of the Resulting Issuer are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the OBCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of its knowledge, Aumento is not aware of the existence of any conflicts of interest between Aumento and any of its directors and officers as of the date of this Filing Statement. To the best of its knowledge, CryptoStar is not aware of the existence of any conflicts of interest between CryptoStar and any of its directors and officers as of the date of this Filing Statement. The ACC Shareholders must appreciate that they will be required to rely on the judgment and good faith of its directors and officers, as well as on the judgment and good faith of the directors and officers of CryptoStar, in resolving any conflicts of interest that may arise.

### **Interests of Experts**

To the knowledge of ACC and CryptoStar, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of Aumento, CryptoStar, the Resulting Issuer or an Associate or Affiliate of the foregoing.

### **Risk Factors**

There are inherent risks in the business of the Resulting Issuer. The Transaction must be considered speculative due to the nature of the business of the Resulting Issuer, and its relatively formative stage of development. The ACC Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Resulting Issuer. There is no guarantee that the Resulting Issuer

will be able to secure future financing to meet its future needs on reasonable terms. The business of the Resulting Issuer will be subject to risks and hazards related to Aumento and CryptoStar, some of which are beyond its control.

Risk factors include but are not limited to: regulatory risks, its limited operating history and uncertainty of future revenues, liquidity and additional financing, regulatory requirements, volatilities in cryptocurrency prices, legal and tax risk, permits and licenses, the cryptocurrency industry generally, limited use of cryptocurrency, stability of cryptocurrency exchanges, insufficient miner incentives, intellectual property rights claims may adversely affect operations, cryptocurrency exchanges and digital wallets may be hacked, misuse of cryptocurrencies and malicious actors, cryptocurrency is not covered by deposit insurance, risk of fraud, permits and licenses, cryptocurrency exchanges are not regulated, competition from other cryptocurrency companies, potential conflicts of interest, limited management experience, reliance on key personnel, technological obsolescence and difficulty in obtaining hardware, limited operating history and uncertainty of future revenues, litigation, dividends and the limited market for its securities.

For a complete discussion of the risks associated with the Resulting Issuer and the Completion of the Transaction, see “*Information Concerning the Resulting Issuer – Risk Factors*”.

## INFORMATION CONCERNING AUMENTO

### Corporate Structure

#### *Name and Incorporation*

The full corporate name of Aumento is Aumento Capital VI Corporation. Aumento was incorporated pursuant to articles of incorporation dated January 6, 2017 under the OBCA. The principal and registered office of Aumento is located at 320 Bay St, Suite 1600, Toronto, ON M5H 4A6.

#### **General Development Of The Business**

Aumento is a CPC, which completed its Initial Public Offering on May 19, 2017 by way of a prospectus dated March 30, 2017. Aumento sold 1,252,800 ACC Shares at a price of \$0.50 per ACC Share pursuant to such prospectus, raising gross proceeds of \$626,400.

On December 14, 2017, Aumento and CryptoStar entered into an arm's length binding letter agreement pursuant to which the parties agreed to effect a business combination of Aumento and CryptoStar. On August 17, 2018, Aumento entered into the Qualifying Transaction Agreement with respect to completing the Transaction. For further information on the proposed Transaction, see "*Information Concerning Aumento – Principal Terms of the Transaction*" below.

The outstanding ACC Shares are listed on the Exchange under the trading symbol "AUO.P".

Aumento's principal business is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses with a view to completing a Qualifying Transaction and, once identified and evaluated, to negotiate an acquisition or participation in such assets or businesses. The Transaction is will be Aumento's Qualifying Transaction.

#### **Principal Terms of the Transaction**

The Transaction will involve the amalgamation of CryptoStar with NewCo, a wholly-owned subsidiary of Aumento. Pursuant to the Amalgamation Agreement to be entered into between Aumento, NewCo and CryptoStar, Aumento will issue Resulting Issuer Shares and Resulting Issuer Warrants in exchange for the delivery of the CryptoStar Shares and CryptoStar Warrants, respectively. The aggregate number of Resulting Issuer Shares and Resulting Issuer Warrants to be issued in exchange for the issued and outstanding CryptoStar Shares and CryptoStar Warrants shall be determined by multiplying the relevant number of CryptoStar Securities issued and outstanding at the time of Closing by the Share Exchange Ratio.

There are currently 205,500,000 CryptoStar Shares and 13,204,700 CryptoStar Warrants issued and outstanding.

Thus, an aggregate of 205,500,000 Resulting Issuer Shares and 13,204,700 Resulting Issuer Warrants will be issued in exchange for the CryptoStar Shares and CryptoStar Warrants. See "*Information Concerning the Resulting Issuer – Pro Forma Fully Diluted Share Capital*" for details with respect to the CryptoStar Securities being exchanged for Resulting Issuer Securities.

There are currently a total of 3,252,800 ACC Shares and 450,560 ACC Options issued and outstanding. In addition, it is expected that prior to the Completion of the Transaction, Aumento will change its name

to “CryptoStar Corp.” The Name Change was approved by the special resolution of the ACC Shareholders at the annual and special meeting of the ACC Shareholders held on March 14, 2018.

In connection with the closing of the Transaction, 2,600,000 Resulting Issuer Stock Options were granted to directors, officers and consultants of the Resulting Issuer pursuant to the Resulting Issuer Stock Option Plan. Each such Resulting Issuer Stock Option has an exercise price of \$0.50 and expires ten years from the Completion of the Transaction.

## **Selected Consolidated Financial Information And Management’s Discussion And Analysis**

### ***Selected Information***

The following table presents selected financial information of Aumento for the periods indicated. This table should be read in conjunction with the unaudited interim financial statements for the period ended March 31, 2018 and audited financial statements for the period from January 6, 2017 (date of incorporation) to December 31, 2017, and the respective notes thereto, which are set forth in Schedule “A” to this Filing Statement. This table contains financial information derived from financial statements that have been prepared in accordance with IFRS.

The following information is taken from and should be read in conjunction with Aumento’s financial statements and related notes thereto attached hereto as Schedule “A” and “Management’s Discussion and Analysis of the Financial Condition and Results of Operations” included at Schedule “B” to this Filing Statement.

	<b>Period ended March 31, 2018 (unaudited)</b>	<b>Year Ended December 31, 2017 (audited)</b>
Total Expenses	\$71,977	\$176,768
Amounts Deferred in Connection with the Proposed Qualifying Transaction	Nil	Nil

### ***Management Discussion and Analysis***

Management’s discussion and analysis of the financial condition and results of operations of Aumento for the interim period ended March 31, 2018 and the year ended December 31, 2017 is attached to this Filing Statement as Schedule “B”. The management’s discussion and analysis should be read in conjunction with the financial statements and the accompanying notes thereto attached to this Filing Statement as Schedule “A”.

Certain information included in such management’s discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “*Forward Looking Information*” above.

## **Description of the Securities**

Aumento is authorized to issue an unlimited number of ACC Shares, of which 3,252,800 ACC Shares are issued and outstanding as fully paid and non-assessable as at the date hereof.

### ***ACC Shares***

The holders of ACC Shares are entitled to receive notice of and attend all meetings of the shareholders of Aumento and are entitled to one vote in respect of each ACC Share held at such meetings. The holders of ACC Shares are entitled to receive dividends if, as and when declared by the Board. In the event of liquidation, dissolution or winding-up of Aumento, the holders of ACC Shares are entitled to share rateably in any distribution of the property or assets of Aumento, subject to the rights of holders of any other class of securities of Aumento entitled to receive assets or property of Aumento upon such distribution in priority or rateably with the holders of ACC Shares.

### **Stock Option Plan**

Aumento maintains the Stock Option Plan for directors, officers, employees and consultants of Aumento and its subsidiaries, which was established on March 21, 2017.

The purpose of the Stock Option Plan is to add incentive and to provide consideration for effective services of full and part-time employees, full and part-time officers and directors of Aumento, and persons performing special technical or other services to Aumento and its subsidiaries.

The number of ACC Shares, the exercise price per ACC Share, the vesting period and any other terms and conditions of options granted pursuant to the Stock Option Plan, from time to time, are determined by the Board at the time of the grant, subject to the defined parameters of the Stock Option Plan.

The Stock Option Plan is administered by the Board. Participation is limited to directors, full and part-time officers, full and part-time employees and consultants providing services to Aumento. The exercise price of any option cannot be less than the discounted market price of the ACC Shares at the time the option is granted. Market price is deemed to be the closing price as reported on the principal stock exchange or over-the-counter market on which the common shares are listed or quoted, on the last trading day immediately preceding the day upon which the option is granted. The exercise period cannot exceed ten years. Options will terminate on the date of expiration specified, 90 days after a participant ceases to be eligible (or 30 days if the recipient is involved in investor relations activities), or one (1) year after the date of death.

The Stock Option Plan allows for the issuance of stock options on a “rolling” basis whereby up to a maximum of 10% of the issued and outstanding ACC Shares may be reserved for granting under the Stock Option Plan with no vesting provisions. The maximum number of ACC Shares reserved for issuance to any individual officer or director shall not exceed five per cent (5%) of the issued and outstanding ACC Shares and to any technical consultant shall not exceed two percent (2%) of the issued and outstanding ACC Shares, in each case subject to adjustment of such number pursuant to the provisions contained in the Stock Option Plan related to share capital readjustments.

On March 14, 2018, the ACC Shareholders approved the Resulting Issuer Stock Option Plan, which will be the Resulting Issuer’s stock option plan upon completion of the Transaction, and which is attached as Appendix A.

## Prior Sales of Securities

Since the date of incorporation, 3,252,800 ACC Shares have been sold as follows:

Date	Number of ACC Shares	Issue Price per ACC Share (\$)	Aggregate Issue Price (\$)	Nature of Consideration Received
January 6, 2017	1 <sup>(1)</sup>	1.00	1.00	Cash
August 13, 2017	2,000,000 <sup>(2)</sup>	0.25	500,000	Cash
November 13, 2017	1,252,800 <sup>(3)</sup>	0.50	626,400	Cash
<b>Total</b>	<b>3,252,800</b>		1,126,401	

### Notes:

- (1) Single ACC Share issued on incorporation to Paul Pathak and returned for cancellation on January 6, 2017.
- (2) All of these ACC Shares have been placed in escrow pursuant to the CPC Escrow Agreement.
- (3) ACC Shares issued pursuant to Initial Public Offering. None of these ACC Shares were sold to Related Parties to Aumento.

## Stock Exchange Price

The outstanding ACC Shares are listed on the Exchange under the trading symbol "AUO.P". Pursuant to the policies of the Exchange, trading in the ACC Shares was halted effective December 15, 2017 and has not yet resumed. On September the last trading day prior to the trading halt, the closing price of the ACC Shares was \$0.60 per ACC Share.

## Arm's Length Transaction

The proposed Transaction is not a Non-Arm's Length Qualifying Transaction.

## Legal Proceedings

Aumento has not been, and is not presently involved in, any legal proceedings material to it and insofar as it is aware, no such proceedings are contemplated.

## Auditor, Transfer Agent And Registrar

Aumento's current auditors are Grant Thornton LLP, Chartered Professional Accountants, 201 City Centre Drive, Suite 501, Mississauga, ON, L5B 2T4.

Aumento's current transfer agent and registrar is TSX Trust Company, 200 University Avenue, Suite 300, Toronto ON M5H 4H1.

## Material Contracts

Aumento has not entered into any material contracts, outside of the ordinary course of business, prior to the date hereof, other than:

- CPC Escrow Agreement; and
- Qualifying Transaction Agreement.

Copies of these material contracts will be available for inspection without charge at the registered office of Aumento at 320 Bay St, Suite 1600, Toronto, ON M5H 4A6 during ordinary business hours from the date hereof until the Completion of the Transaction and for a period of 30 days thereafter.

## INFORMATION CONCERNING CRYPTOSTAR

### Corporate Structure

#### *Name and Incorporation*

CryptoStar Inc. is a private company incorporated under the OBCA on November 24, 2017. The head and the registered office of CryptoStar is located at 181 Bay Street, Suite 4400, Toronto, ON M5J 2T3.

#### *Intercorporate Relationships*

CryptoStar USA, Inc. (“**CryptoStar USA**”), a company incorporated under the laws of the State of Delaware that holds the US Mining Assets (defined below), is a wholly-owned subsidiary of CryptoStar.

### General Development of the Business

#### *History*

CryptoStar operates in the distributed ledger technology space, utilizing specialized equipment (“**Miners**”) to perform computationally intensive cryptographic operations to validate transactions on the Blockchain (a process known as “**Mining**”), receiving digital currencies. CryptoStar primarily Mines Bitcoin.

#### *Utah, USA*

The Mining business currently conducted by CryptoStar commenced operations in Layton, Utah, USA through Blockmine Holdings, LLC (“**Holdings**”), a company incorporated under the laws of the State of Delaware on May 26, 2016. In June 2016, Holdings formed a wholly-owned, single-member Utah limited liability company, Blockmines LLC (“**Blockmines**”). In August 2016, Blockmines entered into a three year lease agreement, with an option to renew for another three year term (the “**Utah Lease**”) in respect of approximately 35,000 square feet of office and warehouse space (the “**Utah Data Centre**”) to house Blockmines’ Miners and commence Mining operations.

In connection with the Utah Data Centre and Mining operations, Blockmines entered into an electric service agreement in January 2017 (the “**Electric Service Agreement**”) to supply the Utah Data Centre with electricity to power the Mining operation for a term of 15 years.

All of the assets relating to the Mining operations of Blockmines (the “**US Mining Assets**”) were subsequently transferred to Adrenaline Pty Ltd (“**Adrenaline**”), a company incorporated under the laws of Australia on December 2, 2005.

#### *Newfoundland and Labrador, Canada*

The Mining operations currently conducted by CryptoStar in the Province of Newfoundland and Labrador, Canada commenced in May 2017 pursuant to a hosting services agreement (the “**NL Hosting Agreement**”) between Adrenaline and a third party data centre operator. Pursuant to the NL Hosting Agreement, Adrenaline was granted a license to permit the operation of its Miners in data centre facilities located in Goose Bay and Labrador City, Newfoundland and Labrador, Canada (the “**NL Data Centre**”).

Pursuant to the NL Hosting Agreement, the Miners located at the NL Data Centres are supplied with electricity and Internet connectivity for a fee based on the electric power consumed by such Miners on a monthly basis.

#### *Reykjanesbæ, Iceland*

The Mining business currently conducted by CryptoStar in Iceland commenced operations in June 2017 pursuant to a hosting services agreement (the “**Iceland Hosting Agreement**”) between Adrenaline and a third party data centre operator. Pursuant to the Iceland Hosting Agreement, Adrenaline was granted a license to permit the operation of its Miners in data centre facilities located in Reykjanesbæ, Iceland (the “**Iceland Data Centre**”). Pursuant to the Iceland Hosting Agreement, the Miners located at the Iceland Data Centre are supplied with electricity and Internet connectivity for a fixed fee based on the electric power consumed by such Miners on a monthly basis.

#### *Assets Transfer*

CryptoStar was incorporated in order to consolidate the Mining operations at the Utah Data Centre, the NL Data Centres and the Iceland Data Centres, facilitate capital raising activities and the further expansion of Mining operations. On December 22, 2017, all of the Mining assets, including the Utah Lease, the Electric Service Agreement, the NL Hosting Agreement and the Iceland Hosting Agreement, held by Adrenaline were acquired by CryptoStar (the “**Assets Transfer**”) in exchange for 162,500,000 CryptoStar Shares. Subsequently, CryptoStar transferred the US Mining Assets to CryptoStar USA in exchange for 1,000 shares in the common stock of CryptoStar USA.

Immediately following the Assets Transfer, CryptoStar held an aggregate of 5,900 Miners, of which 3,455 were installed and in operation, as follows:

	<b>Utah Data Centre</b>	<b>NL Data Centre</b>	<b>Iceland Data Centre</b>
<b>Total Number of Miners in Inventory</b>	1,995	300	150
<b>Number of Miners in Operation</b>	1,905	850	700
<b>Megawatts</b>	2.67	1.19	0.98
<b>Petahash per second<sup>(1)</sup></b>	24.26	9.09	7.78

On January 4, 2018, CryptoStar completed the non-brokered Private Placement, raising aggregate gross proceeds of \$21,500,000 through the issue and sale of CryptoStar Shares at a price of \$0.50. Pursuant to a finder’s fee agreement (the “**Finder’s Agreement**”) between CryptoStar and Canaccord dated January 4, 2018 and in connection with the Private Placement, CryptoStar: (i) issued an aggregate of 2,204,700 CryptoStar Finder’s Warrants to Canaccord, each Finder’s Warrant exercisable to purchase one (1) CryptoStar Share at an exercise price of \$0.50 until January 4, 2020; and (ii) paid a fiscal advisory fee of \$97,500 and an aggregate finder’s fee of \$1,004,850.

#### **Developments since January 4, 2018**

Net proceeds of the Private Placement in the amount of \$16,403,087 were used to purchase a total of 6,040 Miners. Since January 4, 2018, 6,040 Miners have been delivered to CryptoStar. Net proceeds of the Private Placement and sales of Bitcoin in the amount of \$5,990,388.22 have been used to build infrastructure to house and power the Miners.

Since January 4, 2018, CryptoStar has installed a total of 7,079 additional Miners in the Utah Data Centre, 86 additional Miners in the NL Data Centre, and 434 additional Miners in the Iceland Data Centre. As at July 31, 2018, CryptoStar holds a total of 11,970 Miners in the following locations:

	Utah Data Centre	NL Data Centre	Iceland Data Centre
<b>Total Number of Miners in Inventory</b>	506	214	196
<b>Number of Miners in operation</b>	8,984	936	1,134
<b>Megawatts</b>	12.13	1.22	1.47
<b>Petahash per second</b>	116.79	11.23	13.60

On February 1, 2018, CryptoStar USA entered into a new Utah Lease for a period of five years (with an option to extend the lease for a further period of five years) to expand the Utah Data Center operations. The newly leased building adds approximately 110,000 square feet of office and warehouse space to house CryptoStar's Miners. This new facility is currently being built out with the necessary infrastructure to house an additional 6,552 Miners.

CryptoStar has identified a pipeline of opportunities that would require additional capital. The new capital will immediately be deployed to expand mining capacity by 15,000 miners housed in 12 state-of-the-art self-contained data centers (PODs). With the additional capital, the total Hashrate is expected to reach 374 PH/s of Mining capacity by December 31, 2018 and 677 PH/s by December 31, 2019, which would represent increases of 0.8% and 1.4% (respectively) given the global Mining capacity of 48.22 EH/s.<sup>1</sup> However, it is expected that the global capacity of Mining will continue to increase. An indicator of continued growth is the fact that the global Hashrate (as defined below) has more than tripled since the end of 2017 and increased sevenfold over the last 12 months.<sup>2</sup>

CryptoStar plans to reinvest as much of its net profit as is necessary in order to expand its hashing power and its associated infrastructure; however, this depends on the difficulty of the Bitcoin network and price of Bitcoin at any given time. Reinvestment capital could be redirected where opportunistic acquisitions are identified or if additional capital is required for infrastructure and retrofitting investments.

## **Description of the Business**

### ***Background and History of Blockchain***

Blockchain is a type of distributed ledger technology or software whereby a decentralized ledger is used to verify and record transactions between users across a peer-to-peer network.<sup>3</sup> The continuously growing list of records on the ledger is protected from revision and tampering due to its decentralized nature.<sup>4</sup> The master ledger of a Blockchain is not stored in one place or controlled by one entity. Rather, every counterparty on the network receives an identical real-time copy of the ledger and the data in the ledger is made tamper-proof using cryptography. New states of the ledger are agreed upon by consensus among all parties and the entire process is automated using software.

Each block in the chain contains a record of some or all recent transactions and a reference to the block that immediately preceded it and these blocks are organized into a linear sequence that is known as the

<sup>1</sup> <https://btc.com/>, as at August 14, 2018

<sup>2</sup> <https://blockchain.info/charts/hash-rate>

<sup>3</sup> Idem

<sup>4</sup> <https://www.techbullion.com/blockchain-definition-origin-history/>

“Blockchain”. The Blockchain represents a complete, unbroken and transparent history of all transactions on the network. By including in each new block the code from the prior state of the ledger, a single unique code is created and links new blocks together. Any tampering of the historical state of the ledger can be automatically detected by the Blockchain software protocol.

The cryptographic technique that makes the shared ledger tamper-proof is called hashing. In a hashing algorithm, a small change in the dataset results in a significant change in the unique code. Any tampering of the dataset can be detected by re-hashing the data and checking for a change in the unique code. The data on the distributed ledger can be run through a series of hash algorithms to create a unique code, which ensures the entire ledger is immutable.

Participants on a Blockchain network are often referred to as “nodes” or “miners”. These participants connect their computer resources with each other using a common software protocol. The software protocol is a secure messaging system that enables transactions and the ledger. The software protocol is coded with specific rules to ensure the validity of transactions and all valid transactions are shared with all participants on the network in real time.

Blockchains can be private or closed. In public Blockchains, the software is open source, while in closed Blockchains, the software is created by private organizations. In public Blockchains, users must buy tokens to use the service. The value of the token is determined by supply and demand of the market, where demand is driven by usage of the Blockchain and supply is set by the underlying protocol as determined by the developers creating the particular Blockchain. The purpose of tokens is to capture the value of the underlying service provided by Blockchain and to incentivize Miners to perpetuate the Blockchain algorithm. Tokens are provided to Miners as their reward for creating new blocks and the value of tokens may appreciate based on supply and demand. Thus, tokens provide an economic incentive for Miners to participate and also incentivise the addition of processing power to the network. Depending on how the particular Blockchain protocol is defined, the supply of tokens may increase at different rates and may or may not be capped at a certain number.

### *Cryptocurrencies*

Cryptocurrencies first surfaced in 2009 with the debut of Bitcoin as the world’s first decentralized cryptocurrency. A cryptocurrency is a form of encrypted and decentralized digital currency which is transferred directly between peers across the internet with transactions being settled, confirmed and recorded in a distributed public ledger through Mining. Cryptocurrency is generated in one of two ways: it is either newly created or “minted” through an “Initial Coin Offering” or it is “mined”, meaning that a new coin is created to reward Miners for verifying transactions on the Blockchain. Mining cryptocurrency is the only revenue generating activity of CryptoStar.

Cryptocurrencies enable instant transfers to anyone, anywhere in the world. Transactions occur via an open source, cryptographic protocol platform which uses peer-to-peer technology to operate with no central authority. No single entity owns or operates the network and the infrastructure is collectively maintained by a distributed user base. Units of a cryptocurrency exist only as data on the internet. Unlike most of the world’s money, which currently exists in the form of electronic records managed by central authorities, such as banks, units of a cryptocurrency exist as electronic records in a decentralized tamper-proof transaction database called a Blockchain.

The value of a coin is determined by market supply and demand for the coins as well as the number of merchants that accept the coins. Because coins are digital files that can be transferred without the involvement of intermediaries or third parties, there are little or no transaction costs in direct peer-to-peer

transactions. Coins can be used to pay for goods and services or can be converted to fiat currencies, such as the US dollar, at rates determined by various exchanges.

Cryptocurrencies offer many advantages over traditional currencies. In particular, since cryptocurrencies are digital and cannot be counterfeited, they deter fraud and offer identity theft protection to users. In addition, cryptocurrency transactions can be settled immediately and with lower fees. Finally, cryptocurrencies are not governed by a central authority or bound by government-imposed exchange rates.

In early 2010, the initial exchange rate for Bitcoin was 1 BTC = US\$0.003. As of August 11, 2018, the trading price of one Bitcoin was over US\$6,200. The market for Bitcoin has been growing substantially, reaching peaks for market capitalization of approximately US\$107 billion in August 2018. Estimates from Cannacord Genuity predict that the total value of all cryptocurrencies required for payments and store of value will grow from \$11.2 billion and \$16.6 billion, respectively, in 2017 to \$1,132 billion and \$92 billion, respectively, by 2025.

The largest cryptocurrencies (in terms of market capitalization) that exist today include Bitcoin, Ethereum, Dash, Ripple, Litecoin and Bitcoin Cash.

### ***Bitcoin***

Blockchain was originally invented to create the cryptocurrency called Bitcoin. Bitcoin was the first cryptocurrency and continues to be the simplest Blockchain protocol. A Bitcoin is a decentralized digital currency that is issued by and transmitted through the Bitcoin network. The Bitcoin network is an open source, digital protocol platform that employs cryptographic security, where accounts or wallets are represented by numeric addresses and coins are represented by unique serial numbers on the network.

The origin of Blockchain traces back to a 9-page whitepaper (the “**Whitepaper**”) published in 2008 by an anonymous scientist under the name of Satoshi Nakamoto. The Whitepaper outlines in detail how to make a completely novel cryptocurrency based on a sophisticated mathematical formula and a resilient distributed architecture. The Whitepaper describes how Bitcoin can be used to send payments between two willing entities without involving a third-party financial body: each transaction would be stored in the Blockchain ledger, with the latest block being linked to the preceding blocks using a digital signature. To ensure trust in the ledger, network participants would run complex algorithms to authenticate those digital signatures and add transactions to the Blockchain.

Bitcoin is the leading cryptocurrency in the world and the underlying digital currency behind a decentralized worldwide payment system built on Blockchain technology. As of August 11, 2018, Bitcoin was valued at US\$6,200 per coin and the market capitalization of all Bitcoin had reached US\$107 billion. Over the last 12 months, the value of the Bitcoin increased more than 530% compared to the US dollar. The highest recorded value of Bitcoin to date was US\$19,435.92, which was recorded on December 17, 2017.<sup>5</sup>

Bitcoin Cash is another cryptocurrency that can be ‘mined’ using the same Miners used to mine Bitcoin. Bitcoin Cash was launched as the result of a ‘hard fork’ from the Bitcoin blockchain. Whilst it has occasionally been more profitable to mine Bitcoin Cash in the past, it is not profitable to mine Bitcoin Cash at the present time.

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<sup>5</sup> <https://www.xe.com/> as at August 12, 2018

## *Mining*

Most cryptocurrencies are created and transactions are verified through Mining. Mining is the process of solving complex mathematical equations to verify Bitcoin transactions occurring on the Blockchain.

In the Bitcoin network, transactions are recorded in new blocks that are added to the Blockchain. Counterparties use the Bitcoin software protocol to connect their computers (also known as Miners) to a shared network that hosts a public transaction ledger. Miners compete to group transactions into blocks and to add these blocks to the Blockchain. The consensus algorithm in Bitcoin is known as Proof-of-Work (PoW), which is used to confirm new transactions and produce new blocks on the Blockchain. Each block consists of a list of transactions and must be accompanied by a PoW to be considered valid.

Miners act like accountants in updating the public ledger and are rewarded for doing so. In order to solve these transactions and add a block to the Blockchain, Miners use software programs to engage in mathematical calculations and confirm transactions included in a block's data. Miners collect blocks of transactions and the hash of the previous block is added to the data set. Each block in the chain contains the hash of the previous block as well as a timestamp and transaction data. Additionally, Miners must add a "nonce", a single additional number that is used only once, resulting in a new hash that starts with a certain number of zeros. The required number of zeros is generated by the network, which sets this number based on the total processing power of all Miners (called the "**Hashrate**"). Miners run the hash calculation repeatedly to guess the unique nonce that results in a hash with the required number of zeros and the first Miner to find the solution earns the right to add their block to the Blockchain. A Miner's proposed block is added to the Blockchain once a majority of the nodes on the network confirms the Miner's work. Miners who successfully add a block to the Blockchain are awarded coins for their effort plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the method by which new coins enter into circulation. Currently, a Miner "discovering" a block receives 12.5 Bitcoins as a reward as well as a transaction fee. Parties who wish to transact faster may offer a higher transaction fee to incentivize Miners to solve their transactions.

Since each block can only be solved and added to the Blockchain by one Miner, Miners compete to increase their computing power to improve their ability to solve new blocks. As more Miners join a network and the processing power of the network increases, the network adjusts the difficulty of the block-solving equation in order to maintain a particular pace at which new blocks are added to the Blockchain.

The reward for Miners is set to be cut in half every 210,000 blocks (or approximately every four years). The next halving is expected to occur in June 2020. The supply of Bitcoin is controlled by adjusting the difficulty involved in solving transactions on the Blockchain. The difficulty is adjusted at a rate of every 2016 blocks (or approximately every two weeks) in order to ensure that each block continues to take approximately 10 minutes to solve. The Hashrate of a network is the measure of how much power a network is consuming in order to be continuously functional; in other words, the amount of power that is being consumed by the network in order to generate blocks in the Blockchain at a certain rate (being an average of 10 minutes for each new block). However, if more computer power is added to the network and the Hashrate of the network increases, the difficulty level needs to be increased to maintain the target of one block being solved every 10 minutes.

There are currently 17,208,213 Bitcoins in circulation<sup>6</sup> and the maximum amount of Bitcoin that will ever be generated is capped at 21 million Bitcoin. Given that the reward is expected to halve every four years, it is estimated that the supply limit of Bitcoin will be reached in the year 2140, however the timing

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<sup>6</sup> <https://blockchain.info/charts/total- Bitcoins>

will depend on the amount of computing power dedicated to Mining over time. Due to its limited supply, it is expected that Bitcoin will act as a deflationary currency and will increase in value overtime. The maximum of 21 million Bitcoin does not appear to have any specific underlying principle, other than it matches a four-year reward halving schedule. Once all Bitcoin has been mined, Miners will only receive transaction fees as their reward.

For users, Bitcoin is valuable as a fast and efficient borderless payment network. In addition, Bitcoin can serve as a potential hedge against inflation: since the total supply of Bitcoin is capped, if demand outpaces supply, the value of the coins will appreciate. For Miners, Bitcoin is valued for transaction fees and new Bitcoin rewards. These incentives create a virtuous circle for the Bitcoin network to grow from the ground up.

### *Cryptocurrency Wallets and Exchanges*

A cryptocurrency wallet is a software program that stores keys (which can be public or private) and interacts with various Blockchains to enable users to send and receive digital currency and monitor their balance. However, digital wallets do not actually store currency. Currencies do not exist anywhere in any physical form and do not get stored in any single location. All that exists is a record of transactions stored on the Blockchain.

Wallets facilitate the sending and receiving of Bitcoin and gives ownership of the Bitcoin balance to the user. For every Bitcoin address, there is a private key and a public key that is saved in the digital wallet of the person who owns the balance. The public key is shared with the world in order for the user to receive Bitcoin and does not represent a threat. A private key is a secret number that allows coins to be spent on a Blockchain protocol and should be protected. Every digital currency wallet contains one or more private keys, which are saved in the wallet file and are mathematically related to all addresses generated for the wallet. The private key is what allows someone to spend coins, so it is critical that private keys are secured. Private keys can be kept on computer files or, if the key is short enough, it can be printed on paper.

A wallet that is connected to a network is called a “hot” wallet. A more secure option is to have a “cold” wallet, which is disconnected from the internet and is protected against computer or network failures. CryptoStar uses a mix of hot and cold storage. For its hot storage, Cryptostar uses BitcoinCore<sup>7</sup>, which uses more resources than most wallets but also has more exclusive privacy features than others. For cold storage, CryptoStar uses Trezor<sup>8</sup>, which is a widely trusted Bitcoin wallet. Through the use of Trezor, users’ account information is stored offline but can be easily retrieved using a list of secret words.

To be able to spend coins and unlock funds, the private key stored in one’s wallet must match the public address the currency is assigned to on the Blockchain. If public and private keys match, the balance of the receiving digital wallet will increase, and the sender’s balance will decrease accordingly. Although the balance associated with the wallet is said to increase, there is no actual exchange of real coins or “storage” within the wallet. The transaction is signified merely by a transaction record on the Blockchain. The wallet itself simply contains the private key which is required to “spend” the cryptocurrency.

Cryptocurrency exchanges allow customers to trade digital currencies for other assets, such as fiat money, or different digital currencies. Cryptocurrency exchanges typically take a commission that is composed of a percentage fee and the bid-ask spread, which is the amount by which the ask price exceeds the bid price in a particular trade.

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<sup>7</sup> <https://bitcoin.org/en/bitcoin-core/>

<sup>8</sup> <https://trezor.io/>

## ***Cryptocurrency Exchanges***

A cryptocurrency exchange is an online website where users can buy and sell cryptocurrencies. Common exchanges include Gemini, Bittrex, Poloniex and Coinbase.

Private keys can be stored directly by an exchange. However, private keys stored on an exchange are vulnerable in the event the exchange is hacked. The risk is very similar to online banking which is more prone to security breaches. Like banks that have an online presence, online wallets and exchanges go to extreme measures to ensure security; however, like any site connected to the internet it is not impenetrable. The safest way to store private keys is to have a device that is stored in a safe location that is not connected to the internet. Many online exchanges and wallets are starting to store the majority of their funds in cold wallets.

CryptoStar will utilize the Quadriga and Coinsquare exchanges in Canada and the Independent Reserve and BTC Markets exchanges in Australia for the purposes of buying or selling digital currency. To mitigate the risks associated with security on exchanges generally, CryptoStar will strictly limit the value of currency stored across the exchanges and the duration of storage.

## **Operations**

### ***Mining Equipment***

As at the date of this Filing Statement, CryptoStar owns an aggregate of 11,970 Miners, consisting of 230 Avalon 741 Miners, 1,440 Avalon Miners 821, 2,650 Avalon Miners 841 and 7,650 Bitmain Antminer S9 model rigs that are utilized for Mining Bitcoin. CryptoStar's Miners are located in Utah (USA), Newfoundland (Canada) and Reykjanesbaer (Iceland): 9,490 Miners are located in the Utah Data Centre, 1,150 Miners are located in the NL Data Centre, and 1,330 Miners are located in the Iceland Data Centre.

The Bitmain Antminer S9 model miner is currently the most powerful ASIC Bitcoin miner on the market. It is based on the 16 nm process node and is built using TSMC's 16nm FinFET technology. Each Bitmain Antminer S9 provides a hashrate of 13.5 TH/s.

The Canaan Avalon Miner 821 model miner was released in December 2017 and contains 104 x A3210 16 nm chips. The Avalon 821 provides a hashrate of 11 TH/s. The recently released Avalon Miner 841 model miner has a hashrate of 13.5 TH/s.

As CryptoStar grows and additional Miners are purchased, CryptoStar may diversify its hardware purchases to mine various currencies which will be determined based on the profitability and credibility of the respective coin, equipment costs and the business strategy of CryptoStar.

### ***Specialized Skills and Knowledge***

All aspects of CryptoStar's business require specialized skills and knowledge. Such skills and knowledge currently include the areas of blockchain technology, software development, finance and accounting. CryptoStar has retained qualified consultants to conduct business equal to, or exceeding, industry standards.

### ***Business Cycle and Seasonality***

CryptoStar's business is not cyclical or seasonal; however, coin generation may vary depending on the level of difficulty involved in confirming transactions to be added to the blockchain. Difficulty levels and coin generation have an inverse relationship and fluctuate daily.

### ***Changes to Contracts***

No part of CryptoStar's business is reasonably expected to be affected in the current financial year by either the renegotiation or termination of any contract.

### ***Employees***

As of the date of this Filing Statement, CryptoStar had two consultants and seven employees.

### ***Foreign Operations***

CryptoStar's business and operations are currently carried out in the State of Utah, USA, the Province of Newfoundland and Labrador, Canada and in Iceland. CryptoStar's foreign activities are subject to the risk normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labour practices and disputes, and uncertain political and economic environments, as well as risk of war and civil disturbances, or other risk that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies affecting foreign trade, investment and taxation.

### ***Bankruptcy and Similar Procedures***

There are no bankruptcies, receivership or similar proceedings against CryptoStar, nor is CryptoStar aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by CryptoStar during its last three financial years.

### ***Reorganizations***

CryptoStar has not completed any material reorganization and no reorganization is proposed for the current financial year.

### ***Environmental Regulations***

CryptoStar's Mining operations do not result in any direct carbon emissions. In Canada, most energy input for production comes from Canada's vast network of renewable energy sources (primarily hydroelectric). No waste or discharge is generated from operations; only heat is generated which can be safely dissipated with proper facility ventilation. CryptoStar will comply with any applicable environmental laws or regulations under in accordance with the *Canadian Environmental Protection Act, 1999* and all applicable environmental laws in Iceland and Utah. CryptoStar intends to analyze the feasibility of further diversifying into alternative energy sources such as solar or wind in the future, committing to operating its mines in an environmentally sustainable manner

## **Market**

### ***Cryptocurrency Market***

The market for cryptocurrencies has experienced exponential growth in 2017 growing from \$17 billion in January to over \$250 billion by November (source: coinmarketcap.com). The surge in aggregate market capitalization was largely driven by Bitcoin which has gained early mainstream acceptance as a form of digital gold, with the potential for exchange traded funds (ETFs), derivatives and other institutional instruments gaining acceptance.

A number of new coins were introduced over the course of 2016/2017 focusing on a multitude of applications, including shared computing resources (Golem), shared storage solutions (Storj, Filecoin), private lending (Salt), social networks (Steem) and others. Collectively, the market for cryptocurrencies is maturing and providing many use cases that threaten to disrupt the existing economic paradigm. CryptoStar believes that as these technologies mature and gain widespread adoption, users will be monetarily incentivized to both adopt and provide services to these networks in a virtuous cycle providing benefits to all participants.

### ***Bitcoin***

CryptoStar decided to mine Bitcoin for many reasons, the two most significant reasons being network size and proven security. Both present substantial advantages over other digital currencies currently available. Bitcoin has an established history of being a store of value. Most coins try to create differentiation based on smaller use cases, such as smart contracts, anonymous transactions and predictive markets. Bitcoin has an enormous lead as a store of value over other coins because it has existed eight years without failure. The security of Bitcoin has been proven far longer than any of its newly created competitors.

Bitcoin is more accessible with exchanges, merchants and software solutions that support it. Bitcoin is far more liquid, with much larger volumes than all the other cryptocurrencies combined. Bitcoin has the largest developer ecosystem with more software and implementations. Bitcoin has the most entrepreneurs creating companies around the technology, dedication and creativity going toward making it the best overall solution and market leader. It is the genesis coin which all other coins have been based on.

### ***Cyber Security***

CryptoStar's management team has developed a risk management policy for CryptoStar as a commitment to continuously focus on cyber security as a key initiative. Key elements of the policy as well as initiatives already implemented are as follows:

- (1) **Wallet** – CryptoStar will maintain private keys using a cold storage hardware wallet. This form of wallet is considered the most secure means of storage for private keys currently available in the marketplace as it is not connected to the Internet. CryptoStar will continuously evaluate new alternatives and will ensure that the private key is stored in the most secure environment available in the marketplace.
- (2) **Cryptocurrency Exchanges** – CryptoStar will minimize the value and time that cryptocurrency is listed on a public exchange to reduce the risk associated with fund misappropriation resulting from the exchange being hacked. Any exchange used by CryptoStar must comply with current best practices for cyber security including use of cold storage, two-factor authentication for login, and good public validation of security practices.

- (3) Security Updates – CryptoStar will ensure that software updates and recommendations are implemented immediately. This includes updates related to the exchange, wallet as well as software installed on local computers including malware and anti-virus.
- (4) Password protection – passwords will be utilized for all electronic devices and online accounts and will adhere to best practices for effective passwords including storage, expiry, length, special characters, upper and lower case numbers.

As a commitment to uphold cyber security and safeguarding of assets, the leadership team will continuously review and develop risk management processes around the receipt, storage and sale of coins. Software updates will occur regularly, electronic and physical controls will be constantly evaluated and maintained and continuous process improvements will be sought. Risk management processes and procedures will be reviewed by the advisory group, board of directors and the leadership team.

All connections to mining pools will use https with Secure Sockets Layer (“SSL”). SSL is the standard security technology for establishing an encrypted link between a web server and a browser. This link ensures that all data passed between the web server and browsers remain private and integral.

All data at rest on servers and laptops will be encrypted. Data protection at rest aims to secure inactive data stored on any device or network. While data at rest is sometimes considered to be less vulnerable than data in transit, attackers often find data at rest a more valuable target than data in motion.

CryptoStar has a password policy implemented where it is mandatory to change passwords regularly. The security provided by a password system depends on the passwords being kept secret at all times.

### ***Mining Hash Rates and Difficulty***

Difficulty is the measure of how hard it is to generate a new block in the Blockchain. Difficulty varies and is adjusted every 2016 blocks. Hash rate is the speed at which a computer is completing an operation in the cryptocurrency code. A higher hash rate is better when mining as it increases the opportunity of finding the next block and receiving the reward. Hash rates and difficulty are both key considerations that impact profitability in cryptocurrency mining. CryptoStar monitors both of these factors when making decisions regarding acquisitions, machine operation and profitability forecasting.

### ***Mining Facilities***

Determining where to set up a cryptocurrency mining facility is generally based on three key factors: (i) Miners need to have access to low-cost electricity to run their operations profitably; (ii) Miners need to have a sufficiently fast internet connection to quickly receive and broadcast data with other nodes on the network; and (iii) mining equipment must be kept from overheating to function optimally, which is why locations that have low temperature zones offer substantial advantages as cooling costs can be kept low. Mining facilities are mainly concentrated in locations where most of the key drivers discussed above are satisfied. Mining facilities are primarily located in North America, Northern and Eastern Europe as well as in China.

CryptoStar’s Mining operations are currently carried out in the State of Utah, USA, the Province of Newfoundland and Labrador, Canada and in Iceland. Canada is recognized as an area that offers all three key factors identified in the preceding paragraph including low cost of energy, high speed internet access and low temperatures in the equipment environment. Hash rates, difficulty levels, temperatures, rig statuses, and power consumption will be monitored remotely by CryptoStar employees utilizing a web interface.

### ***Market Acceptance***

The further development and acceptance of the cryptocurrency industry is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of cryptocurrency may adversely affect an investment in CryptoStar. Cryptocurrency may be used, among other things, to buy and sell goods and services which is a new and rapidly evolving industry subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of cryptocurrency; (ii) government and quasi-government regulation of cryptocurrency and their use, or restrictions on or regulation of access to and operation of cryptocurrency systems; (iii) changes in consumer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; (v) the wide-spread adoption of cryptocurrency to hedge against economic instability and inflation; and (vi) general economic conditions and the regulatory environment relating to cryptocurrency. A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the CryptoStar.

Cryptocurrencies have not been widely adopted as a means of payment for goods and services by many major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from holding of cryptocurrency. The relative lack of acceptance of cryptocurrency in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with cryptocurrency. A lack of expansion by cryptocurrency into retail and commercial markets, or a contraction of such use, may result in increased volatility which could adversely impact the value of an investment in CryptoStar.

### ***Obsolescence***

Obsolescence is a factor in CryptoStar's industry, given that a key aspect of CryptoStar's business is purchasing Miners. As is the case with technology generally, Miners purchased by CryptoStar could become outdated or obsolete as newer and better products are introduced into the market.

CryptoStar plans to make ongoing machine purchases on a regular basis in order to allow CryptoStar to remain competitive and to ensure its machines do not become obsolete. This will also allow CryptoStar to continue to rebalance its portfolio as market conditions and profitability shifts over time. As CryptoStar expands operations, it will be in a better position to maximize return on investment for its machines, shift mining power to the most profitable coins, use proceeds from the sale of coins to upgrade mining machines to remain competitive, and source electricity and cooling costs at more favorable rates.

### ***Market Controls and Regulations***

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated. To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of Bitcoin exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed exchanges were not compensated or made whole for the partial or complete losses of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or

gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

The exchanges on which the inventory of cryptocurrencies mined and stored by CryptoStar trade are relatively new and, in most cases, largely unregulated. Furthermore, while many prominent cryptocurrency exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many exchanges do not provide this information. As a result, the marketplace may lose confidence in certain exchanges, including prominent exchanges that handle a significant volume of trading of cryptocurrencies, including Bitcoin. A lack of stability in the exchange markets and the closure or temporary shutdown of cryptocurrency exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the networks and result in greater volatility in the price of certain cryptocurrencies. Furthermore, the closure or temporary shutdown of an exchange used in calculating the price of a cryptocurrency that is mined and stored by CryptoStar may result in a loss of confidence in CryptoStar's ability to determine its cryptocurrency holdings on a daily basis.

### ***Competitive Conditions***

CryptoStar competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to CryptoStar.

Many online companies exist that offer cryptocurrency mining services, as well as companies, individuals and groups that run their own mining farms. Miners can range from individual enthusiasts to professional mining operations with dedicated data centres, however, the vast majority of mining is now undertaken by mining pools.

A mining pool is created when cryptocurrency Miners pool their processing power over a network and mine transactions together. Rewards are then distributed proportionately to each miner based on the work and hash power contributed. Mining pools allow miners to pool their resources so they can generate blocks quickly and receive rewards on a consistent basis instead of mining alone where rewards may not be received for long periods.

Other market participants in the cryptocurrency industry include investors and speculators, retail users transacting in cryptocurrencies, and service companies that provide a variety of services including buying, selling, payment processing and storing of cryptocurrencies.

The following table identifies examples of mining companies that exist today:

<b>Competitor</b>	<b>Currency Mined</b>	<b>Location</b>
<b>Riot Blockchain Inc. (NASDAQ: RIOT)</b>	Bitcoin	Not disclosed
<b>Hive Blockchain Technologies Ltd. (TSXV: HIVE)</b>	Ethereum	Iceland
<b>MGT Capital</b>	Bitcoin, Ethereum, Ethereum Classic	Washington, USA

<b>Hut 8 Mining Corp. (TSXV: HUT)</b>	Bitcoin	Vancouver, Canada (with possible expansion to Alberta and Quebec)
<b>HyperBlock Technologies Corp.</b>	Bitcoin, Ethereum, Dash, and Litecoin	Toronto, Canada
<b>Hashchain Technology Inc. (TSXV: KASH)</b>	Bitcoin	Vancouver, Canada
<b>Fortress Blockchain Corp.</b>	Bitcoin	Washington, USA
<b>DMG Blockchain Solutions</b>	Bitcoin	Edmonton, Alberta

### **Future Developments**

CryptoStar is looking to expand its operations into other geographical locations - primarily in the USA and Canada.

### ***Risk Factors***

For risk factors relating to CryptoStar see “*Information Concerning the Resulting Issuer – Risk Factors*” below, which risk factors are equally applicable to CryptoStar.

### ***Selected Consolidated Financial Information And Management’s Discussion And Analysis***

#### ***Annual Information***

The following table presents selected financial information for CryptoStar for the periods indicated. This table should be read in conjunction with the audited financial statements of CryptoStar for the periods ended December 31, 2017 and 2016 and the respective notes thereto set forth in Schedule “C” to this Filing Statement and “*Information Concerning CryptoStar – Management’s Discussion and Analysis*”. This table contains financial information, expressed in United States dollars, derived from financial statements that have been prepared in accordance with IFRS.

	<b>Year Ended December 31, 2017 (audited)</b>	<b>Year Ended December 31, 2016 (audited)</b>
Total revenues	US\$10,325,668	US\$112,566
Income from continuing operations	US\$3,685,876	US\$(183,981)
Net income (loss)	US\$3,685,876	US\$(183,981)
Total assets	US\$13,746,049	US\$698,957
Total long term financial liabilities	Nil	Nil
Cash dividends declared	Nil	Nil

### **Quarterly Information**

	<b>3 months ended March 31, 2018</b>	<b>3 months ended December 31, 2017</b>	<b>3 months ended September 30, 2017</b>	<b>3 months ended June 30, 2017</b>
Total revenue	US\$5,439,288	US\$6,327,038	US\$2,376,409	US\$1,426,503
Income from continuing operations	US\$740,278	US\$1,481,221	US\$1,606,788	US\$551,632
Net income (loss)	US\$(2,768,762)	US\$1,481,221	US\$1,606,788	US\$551,632

	<b>3 months ended March 31, 2017</b>	<b>3 months ended December 31, 2016</b>	<b>3 months ended September 30, 2016</b>	<b>May 26, 2016 to June 30, 2016</b>
Total revenue	US\$195,718	US\$91,634	US\$19,252	US\$1,680
Income from continuing operations	US\$46,235	US\$(117,829)	US\$(45,578)	US\$(20,574)
Net income (loss)	US\$46,235	US\$(117,829)	US\$ (45,578)	US\$(20,574)

### **Management's Discussion and Analysis**

Management's discussion and analysis of the financial condition and results of operations of CryptoStar for the interim period ended March 31, 2018 and the periods ended December 31, 2017 and 2016 is attached to this Filing Statement as Schedule "D". This management's discussion and analysis should be read in conjunction with the financial statements of CryptoStar and the accompanying notes thereto attached to this Filing Statement as Schedule "C".

Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Note Concerning Forward Looking Statements*" above.

### **Trends**

Cryptocurrencies are highly volatile, and Bitcoin in particular. The Resulting Issuer's business, financial conditions, and results of operations will be affected (positively or negatively) based on the price of Bitcoin. The Blockchain and cryptocurrency industries and technologies are relatively new and evolving and there remains many uncertainties. See "*Information Concerning the Resulting Issuer – Risk Factors – Volatilities in cryptocurrency prices*".

### **Description of Securities**

The authorized capital of CryptoStar consists of an unlimited number of common shares without nominal or par value. As of the date of this Filing Statement 205,500,000 CryptoStar Shares and 13,204,700 CryptoStar Warrants are issued and outstanding as fully paid and non-assessable.

### ***CryptoStar Shares***

CryptoStar Shareholders are entitled to receive notice of and attend annual and special meetings of the CryptoStar Shareholders and to one (1) vote in respect of each CryptoStar Share held at all such meetings. The holders of the CryptoStar Shares are entitled to receive dividends, as and when declared by the CryptoStar Board out of the assets of CryptoStar property applicable to the payment of dividends, in such amount and payable at such times and at such place or places in Canada as the CryptoStar Board may from time to time determine. The CryptoStar Board may in their sole discretion declare dividends on the CryptoStar Shares to the exclusion of any other class of CryptoStar Shares. In the event of the liquidation, dissolution or winding-up of CryptoStar or other distribution of assets or property of CryptoStar among its shareholders for the purpose of winding up its affairs, the holders of the CryptoStar Shares shall be entitled to receive the remaining property of CryptoStar Shares.

### ***CryptoStar Warrants***

Each CryptoStar Finder's Warrant and CryptoStar Consultant's Warrant entitles the holder thereof to purchase one CryptoStar Share (as adjusted by the Share Exchange Ratio) at an exercise price of \$0.50 for a period of two years from closing of the Private Placement.

Each CryptoStar Management Warrant entitles the holder thereof to purchase one CryptoStar Share (as adjusted by the Share Exchange Ratio) at an exercise price of \$0.50 for a period of two years from closing of the Private Placement.

### **Consolidated Capitalization**

The following table sets forth CryptoStar's share and loan capital for and as of the end of the periods indicated. The information as at March 31, 2018 is derived from the financial statements of CryptoStar, which are included in this Filing Statement.

<b>Designation of Security</b>	<b>Amount authorized or to be authorized</b>	<b>Amount outstanding as of March 31, 2018</b>	<b>Amount outstanding as of August 17, 2018, prior to giving effect to the Transaction</b>
CryptoStar Shares	Unlimited	205,500,000	205,500,000
CryptoStar Warrants	13,204,700	13,204,700	13,204,700

### **Prior Sales**

In the twelve month period preceding the date of this Filing Statement, the following CryptoStar Shares have been sold:

<b>Date</b>	<b>Number of CryptoStar Shares</b>	<b>Issue Price per CryptoStar Share (\$)</b>	<b>Aggregate Issue Price (\$)</b>	<b>Nature of Consideration Received</b>
November 24, 2017	1 <sup>(1)</sup>	0.50	0.50	Cash
December 22, 2017	162,500,000 <sup>(2)</sup>	-	-	Assets
December 29, 2017	4,310,000 <sup>(3)</sup>	0.50	2,155,000	Cash

January 4, 2018	38,690,000 <sup>(3)</sup>	0.50	19,345,000	Cash
<b>Total</b>	<b>205,500,000</b>		21,500,000	

**Notes:**

- (1) Single CryptoStar Share issued on incorporation to Adrenaline and returned for cancellation on November 24, 2017.
- (2) Issued to Adrenaline, a Non-Arm's Length Party to CryptoStar pursuant to the Assets Transfer.
- (3) CryptoStar Shares issued pursuant to Private Placement. None of these CryptoStar Shares were sold to Related Parties to CryptoStar. In connection with the completion of the Private Placement, CryptoStar issued the CryptoStar Finder's Warrants to Canaccord Genuity Corp. and the CryptoStar Management Warrants to Adrenaline.

**Stock Exchange Price**

There is no public market for any securities of CryptoStar.

**Executive Compensation**

***Named Executive Officers***

The objective of this disclosure is to communicate the compensation that CryptoStar has paid, makes payable, awards, grants, gives or otherwise provides to each NEO (as hereinafter defined), for the periods ended December 31, 2017 and 2016.

A named executive officer (a "NEO" or "Named Executive Officer") means CryptoStar's chief executive officer (the "CEO") and the chief financial officer (the "CFO"), if any, in addition to each of CryptoStar's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year ended December 31, 2017, whose total compensation was, individually, more than \$150,000 or who would have qualified as a Named Executive Officer but for the fact that the individual was not serving as such an officer at the end of the periods ended December 31, 2017 and 2016. In addition, this Filing Statement is required to include disclosure for CryptoStar's three most highly compensated executive officers in addition to the CEO and CFO, regardless of the amount of their compensation. For the periods ended December 31, 2017 and 2016, the compensation for three executive officers of CryptoStar, namely David Jellins, Amelia Jones and Corey Dozhier, is included in this Filing Statement.

***Compensation Discussion & Analysis***

CryptoStar's policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of CryptoStar's achievements. The overriding principles in establishing executive compensation provide that compensation should reflect:

- (a) fair and competitive compensation commensurate with an individual's experience and expertise in order to attract and retain highly qualified executives;
- (b) recognition and encouragement of leadership, entrepreneurial spirit and team work;
- (c) an alignment of the financial interests of the executives with the financial interests of the CryptoStar Securityholders;
- (d) stock options and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and

- (e) a contribution to enhancement of shareholder value.

### ***Summary Compensation***

The following table sets forth all annual and long term compensation for services in all capacities to CryptoStar for the years ended December 31, 2017 and 2016, in respect of CryptoStar’s Named Executive Officers:

#### Summary Compensation Table

Name and principal position	Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans	Long-term incentive plans			
David Jellins <sup>(1)</sup>  <i>President, Chief Executive Officer &amp; Director</i>	2017	US\$182,120.40 <sup>(2)(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	US\$182,120.40
	2016	US\$91,060.20 <sup>(2)(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	US\$91,060.20
Amelia Jones <sup>(1)</sup>  <i>Chief Commercial Officer &amp; Director</i>	2017	US\$35,706.15 <sup>(2)(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	US\$35,706.15
	2016	US\$17,706.15 <sup>(2)(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	US\$17,706.15
Corey Dozhier  <i>Chief Operating Officer</i>	2017	US\$40,172.88 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	US\$36,929.09 <sup>(5)</sup>	US\$80,101.97
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Salaries in 2017 and 2016 for Mr. Jellins and Ms. Jones are payable pursuant to a salary allocation agreement (the “**Salary Allocation Agreement**”) between CryptoStar and Adrenaline as described in further detail under the section “*Non-Arm’s Length Party Transactions*”. The salaries listed herein have been accrued as a liability of CryptoStar and have not been paid as at the date hereof.
- (2) Salaries for Mr. Jellins and Ms. Jones are paid in Australian dollars (“A \$”). For the purposes of translating these amounts into United States dollars for disclosure under the Summary Compensation Table, the conversion rate used for the period ended December 31, 2016 was US \$1.00: A \$0.74, and the conversion rate used for the year ended December 31, 2017 was US \$1.00: A \$0.77 based on the average daily exchange rates posted on the United States Federal Reserve website.
- (3) Salaries for Mr. Jellins and Ms. Jones include superannuation of 9.5%.
- (4) Mr. Dozhier commenced employment on September 11, 2017. The salary reflects salary earned from his start date to December 31, 2017.
- (5) In the year ended December 31, 2017, Mr. Dozhier received a monthly bonus payment of 1 Bitcoin.

### ***Incentive Plan Awards***

#### Outstanding share-based and option-based awards

There were no outstanding share or option-based awards to any NEO as of December 31, 2017.

### Incentive plan awards – value vested or earned during the year

No incentive plan awards were earned or vested as during the year ended December 31, 2017 for any NEO.

### ***Pension Plan Benefits and Defined Contribution Plans***

CryptoStar does not offer a pension plan or a defined contribution plan and has no plans to do so.

### ***Director Compensation***

There is no formal arrangement for the compensation of directors at this time.

### ***Termination and Change of Control Benefits***

There are no contracts, agreements or plans of arrangement that provide for payment to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of CryptoStar or a change in an NEO's responsibilities.

### **Non-Arm's Length Party Transactions**

Except as otherwise disclosed herein, the directors and senior officers of CryptoStar and Associates and Affiliates thereof have not had any direct or indirect material interest in any transaction or proposed transaction since its date of incorporation to the date of this Filing Statement that has materially affected or will materially affect CryptoStar or the Resulting Issuer. See "*Information Concerning CryptoStar – Management's Discussion and Analysis*".

During the periods ended December 31, 2017 and 2016, substantially all expenses and additions of equipment were paid on CryptoStar's behalf by Adrenaline, which is a related party by virtue of its shareholdings in CryptoStar and common control.

Prior to the Assets Transfer, Adrenaline provided advances to Blockmines through a Line of Credit Promissory Note (the "**Adrenaline Note**"), bearing interest at 12% per annum and secured by all of the assets of Blockmines. During the financial year ended December 31, 2017 and the interim periods ended March 31, 2018 and June 30, 2018, all interest payable under the Adrenaline Note was waived by Adrenaline. As at August 1, 2018, a balance of US\$1,796,920.56 remains outstanding pursuant to the Adrenaline Note. Upon Completion of the Transaction, the Adrenaline Note will be an obligation of the Resulting Issuer. All outstanding principal and unpaid interest thereon is due and payable on December 22, 2022.

Pursuant to the Salary Allocation Agreement, Adrenaline and CryptoStar agreed to allocate a total salary paid to Mr. Jellins and Ms. Jones pro rata based on the time spent performing duties for Adrenaline and CryptoStar, respectively. In the period ended December 31, 2016, Mr. Jellins and Ms. Jones allocated 40% and 10% of their time, respectively, to performing their duties for CryptoStar. In the year ended December 31, 2017, Mr. Jellins and Ms. Jones allocated 80% and 20% of their time, respectively, to performing their duties for CryptoStar.

### **Legal Proceedings**

CryptoStar has not been and nor is it presently involved in any legal proceedings material to it and no such proceedings are, to the best of its knowledge, contemplated.

### **Material Contracts**

CryptoStar has not entered into any material contracts outside of the ordinary course of business prior to the date hereof, other than:

- the Utah Lease;
- the Electric Service Agreement; and
- the Qualifying Transaction Agreement.

Copies of these material contracts will be available for inspection without charge at the registered office of CryptoStar at 181 Bay Street, Suite 4400, Toronto, ON M5J 2T3 during ordinary business hours during ordinary business hours from the date hereof until the closing of the Transaction and for a period of 30 days thereafter.

## **INFORMATION CONCERNING THE RESULTING ISSUER**

### **Corporate Structure**

#### ***Name and Incorporation***

Following the Completion of the Transaction, the Resulting Issuer, formerly identified as Aumento, will operate the business of CryptoStar.

In conjunction with the Completion of the Transaction, Aumento will change its name to “CryptoStar Corp.” or such other name as CryptoStar may direct in writing and shall be acceptable to applicable regulatory authorities.

It is expected that the head and registered office of the Resulting Issuer will be relocated following the Completion of the Transaction to 181 Bay Street, Suite 4400, Toronto, ON M5J 2T3.

#### ***Intercorporate Relationships***

Upon Completion of the Transaction, Amalco will be a wholly-owned subsidiary of the Resulting Issuer. Amalco will have one (1) subsidiary, CryptoStar USA.

## **Narrative Description Of The Business**

Following the Completion of the Transaction, the Resulting Issuer will continue the business of CryptoStar. For information regarding the business of CryptoStar, see “*Information Concerning CryptoStar*”.

### ***Stated Business Objectives***

Following the Completion of the Transaction, the Resulting Issuer will continue the business of CryptoStar. Aumento and CryptoStar intend that the Resulting Issuer will use its financial resources for the following business objectives:

1. Expand Hashing power and the associated infrastructure with its current locations;
2. Expand operations into other geographical locations - primarily in the USA and Canada; and
3. Achieve a Hashrate of 145.6 PH/s by December 31, 2018 and 156.8 PH/s by December 31, 2019 through reinvestment of earnings.

See “*Information Concerning CryptoStar – Narrative Description of the Business*”.

There is no assurance that the Resulting Issuer will be successful in meeting the objectives described above. See “*Information Concerning the Resulting Issuer – Risk Factors*” for information relating to the risks associated with the business of the Resulting Issuer.

### ***Milestones***

In order to accomplish the business objectives stated above, the Resulting Issuer intends to spend the funds available to it on the Completion of the Transaction to reach the following milestones in the next twelve months:

1. Expand Mining facilities in the USA by the end of Q4, 2018. The costs to achieve this milestone are anticipated to be US\$1,490,000.
2. Expand Mining facilities in the USA by the end of Q4, 2019. The costs to achieve this milestone are anticipated to be US\$2,520,000.

## **Description of Securities**

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without nominal or par value. The holders of Resulting Issuer Shares will be entitled to receive notice of and attend all meetings of the shareholders of the Resulting Issuer and will be entitled to one vote in respect of each Resulting Issuer Share held at such meetings. The holders of Resulting Issuer Shares will be entitled to receive dividends if, as and when declared by the Board. In the event of liquidation, dissolution or winding-up of the Resulting Issuer, the holders of Resulting Issuer Shares will be entitled to share rateably in any distribution of the property or assets of the Resulting Issuer, subject to the rights of holders of any other class of securities of the Resulting Issuer entitled to receive assets or property of the Resulting Issuer upon such distribution in priority or rateably with the holders of Resulting Issuer Shares.

In addition, upon Completion of the Transaction, the Resulting Issuer will have 2,600,000 Resulting Issuer Stock Options, and 13,204,700 Resulting Issuer Warrants issued and outstanding.

## Pro Forma Consolidated Capitalization

The following table sets out the *pro forma* capitalization of the Resulting Issuer as at March 31, 2018 on a consolidated basis, expressed in Canadian dollars, based on the *pro forma* consolidated financial statements contained in this Filing Statement, after giving effect to the Transaction. This table should be read in conjunction with Aumento's *pro forma* financial statements attached hereto as Schedule "E".

Designation of Security	Amount Authorized or to be Authorized	Amounts after giving effect to the Transaction <sup>(1)</sup>
Resulting Issuer Shares	Unlimited	208,752,800
ACC Options	N/A	450,560
Resulting Issuer Stock Options	41,750,560	2,600,000
Resulting Issuer Warrants	13,204,700	13,204,700 <sup>(2)</sup>

### Notes:

- (1) Certain of these Resulting Issuer Securities will be held in escrow after the Completion of the Transaction (See "Information Concerning the Resulting Issuer – Escrowed Securities").
- (2) An aggregate of 3,204,700 Resulting Issuer Warrants to be issued upon Completion of the Transaction in exchange for the CryptoStar Consultant Warrants and CryptoStar Finder's Warrants will have an exercise price of \$0.50 per Resulting Issuer Share and will expire on January 4, 2020.  
An aggregate of 10,000,000 Resulting Issuer Warrants to be issued upon Completion of the Transaction in exchange for the CryptoStar Management Warrants will have an exercise price of \$0.50 per Resulting Issuer Share and will expire on January 4, 2021.

## Pro Forma Fully Diluted Share Capital

The following table states the diluted share capital of the Resulting Issuer upon the Completion of the Transaction and after giving effect to the Amalgamation:

	Amount Outstanding prior to the Completion of the Transaction	Amount Outstanding after the Completion of the Transaction	Percentage of Total Number of Resulting Issuer Shares to be Issued and Outstanding following Completion of the Transaction on a Fully Diluted Basis
Resulting Issuer Shares based on the outstanding ACC Shares prior to the Completion of the Transaction	3,252,800	3,252,800	1.4%
Resulting Issuer Shares issuable upon the Completion of the Transaction, in exchange for the CryptoStar Shares	205,500,000	205,500,000 <sup>(1)</sup>	91.3%

<b>Total (non-diluted)</b>	<b>208,752,800</b>	<b>208,752,800</b>	<b>92.7%</b>
Resulting Issuer Shares reserved for issuance upon exercise of the ACC Options	450,560	450,560	0.2%
Resulting Issuer Shares reserved for issuance upon exercise of the Resulting Issuer Warrants	13,204,700	13,204,700	5.9%
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer Stock Options	Nil	2,600,000	1.2%
<b>Total (fully diluted)</b>	<b>222,408,060</b>	<b>225,008,060</b>	<b>100.0%</b>

**Notes:**

- (1) Certain of these Resulting Issuer Securities will be subject to escrow restrictions upon the Completion of the Transaction. See “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

## **Estimated Available Funds And Principal Purposes**

### ***Estimated Funds Available***

As at July 31, 2018, CryptoStar had estimated working capital of US\$870,000 and Aumento had estimated working capital of \$940,000. The Resulting Issuer will have approximately US\$1,810,000 available upon Completion of the Transaction.

### ***Dividends***

There are no restrictions in Aumento’s articles or elsewhere which could prevent the Resulting Issuer from paying dividends subsequent to the Completion of the Transaction. It is not contemplated that any dividends will be paid on any shares of the Resulting Issuer in the immediate future subsequent to the Completion of the Transaction, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer’s business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer’s financial position at the relevant time. All of the Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

### ***Principal Purposes of Funds***

The following table sets out the estimated available funds after giving effect to the Transaction and the proposed principal uses for those funds:

<b>Item</b>	<b>Approximate Amount (US\$)</b>
Completion of infrastructure build-out	US\$1,240,000
General and administrative expenses	US\$570,000
<b>Total</b>	<b>US\$1,810,000</b>

Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances

where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management considers it to be in the best interests of Aumento and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

### Principal Securityholders

To the best of the knowledge of management of Aumento and CryptoStar, no Person will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting rights attached to all of the outstanding Resulting Issuer Shares other than Adrenaline.

### Directors, Officers and Promoters

#### *Name, Municipality of Residence, Occupation and Security Holdings*

Upon the Completion of the Transaction, the individuals disclosed in the table below are intended to be the directors and officers of the Resulting Issuer, with the term of office of the directors to expire on the date of the next annual general meeting of the shareholders of the Resulting Issuer.

<b>Name, Municipality of Residence and Position to be Held</b>	<b>Position with CryptoStar or Aumento Since</b>	<b>Principal Occupation During Past Five Years <sup>(1)</sup></b>	<b>Number and Percentage <sup>(2)</sup> of Voting Resulting Issuer Securities Owned Directly And Indirectly</b>
David Jellins Sydney, Australia Director, President and Chief Executive Officer	Director, President and Chief Executive Officer of CryptoStar since November 24, 2017	Director, Adrenaline Pty Ltd	81,250,000 Resulting Issuer Shares (38.9% on an undiluted basis) <sup>(3)</sup>
Amelia Jones <sup>(4)</sup> Sydney, Australia Director, Chief Commercial Officer	Director and Chief Commercial Officer of CryptoStar since December 27, 2017	Director, Adrenaline Pty Ltd	81,250,000 Resulting Issuer Shares (38.9% on an undiluted basis) <sup>(3)</sup>
Jing Peng Toronto Chief Financial Officer and Corporate Secretary	N/A	Senior Financial Analyst and Marrelli Support Services Inc. (2011 to Present)	Nil
Corey Dozhier Utah, United States Chief Operating Officer	Chief Operating Officer of CryptoStar since September 11, 2017	Manager, Data Center Facilities Engineering, Oracle Corp, S.L.C. Data Center Chief Engineer, Oracle Corp	Nil

Adam Kline Toronto, Ontario Director	Director and Secretary of CryptoStar since November 24, 2017	Partner, Miller Thomson LLP	100,000 Resulting Issuer Shares (less than 0.1% on an undiluted basis)
James Merkur <sup>(5)(6)</sup> Toronto, Ontario Director	N/A	CEO of Logan Peak Capital Inc.	80,000 Resulting Issuer Shares (less than 0.1% on an undiluted basis) <sup>(4)</sup>
Brendan Cahill <sup>(4)</sup> Toronto, Ontario Director	N/A	President of Excellon Resources Inc. since November 2012 and Chief Executive Officer since March 2013	Nil

**Notes:**

- (1) For a complete description of the proposed directors of the Resulting Issuer and for membership of board subcommittees, see “*Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Management*”.
- (2) The percentages in the table above are based on the non-diluted Resulting Issuer Shares outstanding upon Completion of the Transaction.
- (3) Mr. Jellins and Ms. Jones each hold a 50% interest in Adrenaline, which will hold 162,500,000 Resulting Issuer Shares following Completion of the Transaction.
- (4) Proposed member of the Audit Committee.
- (5) Mr. Merkur holds a 100% interest in Logan Peak Capital Inc., which will hold 80,000 Resulting Issuer Shares following Completion of the Transaction.
- (6) Proposed chair of the Audit Committee.

Following the Completion of the Transaction, the board of directors of the Resulting Issuer will establish an Audit Committee and such other committees of the board as it determines to be appropriate. Following the Completion of the Transaction, it is anticipated that the Audit Committee will be comprised of James Merkur as chair and Amelia Jones and Brendan Cahill as members.

Upon the Completion of the Transaction, the directors, officers and promoters of the Resulting Issuer as a group will own beneficially, directly and indirectly, or exercise control or direction over 162,680,000 Resulting Issuer Shares representing approximately 77.9% of the issued and outstanding Resulting Issuer Shares.

***Management***

The following are biographies of the proposed directors and principal management of the Resulting Issuer, including their respective proposed positions with the Resulting Issuer and relevant work and educational background, where applicable.

*David Jellins* – President, Chief Executive Officer and Director

Mr. Jellins is the founder, President, Chief Executive Officer and a director of CryptoStar. Mr. Jellins is also currently a Director of Adrenaline Pty Ltd having previously held the position of CEO. Adrenaline is Australia’s leading online experience and adventure booking website. Mr. Jellins has a history of other successful ventures including, STREAMX, a streaming media services business divested in 2004 and FASTmail Internet Services, an Australian Internet Service Provider divested in 2000. He holds a Bachelor of Engineering degree in Computer Systems Engineering from the University of Technology Sydney, Australia.

*Amelia Jones* - Chief Commercial Officer and Director

Mrs. Jones is the founder, Chief Commercial Officer and a director of CryptoStar. Mrs. Jones is also currently a Director of Adrenaline Pty Ltd. Mrs. Jones has a history of other successful ventures including, STREAMX, a streaming media services business divested in 2004. Mrs. Jones was previously a Management Consultant at PWC Australia specializing in e-Business strategy for large Australian retailers. Prior to this, Mrs. Jones worked in Accounting and Finance for large retailers in the UK. She holds a Bachelor of Commerce degree and Bachelor of Science degree from the University of Melbourne, Australia.

*Jing Peng* – Chief Financial Officer and Corporate Secretary

Mr. Peng is a Canadian Chartered Professional Accountant with a Master of Management and Professional Accounting degree from the University of Toronto and currently serves as a senior financial analyst at Marrelli Support Services Inc. Mr. Peng has acted as a chief financial officer for other Canadian reporting issuers and previously served as an senior accountant with two large accounting firms.

*Corey Dozhier* – Chief Operating Officer

Mr. Dozhier is currently the Chief Operating Officer of CryptoStar. Mr. Dozhier has held various positions relating to the data centre industry, including: Manager, Data Center Facilities Engineering, Data Center Chief Engineer and Data Center Facilities Engineer with Oracle, and the Quality Assurance and Quality Control Supervisor with Cache Valley Electric Company. He holds an A.A.S. degree in Electrical Studies from Salt Lake Community College.

*James Merkur* - Director

Mr. Merkur is the CEO of Logan Peak Capital Inc., a private equity and advisory business focused on investing in and advising growth oriented businesses. Mr. Merkur brings a wealth of experience in the public capital markets including senior roles at Canaccord Genuity, CIBC World Markets and Goldman Sachs. Mr. Merkur serves on the boards of Canaccord Genuity Acquisition Corp. and Guestlogix Inc. and served on the board of NYX Gaming Corp. Mr. Merkur holds a Bachelor of Commerce Degree from McGill University and a combined JD/MBA from the University of Toronto.

*Adam Kline* - Director

Mr. Kline is a partner at Miller Thomson, a leading Canadian business law firm with offices across Canada. Mr. Kline has extensive experience advising public companies, institutional investors and investment banks in regard to securities offerings, mergers and acquisitions, corporate governance, shareholder activism, continuous disclosure, stock exchange matters and securities regulatory compliance matters. Mr. Kline holds a law degree from Osgoode Hall Law School and a Masters of Business Administration from the Schulich School of Business.

*Brendan Cahill* - Director

Mr. Cahill has over 15 years of experience in the mining and metals sector and in corporate finance, and is currently Chief Executive Officer of Excellon Resources Inc., and a director of Group Eleven Resources Corp. He was formerly the Vice President of Corporate Development for Pelangio Exploration Inc. and a lawyer at Davies Ward Phillips & Vineberg LLP.

### ***Promoter Consideration***

Adrenaline Pty Ltd, which is controlled by David Jellins and Amelia Jones, took the initiative in founding CryptoStar and, accordingly, may be considered a promoter of the Resulting Issuer within the meaning of applicable securities legislation. Adrenaline Pty Ltd will beneficially hold 162,500,000 Resulting Issuer Shares, representing 79.1% of the Resulting Issuer Shares following Completion of the Transaction, Resulting Issuer Warrants to purchase 10,000,000 Resulting Issuer Shares at an exercise price of \$0.50 per Resulting Issuer Share until January 4, 2020.

As more particularly described under “*General Development of the Business*”, Adrenaline Pty Ltd transferred all of its Mining assets pursuant to the Assets Transfer in consideration of 162,500,000 CryptoStar Shares.

### ***Corporate Cease Trade Orders or Bankruptcies***

Except as disclosed below, no proposed director, officer or promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within ten years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets .

### ***Penalties or Sanctions***

No individual proposed for appointment as a director or officer of the Resulting Issuer, nor any promoter of the Resulting Issuer or any shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable securityholder making a decision about the proposed Transaction.

### ***Personal Bankruptcies***

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person has, within the ten years before the date of the Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

### ***Conflicts of Interest***

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the Completion of the Transaction or who may be considered promoters of the Resulting Issuer are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the OBCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. To the best of its knowledge, Aumento is not aware of the existence of any conflicts of interest between Aumento and any of its directors and officers as of the date of this Filing Statement. To the best of its knowledge, CryptoStar is not aware of the existence of any conflicts of interest between CryptoStar and any of its directors and officers as of the date of this Filing Statement. The shareholders of the Resulting Issuer must appreciate that they will be required to rely on the judgment and good faith of its directors and officers, as well as on the judgment and good faith of the directors and officers of the Resulting Issuer, in resolving any conflicts of interest that may arise.

### ***Other Reporting Issuer Experience***

The following table sets out the proposed directors, officers and promoter of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Position</b>	<b>Exchange</b>	<b>From</b>	<b>To</b>
James Merkur	Canaccord Genuity Acquisition Corp.	Director	TSXV	June 28, 2017	Present
	NYX Gaming Group Limited	Director	TSXV	January 1, 2016	January 5, 2018
Jing Peng	CryptoGlobal Inc.	CFO	TSXV	January 25, 2018	Present
	New Era Minerals Inc.	Director	TSXV	July 20, 2016	Present
	Austin Resources Ltd.	CFO	TSXV	September 30, 2015	Present
	Continental Precious Minerals Inc.	CFO	NEX	July 21, 2015	Present
	Pudo Inc.	CFO	CSE	July 3, 2015	November 16, 2015
	URU Metals Limited	CFO	AIM	2014	Present
	Oil Optimization Inc.	CFO	TSXV/NEX	October 26, 2014	April 8, 2016
	OutdoorPartner Media Corporation	CFO	TSXV/NEX	April 21, 2014	Present

	Canadian Silver Hunter	CFO	TSXV	January 28, 2014	October 17, 2014
	Captor Capital Corporation (formerly, NWT Uranium Corp.)	CFO	CSE	April 17, 2014	Present
Brendan Cahill	Excellon Resources Inc.	President and Chief Executive Officer	TSXV	April 30, 2013	Present
	Group Eleven Resources Corp.	Director	TSXV	December 13, 2017	Present

## **Anticipated Executive Compensation**

### *Compensation Discussion and Analysis*

The compensation for each for each of the Resulting Issuer’s two most highly compensated executive officers, in addition to the proposed Chief Executive Officer and Chief Financial Officer (each a “**Resulting Issuer NEO**” and collectively, the “**Resulting Issuer NEOs**”) for the 12 month period following completion of the Transaction shall be finalized subsequent to the completion of the Transaction and employment contracts between the Resulting Issuer and the Resulting Issuer NEO will be entered into at such time. The Resulting Issuer will disclose the terms of any agreements entered into with any Resulting Issuer NEOs at the applicable time. It is expected the Compensation Committee of the Resulting Issuer will establish an executive bonus pool that will be impacted by, among other things, financial results and other objectives related to the Resulting Issuer.

### *Compensation of Directors*

It is anticipated that directors who are not Resulting Issuer NEOs will receive compensation for their time that is commensurate with issuers of similar size and complexity. The Resulting Issuer will reimburse directors for out-of-pocket expenses related to their attendance at meetings.

## **Indebtedness Of Directors And Officers**

Except as disclosed below, no individual who: (a) is a director or officer of Aumento or CryptoStar or is proposed to be a director or officer of the Resulting Issuer; (b) at any time during the most recently completed financial year of Aumento or CryptoStar was, a director or officer of Aumento or CryptoStar; or (c) is an associate of any of the foregoing, is either: (a) indebted to Aumento or CryptoStar or a subsidiary of either Aumento or CryptoStar; or (b) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Aumento or CryptoStar as at the date of the Filing Statement.

## **Investor Relations Arrangements**

Following the Completion of the Transaction, the Resulting Issuer may enter into an agreement with a person or firm to provide corporate communications and investor relations services for the Resulting Issuer or its securities. No agreement has been concluded with any person or firm with respect to the

provision of such services or to engage in any other activities for the purposes of stabilizing the market for the Resulting Issuer Shares.

## Options to Purchase Securities

### *Options to Purchase Securities*

The following table sets forth the particulars of the stock options that will be outstanding upon the Completion of the Transaction:

<b>Group</b>	<b>Number of Options to Purchase Resulting Issuer Shares as of August 17, 2018</b>	<b>Exercise Price (\$)</b>	<b>Grant Date</b>	<b>Expiry Date</b>
Officers of the Resulting Issuer <sup>(1)</sup>	1,240,000	\$0.50	Completion of the Transaction	Ten years after Completion of the Transaction
Directors of the Resulting Issuer who are not also officers of the Resulting Issuer <sup>(2)</sup>	360,000	\$0.50	Completion of the Transaction	Ten years after Completion of the Transaction
Consultants of the Resulting Issuer	1,000,000	\$0.50	Completion of the Transaction	Ten years after Completion of the Transaction
Officers and past officers of Aumento <sup>(3)</sup>	86,000	\$0.50	May 19, 2017	May 19, 2020
Directors and past directors of Aumento who are not also officers of Aumento <sup>(4)</sup>	258,000	\$0.50	May 19, 2017	May 19, 2020

**Notes:**

- (1) Comprised of David Jellins, Amelia Jones and Corey Dozhier.
- (2) Comprised of Adam Kline, James Merkur and Brendan Cahill.
- (3) Comprised of David Danziger.
- (4) Comprised of Roger Daher and Paul Pathak.

### *Stock Option Plan*

It is expected that the Resulting Issuer will maintain the Resulting Issuer Stock Option Plan.

The purpose of the Resulting Issuer Stock Option Plan is to add incentive and to provide consideration for effective services of full and part-time employees, full and part-time officers and directors of the Resulting Issuer, and persons performing special technical or other services to Resulting Issuer and its subsidiaries.

The number of Resulting Issuer Shares, the exercise price per Resulting Issuer Share, the vesting period and any other terms and conditions of options granted pursuant to the Resulting Issuer Stock Option Plan, from time to time, are determined by the board of the Resulting Issuer at the time of the grant, subject to the defined parameters of the Resulting Issuer Stock Option Plan.

The Resulting Issuer Stock Option Plan is administered by the board of the Resulting Issuer. Participation is limited to directors, full and part-time officers, full and part-time employees and consultants providing services to the Resulting Issuer. The exercise price of any option cannot be less than the discounted market price of the Resulting Issuer Shares at the time the option is granted. Market price is deemed to be the closing price as reported on the principal stock exchange or over-the-counter market on which the common shares are listed or quoted, on the last trading day immediately preceding the day upon which the option is granted. The exercise period cannot exceed ten years. Options will terminate on the date of expiration specified, 90 days after a participant ceases to be eligible (or 30 days if the recipient is involved in investor relations activities), or one (1) year after the date of death.

The Resulting Issuer Stock Option Plan allows for the issuance of stock options on a “fixed” basis whereby up to a maximum of 20% of the issued and outstanding Resulting Issuer Shares on the Completion of the Transaction may be reserved for granting under the Resulting Issuer Stock Option Plan with no vesting provisions. The maximum number of Resulting Issuer Shares reserved for issuance to any individual officer or director shall not exceed five per cent (5%) of the issued and outstanding Resulting Issuer Shares and to any technical consultant shall not exceed two percent (2%) of the issued and outstanding Resulting Issuer Shares, in each case subject to adjustment of such number pursuant to the provisions contained in the Resulting Issuer Stock Option Plan related to share capital readjustments.

### **Escrowed Securities**

A number of the Resulting Issuer Shares will be subject to escrow pursuant to the policies of the Exchange. The two categories of escrow securities which will exist upon the Completion of the Transaction, under the CPC Escrow Agreement and a Surplus Security Escrow Agreement.

#### ***CPC Escrow Agreement***

The following table sets out, as at the date of this Filing Statement, the number and percentage of CPC Escrow Shares held in escrow under the CPC Escrow Agreement prior to the Completion of the Transaction, and the number and percentage of Resulting Issuer Shares that will be held in escrow after the Completion of the Transaction:

Name and Municipality of Residence of Securityholder	Designation of class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow	Percentage of class <sup>(1)</sup>	Number of securities to be held in escrow	Percentage of class <sup>(1)</sup>
David Danziger Professional Corporation <sup>(2)</sup> Toronto, ON	Resulting Issuer Shares	140,000	0.07%	140,000	0.07%
Roger Daher Toronto, ON	Resulting Issuer Shares	760,000	0.36%	760,000	0.36%
2124312 Ontario Inc. <sup>(3)</sup> Toronto, ON	Resulting Issuer Shares	200,000	0.10%	200,000	0.10%
Donato Sferra	Resulting Issuer Shares	280,000	0.13%	280,000	0.13%

Toronto, ON					
Mark Attanasio Toronto, ON	Resulting Issuer Shares	280,000	0.13%	280,000	0.13%
Eliezer Mordochovich Toronto, ON	Resulting Issuer Shares	280,000	0.13%	280,000	0.13%
Zambian Holdings Inc. <sup>(4)</sup> Toronto, ON	Resulting Issuer Shares	40,000	0.02%	40,000	0.02%
Jon MacNeil Toronto, Ontario	Resulting Issuer Shares	20,000	0.01%	20,000	0.01%
<b>Total:</b>		2,000,000	0.96%	2,000,000	0.96%

**Notes:**

- (1) The percentages in the table above are based on the non-diluted Resulting Issuer Shares.
- (2) David Danziger is the sole shareholder of David Danziger Professional Corporation.
- (3) Paul Pathak is the sole shareholder of 2124312 Ontario Inc.
- (4) Maruf Raza and his family trust, MSR Family Trust, are the sole shareholders of Zambian Holdings Inc.

As at the date hereof, there are 2,000,000 CPC Escrow Shares (or 2,000,000 Resulting Issuer Shares) held in escrow, representing 0.96% of the total issued and outstanding ACC Shares prior to the Completion of the Transaction. All of the CPC Escrow Shares are escrowed pursuant to the CPC Escrow Agreement. 25% of the CPC Escrow Shares will be released from escrow on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each of the dates that are 6, 12 and 18 months thereafter.

***Surplus Security Escrow Agreement***

Pursuant to the policies of the Exchange and in addition to the CPC Escrow Shares, the following securities of the Resulting Issuer anticipated to be held by Principals of the Resulting Issuer are expected to be held in escrow after giving effect to the Transaction:

Name and Municipality of Residence of Securityholder	Designation of class	Number of securities to be held in escrow	Percentage of class <sup>(1)</sup>
Adrenaline Pty Ltd <sup>(1)</sup> Australia	Resulting Issuer Shares	162,500,000	77.8%
	Resulting Issuer Warrants	10,000,000	75.7%
David Jellins Sydney, Australia	Resulting Issuer Stock Options	120,000	4.6%
Amelia Jones Sydney, Australia	Resulting Issuer Stock Options	120,000	4.6%
Adam Kline Toronto, Canada	Resulting Issuer Stock Options	120,000	4.6%

James Merkur Toronto, Canada	Resulting Issuer Stock Options	120,000	4.6%
Brendan Cahill Toronto, Canada	Resulting Issuer Stock Options	120,000	4.6%
Corey Dozhier Utah, United States	Resulting Issuer Stock Options	1,000,000	38.5%

**Notes:**

- (1) Adrenaline Pty Ltd is beneficially owned and controlled by David Jellins and Amelia Jones of Sydney, Australia.
- (2) On a fully diluted basis, the total number of Resulting Issuer Securities held by Principals that will be subject to the Surplus Security Escrow Agreement is 174,100,000.

The Surplus Securities will be subject to a Surplus Security Escrow Agreement dated the Closing Date among the certain shareholders of the Resulting Issuer and the Escrow Agent, pursuant to the policies of the Exchange. Under the Surplus Security Escrow Agreement, the Surplus Securities will be released as follows:

- 10% of the securities will be released on the date of the Final Exchange Bulletin; and
- the remaining securities will be released in three tranches, as follows: 20% of the securities will be released on six months thereafter; 30% twelve months thereafter; and 40% eighteen months thereafter.

**Auditors, Transfer Agent And Registrar**

***Auditor***

The Resulting Issuer's auditor will be Grant Thornton LLP, Chartered Professional Accountants.

***Transfer Agent and Registrar***

It is anticipated that the registrar and transfer agent for the Resulting Issuer Shares subsequent to the Completion of the Transaction will continue to be TSX Trust Company, 200 University Avenue, Suite 300, Toronto ON M5H 4H1.

**Risk Factors**

The following risk factors should be carefully considered in evaluating the Resulting Issuer and the Transaction. The risks presented below may not be all of the risks that the Resulting Issuer may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the business following the Completion of the Transaction. The market in which CryptoStar currently competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results. In addition to the risks described elsewhere in this Filing Statement, including in the notes to the financial statements attached hereto, each of, and the cumulative effect of all of, the following risks for the Resulting Issuer should be considered:

### ***Limited Operating History and Uncertainty of Future Revenues***

CryptoStar has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate its ability to achieve its business objectives. The future success of the Resulting Issuer is dependent on management's ability to implement its strategy. Whilst management is optimistic about the Resulting Issuer's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Resulting Issuer will successfully establish a market for its product. The Resulting Issuer faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operation and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Resulting Issuer's business, financial condition and results.

### ***Liquidity and additional financing***

Additional funds by way of equity financings may need to be raised to finance the Resulting Issuer's future activities. No assurances can be given that the Resulting Issuer will be able to raise the additional capital that it may require for its anticipated future development, or that the terms of such financings will be favorable. The failure to obtain such additional financing could cause the Resulting Issuer to reduce or terminate its operations.

### ***Regulatory requirements***

The Resulting Issuer may be affected in varying degrees by government policies and regulations. As the Resulting Issuer works across various jurisdictions, there is no assurance for continuity in operations and a portion of the Resulting Issuer's business may be subject to more aggressive enforcement of laws and regulations. Changes in government, regulations and policies and practices, beyond the control of the Resulting Issuer, could have an adverse impact on the Resulting Issuer's future cash flows, earnings, results of operations and financial condition.

### ***Volatilities in cryptocurrency prices***

The markets for cryptocurrencies have experienced much larger fluctuations than other securities markets, and there can be no assurances that erratic swings in price will slow in the future. In the event that the price of cryptocurrency declines, the value of an investment in the Resulting Issuer will likely decline.

Several factors may affect the price and volatility of cryptocurrency including, but are not limited to: (i) global cryptocurrency demand, depending on the acceptance of cryptocurrency by retail merchants and commercial businesses; (ii) the perception that the use and holding of cryptocurrency is safe and secure and related lack of or inconsistency in regulatory restrictions, particularly across various jurisdictions; (iii) conversely, heightened regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency; (iv) investor's expectations with respect to the rate of inflation; (v) interest rates; (vi) currency exchange rates, including exchange rates between cryptocurrency and fiat currency; (vii) fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges; (viii) interruption of services or failures of major cryptocurrency exchanges; (ix) general governmental monetary policies, including trade restrictions, currency revaluations; (x) global or regional political, economic or financial events and situations, including increased threat or terrorist activities; and/or (xi) self-fulfilling expectations of changes in the cryptocurrency market.

As well, momentum pricing is typically associated with assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Momentum pricing of cryptocurrency may result in speculation regarding future appreciation in the value of cryptocurrency. As a result, changing investor confidence could adversely affect an investment in the Resulting Issuer.

### ***Legal and tax risk***

Legal and tax and regulatory changes could occur which may adversely affect cryptocurrency businesses. For example, the tax environment for cryptocurrencies is evolving, and changes in the regulation or taxation of cryptocurrencies may adversely affect the value affect of an investment in the Resulting Issuer.

### ***Permits and licenses***

The operations of the Resulting Issuer may require licenses and permits from various governmental authorities. There can be no assurance that Corporation will be able to obtain all necessary licenses and permits that may be required.

### ***Cryptocurrency industry***

The further development and acceptance of the cryptocurrency industry is subject to a variety of factors that are difficult to anticipate and evaluate. The use of cryptocurrency to buy and sell goods and services, among other things, is a new and rapidly evolving industry. Although it is widely predicted that cryptocurrency will become a leading means of digital payment, it cannot be assured that this will in fact occur. Any slowing or stopping of the development in the acceptance of cryptocurrency may adversely affect an investment in the Resulting Issuer. For a number of reasons, including for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, cryptocurrency activities may in fact prove in the long run to be an unprofitable means for businesses.

Factors affecting the further development of the cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of cryptocurrency; (ii) government and quasi-government regulation of cryptocurrency and their use, or restrictions on or regulation of access to and operation of cryptocurrency systems; (iii) Changes in consumer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services; and (v) the regulatory environment and general economic conditions and the regulatory environment related to cryptocurrency.

A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the Resulting Issuer.

### ***Limited use of cryptocurrency***

Cryptocurrency have not been widely adopted as a means of payment for goods and services by many major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from holding of cryptocurrency.

The relative lack of acceptance of cryptocurrency in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with cryptocurrency. A lack of expansion by cryptocurrency into retail and commercial markets, or a contraction of such use, may result in increased volatility which could adversely impact an investment in the Resulting Issuer.

### ***Stability of cryptocurrency exchanges***

Due to the nature of their business, public exchanges that establish the price of cryptocurrency have a limited operating history. In this time, even the largest cryptocurrency exchanges have been subject to operational interruption or even collapse. In many of these instances, the customers of such cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. As cryptocurrency exchanges are relatively new, they may be exposed to fraud and failure, more than other more established currency and commodity exchanges. Any interruption and collapse of cryptocurrency exchanges may limit the liquidity of cryptocurrencies, resulting in; volatile prices, and a reduction in confidence in the cryptocurrency network and exchange market. The deposit or withdrawal of fiat currency into or from the cryptocurrency exchanges may also affect the price of the cryptocurrency. Operational limits regarding the settlement with fiat currencies may also reduce the demand to use cryptocurrency exchanges which would adversely affect an investment in the Resulting Issuer.

The Resulting Issuer's cryptocurrency inventory may be exposed to cybersecurity threats and hacks

As with any other computer code, flaws in the cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare.

### ***Insufficient miner incentives***

Cryptocurrency miners may not have adequate incentive to continue mining and may cease their mining operations should the award of new cryptocurrencies for solving transaction blocks decline. cryptocurrency miners ceasing operations would reduce the collective processing power on the cryptocurrency network, adversely affecting the confirmation process for transactions by decreasing the speed at which transaction blocks are added to the blockchain until the next scheduled adjustment in difficulty for transaction for block solutions. Moreover, such slower adjustments would make the blockchain network more vulnerable to malicious actors or botnets obtaining control of the blockchain network processing power. As a result, any reduction in confidence in the confirmation process or processing power may adversely impact the business and affairs of the Resulting Issuer.

### ***Intellectual property rights claims may adversely affect operations***

Third parties may assert intellectual property claims relating to the holding and transfer of cryptocurrency and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the cryptocurrency network's long-term viability or the ability of end-users to hold and transfer cryptocurrency may adversely affect an investment in the Resulting Issuer. As a result, an intellectual property claim could adversely affect the business and affairs of the Resulting Issuer.

### ***Cryptocurrency exchanges and digital wallets may be hacked***

Cryptocurrency trading platforms or the Resulting Issuer's digital wallets may be hacked. Access to the Resulting Issuer's coins could also be restricted by cybercrime (such as a denial of service ("DoS") attack) against a service at which the Resulting Issuer maintains a hosted online wallet. Any of these events may adversely affect the operations of the Resulting Issuer and, consequently, its investments and profitability. The loss or destruction of a private key required to access the Resulting Issuer's digital wallets may be irreversible. The Resulting Issuer's loss of access to its private keys or its experience of a

data loss relating to the Resulting Issuer's digital wallets could adversely affect its investments. To the extent such private keys are lost, destroyed or otherwise compromised, the Resulting Issuer will be unable to access its coins and such private keys will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Resulting Issuer's cryptocurrency could adversely affect its investments and profitability.

### ***Misuse of cryptocurrencies and malicious actors***

Since the existence of cryptocurrencies, there have been attempts to use them for speculation purposes and manipulations to use cryptocurrencies for malicious purposes. Although law makers increasingly regulate the use and applications of cryptocurrencies, and software is being developed to curtail speculative and malicious activities, there can be no assurances that those measures will sufficiently deter those and other illicit activities, in the future.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to "mining" of the Resulting Issuer it may be able to alter the blockchain on which cryptocurrency transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new cryptocurrency or transactions using such control. The malicious actor or botnet could double spend its own cryptocurrency and prevent the confirmation of other users' transactions for so long as it maintains control. Such changes could adversely affect an investment in the Resulting Issuer.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Resulting Issuer's cryptocurrency inventory.

### ***Cryptocurrency is not covered by deposit insurance***

Transactions using cryptocurrency are not covered by deposit insurance, unlike banks and credit unions that provide guarantees or safeguards.

### ***Risk of fraud***

There is a risk of fraud related to digital currencies, payment platforms and related businesses. If fraud occurs this could lead to a loss of any investment made in the Resulting Issuer.

### ***Permits and licenses***

The operations of the Resulting Issuer may require licenses and permits from various governmental authorities. There can be no assurance that the Resulting Issuer will be able to obtain all necessary licenses and permits that may be required. Furthermore, failure or delays in obtaining necessary approvals for licenses and permits, could have a materially adverse effect on the Resulting Issuer's financial condition and result of operations.

### ***Cryptocurrency exchanges are unregulated***

Cryptocurrency exchanges are largely unregulated. Over the past several years, several cryptocurrency exchanges have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. The closure or temporary shutdown of cryptocurrency exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in cryptocurrency. These potential consequences could adversely affect an investment in the Resulting Issuer.

### ***Competition from other cryptocurrency companies***

The Resulting Issuer will compete with other cryptocurrency and distributed ledger technology businesses and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Resulting Issuer. Market and financial conditions, and other conditions beyond the Resulting Issuer's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for the Resulting Issuer's shares and reduce their liquidity.

### ***Potential conflicts of interest may arise***

Generally, the Resulting Issuer's directors and management are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with the Resulting Issuer.

### ***Limited management experience***

The management of the Resulting Issuer has limited history of past performance in managing a cryptocurrency company, and the past performances of management in other positions are no indication of their ability to successfully manage the Resulting Issuer. If the experience of management is inadequate or unsuitable to manage the Resulting Issuer the operations of the Resulting Issuer may be adversely affected.

### ***Reliance on key personnel***

The Resulting Issuer's performance is substantially dependent on the performance and efforts of its board of directors, management and key employees. The loss of the services of any of these individuals could have a material adverse effect on its business, results of operations and financial condition. As well, the future success of the Resulting Issuer will depend, in large part upon its ability to attract and retain additional qualified operational personnel. The Resulting Issuer may not be able to enlist, train, retain, motivate and manage the required personnel. As such, the ability of the Resulting Issuer to manage its business and meet its objectives may be compromised.

### ***Technological obsolescence and difficulty in obtaining hardware***

To remain competitive, the Resulting Issuer will continue to invest in hardware and equipment at the datacenters required for maintaining the Resulting Issuer's mining activities. Should competitors introduce new services/software embodying new technologies, the Resulting Issuer recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. The increase in interest and demand for cryptocurrencies has led to a shortage of mining hardware as individuals purchase equipment for mining at home. Equipment in the datacenters will require replacement from time to time.

### ***Litigation***

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Shares and could use significant resources. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant resources.

### ***Dividends***

The Resulting Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

### ***Limited Market for Securities***

Upon Completion of the Transaction, the Resulting Issuer Shares will be listed on the Exchange, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

## **GENERAL MATTERS**

### **Sponsorship and Agent Relationship**

#### ***Sponsor***

Pursuant to Policy 2.2 – *Sponsorship and Sponsorship Requirements of the Exchange*, sponsorship is generally required in conjunction with a Qualifying Transaction. The Issuer received an exemption from the sponsorship requirement.

#### **Experts**

#### ***Opinions***

Grant Thornton LLP, Chartered Professional Accountants, prepared the Auditor's Report for Aumento for the year ended December 31, 2017. Grant Thornton LLP, Chartered Accountants, are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

Grant Thornton LLP prepared the Auditor's Report for CryptoStar for the years ended December 31, 2017 and 2016. Grant Thornton LLP are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

***Interests of Experts***

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of Aumento, CryptoStar, the Resulting Issuer or an Associate or Affiliate of the foregoing.

**Other Material Facts**

There are no other material facts about Aumento, CryptoStar, the Resulting Issuer or the Transaction that are not elsewhere disclosed herein and which are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to Aumento, CryptoStar and the Resulting Issuer, assuming the Completion of the Transaction.

**Board Approval**

The contents and the filing of this Filing Statement have been approved by the board of directors of each of Aumento and CryptoStar. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than Aumento, Aumento has relied upon information furnished by such person.

**CERTIFICATE OF AUMENTO CAPITAL VI CORPORATION**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Aumento Capital VI Corporation assuming Completion of the Qualifying Transaction.

*"David Danziger"*

David Danziger  
Chief Executive Officer, Chief Financial Officer,  
Secretary and Director

**On behalf of the Board of Directors:**

*"Roger Daher"*

Roger Daher  
Director

*"Paul Pathak"*

Paul Pathak  
Director

**CERTIFICATE OF CRYPTOSTAR INC.**

The foregoing, as it relates to CryptoStar Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of CryptoStar Inc.

*"David Jellins"*

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David Jellins  
President and Chief Executive Officer

**On behalf of the Board of Directors**

*"David Jellins"*

---

David Jellins  
Director

*"Amelia Jones"*

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Amelia Jones  
Director

## **ACKNOWLEDGEMENT OF PERSONAL INFORMATION**

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of the Exchange Form 3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- a) the disclosure of Personal Information by the undersigned to the Exchange as defined in Appendix 6B) pursuant to the Form 3D2; and
- b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

### **ON BEHALF OF THE BOARD OF DIRECTORS OF AUMENTO CAPITAL VI CORPORATION**

*"David Danziger"*

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David Danziger  
Chief Executive Officer, Chief Financial Officer,  
Secretary and Director

**SCHEDULE "A"**  
**AUMENTO FINANCIAL STATEMENTS**

(see attached)

**Aumento Capital VI Corporation**  
(A Capital Pool Corporation)

**Financial Statements**

**For the Period from the Date of Incorporation  
(January 6, 2017) to December 31, 2017**

# Independent auditor's report

Grant Thornton LLP  
Suite 501  
201 City Centre Drive  
Mississauga, ON  
L5B 2T4  
T +1 416 369 7076  
F +1 905 804 0509  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Shareholders of Aumento Capital VI Corporation

We have audited the accompanying financial statements of Aumento Capital VI Corporation, which comprise the statement of financial position as at December 31, 2017, and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the period from the date of incorporation (January 6, 2017) to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

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

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aumento Capital VI Corporation as at December 31, 2017, and its financial performance and its cash flows for the period from the date of incorporation (January 6, 2017) to December 31, 2017, in accordance with International Financial Reporting Standards.

*Grant Thornton LLP*

Mississauga, Canada  
April 25, 2018

Licensed Professional Accountants  
Chartered Professional Accountants

**Aumento Capital VI Corporation**  
**Statement of Financial Position**  
(in Canadian Dollars)

December 31, 2017

<b>Assets</b>	
Cash held in trust	\$ 940,768
	\$ 940,768
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 5,670
	5,670
<b>Shareholders' equity</b>	
Share capital (Note 3)	957,866
Options reserve	154,000
Deficit	(176,768)
	935,098
	\$ 940,768

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

Approved by the Board      David Danziger      Paul Pathak  
Director (Signed)                      Director (Signed)

**Aumento Capital VI Corporation**  
**Statement of Loss and Comprehensive Loss**  
**For the period from the Date of Incorporation (January 6, 2017) to December 31, 2017**  
(in Canadian Dollars)

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		<b>2017</b>
<b>Expenses</b>		
Professional fees	\$	<b>25,696</b>
Filing fees		<b>30,072</b>
Stock based compensation		<b>121,000</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$</b>	<b>(176,768)</b>
<b>Net loss per share – basic and diluted</b>	<b>\$</b>	<b>(0.23)</b>
<b>Weighted average shares outstanding</b>		<b>774,712</b>

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

**Aumento Capital VI Corporation**  
**Statement of Changes in Shareholders' Equity**  
**For the period from the Date of Incorporation (January 6, 2017) to December 31, 2017**  
(in Canadian Dollars)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Options Reserve</b>	<b>Deficit</b>	<b>Shareholders' Equity</b>
Balance, January 6, 2017	-	\$ -	\$ -	\$ -	\$ -
Private placements (Note 3)	2,000,000	500,000	-	-	500,000
Initial public offering (Note 3)	1,252,800	626,400	-	-	626,400
Share issue costs (Note 3)	-	(168,534)	33,000	-	(135,534)
Stock based compensation (Note 3)	-	-	121,000	-	121,000
Net loss for the period	-	-	-	(176,768)	(176,768)
<b>Balance, December 31, 2017</b>	<b>3,252,800</b>	<b>\$ 957,866</b>	<b>\$ 154,000</b>	<b>\$ (176,768)</b>	<b>\$ 935,098</b>

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

**Aumento Capital VI Corporation****Statement of Cash Flows****For the period from the Date of Incorporation (January 6, 2017) to December 31, 2017**

(in Canadian Dollars)

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	<b>2017</b>
<b>Cash provided by (used in)</b>	
<b>Operating</b>	
Net loss for the period	\$ (176,768)
Stock based compensation	121,000
Change in accounts payable and accrued liabilities	5,670
	<b>(50,098)</b>
<b>Financing</b>	
Share subscription, net of issuance costs	990,866
Net change in cash	940,768
<b>Cash, end of period</b>	<b>\$ 940,768</b>

---

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

**1. INCORPORATION AND NATURE OF BUSINESS**

Aumento Capital VI Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act on January 6, 2017 and is classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval. On December 22, 2017, the Corporation signed a letter of intent with CryptoStar Inc. to complete a Qualifying Transaction (note 6).

The head office and the registered head office of the Corporation is located at 320 Bay Street, Suite 1600, Toronto, Ontario M5H 4A6.

On April 25, 2018, the Board of Directors approved the financial statements for the period from Date of Incorporation (January 6, 2017) to December 31, 2017.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**Accounting Standards issued but not yet applied**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRS Interpretations Committee ("IFRIC") that are mandatory and which the Corporation reasonably expects to be applicable for later periods are listed below. The Corporation has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES – continued**

IFRS 9, Financial Instruments (“IFRS 9”) was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The Corporation anticipates that this standard will be adopted in the Corporation’s financial statements for the year beginning January 1, 2018, and has not yet considered the potential impact of the adoption of IFRS 9.

**3. SHARE CAPITAL**

Authorized

Unlimited common shares

Issued

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<b>3,252,800 common shares</b>	<b>\$</b>	<b>957,866</b>
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**Escrowed Shares**

During the period, the Corporation issued 2,000,000 common shares at \$0.25 per share for total proceeds of \$500,000. The Corporation incurred share issuance costs of \$11,701 related to this issuance.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. These shares are excluded from the weighted-average share calculation used to determine loss per share as they are deemed to be contingently issuable.

All common shares acquired on exercised of stock options granted to directors and officer prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

**3. SHARE CAPITAL - continued**

**Initial Public Offering**

On May 19, 2017 the Corporation announced that it had completed its initial public offering (the "Offering") of 1,252,800 common shares at a purchase price of \$0.50 per common share by way of a prospectus for gross proceeds of \$626,400. Canaccord Genuity Corp. (the "Agent") acted as agent in connection with the Offering. For its services, the Agent received an administrative fee, a cash commission equal to 10% of the gross proceeds of the Offering as well as options to purchase up to 125,280 common shares at an exercise price of \$0.50, exercisable within twenty-four months from the listing of the common shares on the Exchange (the "Agent Options"). The Agent Options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.00%, expected volatility of 100% and an expected life of two years. The value attributed to the 125,280 Agent Options was \$33,000.

**Options**

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire one year thereafter.

Upon death, the options may be exercised by legal representatives or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

On May 19, 2017, the Corporation granted 325,280 options to members of management which are exercisable within five years from the date of grant at an exercise price of \$0.50 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.00%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$121,000.

At December 31, 2017, 325,280 options were outstanding and exercisable with an exercise price of \$0.50 and expiring in May 2022.

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes its shareholders' equity in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

**Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and accounts payable and accrued liabilities approximate fair value due to the relatively short term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**5. RELATED PARTY TRANSACTIONS**

During the period ended December 31, 2017, the Corporation incurred \$14,714 in legal fees and \$51,484 in share issue costs for services provided by a law firm whose partner is a director of the Corporation. \$5,670 owed to this law firm was included in accounts payable and accrued liabilities as of December 31, 2017.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the period ended December 31, 2017 other than the stock-option issuance disclosed in note 3.

**6. SUBSEQUENT EVENTS**

On December 22, 2017, the Corporation and CryptoStar Inc. ("CryptoStar") announced that they had entered into a letter of intent with respect to a reverse takeover of the Corporation by CryptoStar and its shareholders. The Corporation is a capital pool company and intends for the acquisition of CryptoStar to constitute its Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange (the "TSXV")).

It is currently anticipated that the Corporation will acquire CryptoStar, by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction as agreed by the parties, which will result in CryptoStar shareholders holding the majority of outstanding shares of the resulting issuer.

Subsequent to year end, on January 4, 2018, CryptoStar completed a private placement of 43,000,000 common shares of CryptoStar at a price of \$0.50 per share for gross proceeds of \$21,500,000.

**Aumento Capital VI  
Corporation**  
(A Capital Pool Corporation)

**Unaudited Condensed  
Interim Financial statements**

**For the Three Month Period ended March  
31, 2018**  
(In Canadian Dollars)

**Aumento Capital VI Corporation**  
**Unaudited Condensed Interim Statements of Financial Position**  
(in Canadian dollars)

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	<b>March 31,</b>		December 31, 2017
	<b>2018</b>		
<b>Current assets</b>			
Cash held in trust	\$ 873,121	\$	940,768
Total current assets	<b>873,121</b>		940,768
<b>Current Liabilities</b>			
Accrued liabilities	<b>10,000</b>		5,670
<b>Shareholders' equity</b>			
Share Capital (note 3)	<b>957,866</b>		957,866
Contributed surplus	<b>154,000</b>		154,000
Accumulated deficit	<b>(248,745)</b>		(176,768)
Total Shareholders' equity	<b>863,121</b>		935,098
Total Liabilities and Shareholders' equity	\$ <b>873,121</b>	\$	940,768

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

**Approved on behalf of the Board**

**David Danziger**  
Director **(Signed)**

**Paul Pathak**  
Director **(Signed)**

## Aumento Capital VI Corporation

### Unaudited Condensed Interim Statements of Loss and Comprehensive Loss For the three month periods ended March 31, 2018 and 2017

(in Canadian dollars)

<b>General and administrative expenses</b>	<b>2018</b>	<b>2017</b>
Professional fees	\$ 51,499	\$6,500
Listing fees	20,478	16,263
<b>Total expenses</b>	<b>71,977</b>	<b>22,763</b>
Net loss and comprehensive loss	\$ (71,977)	\$(22,763)
Net loss per share (Basic and diluted)	\$ (0.06)	\$ -
Weighted average number of shares outstanding (Basic and diluted)	1,252,800	-

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

## Aumento Capital VI Corporation

### Unaudited Condensed Interim Statements of Changes in Shareholders' Equity

For the period from the date of incorporation (January 6, 2017) to March 31, 2017 and the three month period ended March 31, 2018

(in Canadian dollars)

	Number of shares	Share capital	Contributed Surplus	Accumulated deficit	Total
<b>Balance at January 6, 2017</b>	-	\$ -	\$ -	\$ -	\$ -
Private placements	2,000,000	500,000			500,000
Share issue costs	-	(11,701)	-		(11,701)
Net loss				(22,763)	(22,763)
<b>Balance, March 31, 2017</b>	<b>2,000,000</b>	<b>\$ 488,299</b>	<b>\$ -</b>	<b>\$ (22,763)</b>	<b>\$ 465,536</b>
<b>Balance at January 1, 2018</b>	3,252,800	957,866	154,000	(176,768)	935,098
Net loss	-	-	-	(71,977)	(71,977)
<b>Balance, March 31, 2018</b>	<b>3,252,800</b>	<b>\$ 957,866</b>	<b>\$ 154,000</b>	<b>\$ (248,745)</b>	<b>\$ 863,121</b>

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

**Aumento Capital VI Corporation**  
**Unaudited Condensed Interim Statement of Cash Flows**  
**For the three month periods ended March 31, 2018 and 2017**  
(in Canadian dollars)

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<b>Cash provided by (used in)</b>	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Net loss for the period	\$ (71,977)	\$(22,763)
Change in accrued liabilities	4,330	17,350
<b>Cash Used in Operating Activities</b>	<b>(67,647)</b>	<b>(5,413)</b>
<b>Financing Activities</b>		
Share subscription, net of issuance costs	-	460,793
<b>Cash used in Financing Activities</b>	<b>-</b>	<b>460,793</b>
<b>Net change in cash</b>	<b>(67,647)</b>	<b>455,380</b>
<b>Cash beginning of period</b>	<b>940,768</b>	<b>-</b>
<b>Cash end of period</b>	<b>\$ 873,121</b>	<b>\$ 455,380</b>

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

**Aumento Capital VI Corporation**  
**Notes to the Unaudited Condensed Financial Statements**  
**For the three month periods ended March 31, 2018 and 2017**  
(in Canadian dollars)

**1. INCORPORATION AND NATURE OF OPERATIONS**

Aumento Capital VI Corporation (the “Company”), was incorporated under the Ontario Business Corporations Act on January 6, 2017 and is classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash held in trust and prepaid expenses. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company, in respect of the sale of its securities, or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company, as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The head office and the registered head office of the Company is located at 320 Bay Street, Suite 1600, Toronto, Ontario, M5H 4A6.

On May 30, 2018 the Board of Directors approved the unaudited condensed interim financial statements for the three month period ended March 31, 2018.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These unaudited interim condensed financial statements, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These financial statements are presented in Canadian dollars, which is the corporation’s functional and presentation currency.

The accounting policies applied by the Company in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Company in its Financial Statements for the three month period ended December 31, 2017.

**Aumento Capital VI Corporation**  
**Notes to the Unaudited Condensed Financial Statements**  
**For the three month periods ended March 31, 2018 and 2017**  
(in Canadian dollars)

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Standards issued**

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The company adopted this standard on January 1, 2018, which had no impact on the financial statements.

**3. SHARE CAPITAL**

Authorized

Unlimited common shares

**Issued**

**Escrowed Shares**

(i) During the period ended March 31, 2017 the Company issued 2,000,000 common shares at \$0.25 per share for total proceeds of \$500,000.

The 2,000,000 issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

**Aumento Capital VI Corporation**  
**Notes to the Unaudited Condensed Financial Statements**  
**For the three month periods ended March 31, 2018 and 2017**  
(in Canadian dollars)

**3. SHARE CAPITAL (Continued)**

**Initial Public Offering**

(ii) On May 19, 2017 the Corporation announced that it had completed its initial public offering (the "Offering") of 1,252,800 common shares at a purchase price of \$0.50 per common share by way of a prospectus for gross proceeds of \$626,400. Canaccord Genuity Corp. (the "Agent") acted as agent in connection with the Offering. For its services, the Agent received an administrative fee, a cash commission equal to 10% of the gross proceeds of the Offering as well as options to purchase up to 125,280 common shares at an exercise price of \$0.50, exercisable within twenty-four months from the listing of the common shares on the Exchange (the "Agent Options"). The Agent Options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.00%, expected volatility of 100% and an expected life of two years. The Corporation incurred cash issuance costs related to the IPO of \$124,833.

**Options**

Options may be granted for a maximum term of ten years from the date of the grant. They are nontransferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire one year thereafter.

Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table reflects the continuity of stock options and warrants:

	Number of Stock Options and warrants	Weighted Average Exercise Price (\$)
January 6, 2017	-	-
Granted (i)	125,280	\$0.50
Granted to directors and officers (ii)	325,280	\$0.50
<b>Balance, December 31, 2017 and March 31, 2018</b>	<b>450,560</b>	<b>\$0.50</b>

- i. On May 19, 2017, the Corporation granted 125,280 warrants to the Agent, which are exercisable within two years from the date of grant at an exercise price of \$0.50 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1%, expected volatility of 100% and an expected life of two years. The value attributed to these options was \$32,000.
- ii. On May 19, 2017, the Corporation granted 325,280 options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.50 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.11%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$122,000.

**Aumento Capital VI Corporation**  
**Notes to the Unaudited Condensed Financial Statements**  
**For the three month periods ended March 31, 2018 and 2017**  
(in Canadian dollars)

**3. SHARE CAPITAL (Continued)**

The following table reflects the actual options issued and outstanding as of March 31, 2018:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Number of Options and Warrants Outstanding</b>	<b>Number of Options Vested (Exercisable)</b>
May 19, 2019	\$0.50	1.13	125,280	125,280
May 19, 2022	\$0.50	4.14	325,280	325,280
	\$0.50	3.30	450,560	450,560

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares and deficit, in the definition of capital.

The Company's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

**Risk Disclosures and Fair Values**

The Company's financial instruments, consisting of cash held in trust and accrued liabilities, approximate fair value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**5. RELATED PARTY TRANSACTIONS**

During the period ended March 31, 2018, the Corporation incurred \$34,269 in legal fees (2017-\$1,500) for services provided by a law firm whose partner is a director of the corporation. Included in accounts payable and accrued liabilities as at March 31, 2018 is \$10,000 for these services (December 31, 2017-\$5,670).

There were no other transactions with related parties during the period ended March 31, 2018.

**Aumento Capital VI Corporation**  
**Notes to the Unaudited Condensed Financial Statements**  
**For the three month periods ended March 31, 2018 and 2017**  
(in Canadian dollars)

**6. POTENTIAL QUALIFYING TRANSACTION**

On December 22, 2017, the Corporation and CryptoStar Inc. (“CryptoStar”) announced that they had entered into a letter of intent with respect to a reverse takeover of the Corporation by CryptoStar and its shareholders. The Corporation is a capital pool company and intends for the acquisition of CryptoStar to constitute its Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange (the “TSXV”).

It is currently anticipated that the Corporation will acquire CryptoStar, by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction as agreed by the parties, which will result in CryptoStar shareholders holding the majority of outstanding shares of the resulting issuer.

Subsequent to year end, on January 4, 2018, CryptoStar completed a private placement of 43,000,000 common shares of CryptoStar at a price of \$0.50 per share for gross proceeds of \$21,500,000.

**SCHEDULE "B"**  
**AUMENTO MD&A**

(see attached)

**Aumento Capital VI Corporation**  
**Management Discussion and Analysis**  
**For the Period Ended December 31, 2017**

**April 25, 2018**

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Aumento Capital VI Corporation (the “Corporation” or “Aumento”) prepared as at and for the period ended December 31, 2017 should be read in conjunction with the Corporation’s unaudited condensed interim financial statements for the period ended December 31, 2017. All figures contained in this MD&A are presented in Canadian dollars.

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

**The Corporation**

The Corporation was incorporated under the Ontario Business Company Act on January 6, 2017 and, subsequent to the completion of its initial public offering on May 19, 2017, is a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

**Aumento Capital VI Corporation**  
**Management Discussion and Analysis**  
**Page 2**

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$150,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

During the period ended March 31, 2017, the Corporation issued 2,000,000 common shares at \$0.25 per share for total proceeds of \$500,000. The Corporation incurred share issuance costs of \$11,701 related to this issuance.

On May 19, 2017 the Corporation announced that it had completed its initial public offering (the "Offering") of 1,252,800 common shares at a purchase price of \$0.50 per common share by way of a prospectus for gross proceeds of \$626,400. Canaccord Genuity Corp. (the "Agent") acted as agent in connection with the Offering. For its services, the Agent received an administrative fee, a cash commission equal to 10% of the gross proceeds of the Offering as well as options to purchase up to 125,280 common shares at an exercise price of \$0.50, exercisable within twenty-four months from the listing of the common shares on the Exchange (the "Agent Options").

The Corporation entered into a non-binding letter of intent (the "LOI") dated December 22, 2017 with CryptoStar Inc. ("CryptoStar") to combine the businesses of the two companies (the "Proposed Transaction"). The Proposed Transaction will result in a reverse takeover of ACC by CryptoStar and its shareholders. The Corporation is a capital pool company and intends for the acquisition of CryptoStar to constitute its Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange (the "TSXV")).

It is currently anticipated that the Corporation will acquire CryptoStar, by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction as agreed by the parties, which will result in CryptoStar shareholders holding the majority of outstanding shares of the resulting issuer.

Pursuant to the Transaction, the holders of the issued and outstanding common shares of CryptoStar (the "CryptoStar Common Shares") will receive one common share of ACC (the "ACC Shares") for each CryptoStar Common Share (the "Exchange Ratio"). In addition, pursuant to the Proposed Transaction, all existing options, warrants or other securities convertible into CryptoStar Common Shares shall be

exchanged, based on the Exchange Ratio, for similar securities to purchase ACC Shares on substantially similar terms and conditions.

**Aumento Capital VI Corporation**  
**Management Discussion and Analysis**  
**Page 3**

On January 4, 2018, CryptoStar completed a private placement of 43,000,000 common shares of CryptoStar at a price of \$0.50 per share for gross proceeds of \$21,500,000 (the “Private Placement”).

The head office and the registered head office of the Corporation is located at 320 Bay Street, Suite 1600, Toronto, Ontario, M5H 4A6.

**Summary of Quarterly Results**

	<b>December 31, 2017</b>	<b>September 30, 2017,</b>	<b>June 30, 2017</b>	<b>March 31, 2017</b>
Total assets	940,768	\$941,650	\$961,852	\$482,886
Total Revenues	Nil	Nil	Nil	Nil
Total Expenses	\$5,052	\$10,202	\$138,751	\$22,763
Net Loss	\$5,052	\$10,202	\$138,751	\$22,763
Basic and diluted net loss per share	(0.01)	(0.01)	(0.60)	\$(0.01)

**Results of Operations**

Three months ended December 31, 2017

The Corporation recorded a net loss of \$5,052 during the period ended December 31, 2017. The net loss for the period ended December 31, 2017, is due mainly to costs in relation to maintaining its listing on the Exchange as well as professional fees.

**Additional Disclosure for Venture Issuers without Significant Revenue**

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred in the period from the date of incorporation (January 7, 2017) to December 31, 2017:

<b>Material Costs</b>	<b>Period from January 7, 2017 (date of incorporation) To December 31, 2017</b>

Share-based compensation	\$121,000
Professional fees	\$25,696
Filing fees	\$30,072

**Aumento Capital VI Corporation**  
**Management Discussion and Analysis**  
**Page 4**

**Liquidity and Capital Resources**

As at December 31, 2017, the Corporation had cash of \$940,768.

**Outstanding Share Data**

As of the date of this MD&A, 3,252,800 common shares were issued and outstanding.

The Corporation's common shares commenced trading on the TSX Venture Exchange under the trading symbol "AUO.P".

**Off-Balance Sheet Arrangements**

The Corporation has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

**Related Party Transactions**

During the period ended December 31, 2017, the Corporation incurred \$14,714 in legal fees and \$51,484 in share issue costs for services provided by a law firm whose partner is a director of the Corporation. \$5,670 owed to this law firm was included in accounts payable and accrued liabilities as of December 31, 2017. There were no other transactions with related parties and no remuneration was paid to key management personnel during the period ended December 31, 2017, other than the stock-option issuance disclosed in note 3 of the Corporation's financial statements

**Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes share capital and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

**Aumento Capital VI Corporation**  
**Management Discussion and Analysis**  
**Page 5**

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$150,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

**Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and accounts payable and accrued liabilities, approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**Critical Accounting Estimates**

The Corporation's significant accounting policies are summarized in Note 2 to the financial statements for the period ended January 31, 2017.

**Future Changes in Accounting Policies**

The following standards have been issued but are not yet effective:

- IFRS 9 – Financial Instruments

The Corporation is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects that such impact will not be material. There are additional new standards that have not been discussed as they are not expected to impact the Corporation.

**Additional Information**

For further detail, see the Corporation's financial statements for the period ended December 31, 2017.

Additional information about the Corporation can also be found on SEDAR.

**Aumento Capital VI Corporation**  
**Management Discussion and Analysis**  
**For the Period Ended March 31, 2018**

**May 30, 2018**

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Aumento Capital VI Corporation (the “Corporation”) for the three month period ended March 31, 2018 should be read in conjunction with the Corporation’s unaudited condensed interim financial statements for the three month period ended March 31, 2018. All figures contained in this MD&A are presented in Canadian dollars.

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

**The Corporation**

The Company was incorporated under the Business Corporations Act (Ontario) on January 6, 2017 and is classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual (the “Manual”).

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash held in trust. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

On May 19, 2017 the Corporation announced that it had completed its initial public offering (the "Offering") of 1,252,800 common shares at a purchase price of \$0.50 per common share by way of a prospectus for gross proceeds of \$626,400. Canaccord Genuity Corp. (the "Agent") acted as agent in connection with the Offering. For its services, the Agent received an administrative fee, a cash commission equal to 10% of the gross proceeds of the Offering as well as options to purchase up to 125,280 common shares at an exercise price of \$0.50, exercisable within twenty-four months from the listing of the common shares on the Exchange (the "Agent Options").

The Corporation entered into a non-binding letter of intent (the "LOI") dated December 22, 2017 with CryptoStar Inc. ("CryptoStar") to combine the businesses of the two companies (the "Proposed Transaction"). The Proposed Transaction will result in a reverse takeover of ACC by CryptoStar and its shareholders. The Corporation is a capital pool company and intends for the acquisition of CryptoStar to constitute its Qualifying Transaction (as such term is defined in the policies of the TSX Venture Exchange (the "TSXV")).

It is currently anticipated that the Corporation will acquire CryptoStar, by way of a share exchange, merger, amalgamation, arrangement or other similar form of transaction as agreed by the parties, which will result in CryptoStar shareholders holding the majority of outstanding shares of the resulting issuer.

Pursuant to the Transaction, the holders of the issued and outstanding common shares of CryptoStar (the "CryptoStar Common Shares") will receive one common share of ACC (the "ACC Shares") for each CryptoStar Common Share (the "Exchange Ratio"). In addition, pursuant to the Proposed Transaction, all existing options, warrants or other securities convertible into CryptoStar Common Shares shall be exchanged, based on the Exchange Ratio, for similar securities to purchase ACC Shares on substantially similar terms and conditions.

On January 4, 2018, CryptoStar completed a private placement of 43,000,000 common shares of CryptoStar at a price of \$0.50 per share for gross proceeds of \$21,500,000.

The head office and the registered head office of the Company is located at 320 Bay Street, Suite 1600, Toronto, Ontario M5H 4A6.

On May 30, 2018 the Board of Directors approved the unaudited condensed interim financial statements for the period ended March 31, 2018.

### Summary of Quarterly Results

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>	<b>March 31, 2017</b>
Total Assets	\$873,121	\$940,768	\$941,650	\$961,852	\$482,886
Total Revenues	nil	Nil	Nil	Nil	Nil
Total Expenses	\$71,977	\$5,052	\$10,202	\$138,751	\$22,763
Net Loss	\$(71,977)	\$5,052	\$10,202	\$138,751	\$22,763
Basic and diluted net loss per share	\$(0.06)	(0.01)	(0.01)	(0.60)	\$(0.01)

### Results of Operations

#### Three months ended March 31, 2018

The Corporation recorded a net loss of \$71,977 during the three months ended March 31, 2018 (2017-\$22,763). The net loss for the three-month period ended March 31, 2018, is due mainly to costs in relation to its listing on the Exchange as well as professional fees.

### Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred in the period from the date of incorporation (January 7, 2017) to March 31, 2018:

<b>Material Costs</b>	<b>January 7, 2017 to March 31, 2018</b>
Share-based compensation	\$121,000
Professional fees	\$77,195
Filing fees	\$50,550

### Liquidity and Capital Resources

As at March 31, 2018, the Corporation had cash of \$873,121. The Corporation had no current liabilities and working capital of \$873,121.

Negative cash flows of \$67,647 were recorded from operating activities during the period ended March 31, 2018. This is primarily due to outflows relating to filing fees and professional fees.

### Outstanding Share Data

As of the date of this MD&A, 3,252,800 common shares are issued and outstanding. Of these, 2,000,000 shares are held in escrow in accordance with Exchange regulations.

As of the date of this MD&A, following the Offering, there are 325,280 stock options outstanding, exercisable at \$0.50 per share, xpiring on May 19, 2022 and 125,280 Agent's Options outstanding, exercisable at \$0.50 per share, expiring on May 19, 2019.

The Company's common shares commenced trading on the Exchange under the trading symbol "AUO.P" on May 19, 2017.

### **Off-Balance Sheet Arrangements**

The Corporation has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

### **Related Party Transactions**

During the period ended March 31, 2018, the Corporation incurred \$34,269 in legal fees (2017-\$1,500) for services provided by a law firm whose partner is a director of the corporation. Included in accounts payable and accrued liabilities as at March 31, 2018 is \$10,000 for these services (December 31, 2017-\$5,670).

There were no other transactions with related parties during the period ended March 31, 2018.

### **Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

## **Risks and Uncertainties**

The following describes certain risks, events and uncertainties that could affect the Company and that each reader should carefully consider. Please refer to the Company's final prospectus dated March 30, 2017 for additional risks, events and uncertainties that could affect the Company.

External financing may be required to fund the Company's activities primarily through the issuance of common shares. There can be no assurance that the Company will be able to obtain adequate financing. The securities of the Company should be considered a highly speculative investment.

The Company has not generated significant revenues and does not expect to generate significant revenues in the near future. In the event that the Company generates significant revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

## **Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and due to shareholder approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## **Critical Accounting Estimates**

The Corporation's significant accounting policies are summarized in Note 2 to the audited financial statements for the period from incorporation (January 6, 2017) to December 31, 2017.

## **Changes in Accounting Policies**

- IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The company adopted this standard on January 1, 2018, which had no impact on the financial statements.

## **Additional Information**

For further detail, see the Corporation's unaudited condensed interim financial statements for the period ended March 31, 2018. Additional information about the Corporation can also be found on SEDAR.

**SCHEDULE "C"**  
**CRYPTOSTAR FINANCIAL STATEMENTS**

(see attached)

**CRYPTOSTAR INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIODS ENDED DECEMBER 31, 2017 AND 2016**

**CRYPTOSTAR INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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## **MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING**

### Management's Responsibility

To the Shareholders of CryptoStar Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Audit Committee is composed of Directors who are neither management nor employees of the Company. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

Grant Thornton LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board, the Audit Committee and management to discuss their audit findings.

August 17, 2018

# Independent Auditor's Report

To the directors of CryptoStar Inc.

We have audited the accompanying consolidated financial statements of CryptoStar Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders equity and statements of cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

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

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CryptoStar Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the periods then ended in accordance with International Financial Reporting Standards.

*/s/ Grant Thornton LLP*

Toronto, Canada  
August 17, 2018

Chartered Professional Accountants  
Licensed Professional Accountants

**CRYPTOSTAR INC.**  
**Consolidated Statements of Financial Position**  
(Expressed in US dollars)

	December 31, 2017	December 31, 2016
<b>Assets</b>		
Current assets		
Cash [Note 5]	249,382	29,999
Restricted cash [Note 5]	1,667,495	—
Amounts receivable and prepaids [Note 6]	840,208	12,028
Digital currencies [Note 7]	1,007,209	—
<b>Total current assets</b>	<b>3,764,294</b>	<b>42,027</b>
Equipment [Note 8]	9,925,015	542,410
Deferred income tax asset [Note 11]	56,740	114,520
<b>Total assets</b>	<b>13,746,049</b>	<b>698,957</b>
<b>Liabilities and equity</b>		
Current liabilities		
Accrued liabilities	91,277	—
Income taxes payable [Note 11]	203,510	—
Payable to related party [Note 10]	—	882,838
<b>Total current liabilities</b>	<b>294,787</b>	<b>882,838</b>
Payable to related party [Note 10]	1,811,507	—
<b>Total liabilities</b>	<b>2,106,294</b>	<b>882,838</b>
Equity (deficiency)		
Members' capital [Note 12]	—	100
Share capital [Note 12]	9,356,659	—
Shares to be issued [Note 9]	1,643,004	—
Retained earnings (deficit)	640,092	(183,981)
<b>Total equity (deficiency)</b>	<b>11,639,755</b>	<b>(183,881)</b>
<b>Total liabilities and equity</b>	<b>13,746,049</b>	<b>698,957</b>

Nature of operations [Note 1]  
Commitments [Note 16]  
Segmented information [Note 17]  
Subsequent events [Note 19]

*Approved on behalf of the Board of Directors on August 17, 2018*

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

**CRYPTOSTAR INC.**  
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
(Expressed in US dollars)

	<b>For the Year ended December 31, 2017</b>	<b>For the Period from May 26, 2016 to December 31, 2016</b>
<b>Revenues</b>	10,325,668	112,566
<b>Cost of sales</b>		
Operating and maintenance costs	1,504,753	17,018
Depreciation [Note 8]	2,047,028	229,331
<b>Gross profit (loss)</b>	6,773,887	(133,783)
<b>Operating expenses</b>		
Interest and bank charges	374,208	28,452
Management fees, salaries and wages	637,183	62,551
Office and administration	201,809	52,361
Professional fees	133,395	21,354
Foreign exchange gain	(56,498)	—
Impairment on digital currency	63,554	—
<b>Net income (loss) before income taxes</b>	5,420,236	(298,501)
Income taxes expense (recovery) [Note 11]	1,734,360	(114,520)
<b>Net income (loss) and comprehensive income (loss) for the year/period</b>	3,685,876	(183,981)
<b>Earnings (loss) per share, basic and diluted</b>	0.025	(0.002)
<b>Weighted average shares, basic and diluted [Note 18]</b>	146,544,143	118,400,042

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

**CRYPTOSTAR INC.**  
**Consolidated Statements of Changes in Equity (Deficiency)**  
**For the Year/Period Ended December 31, 2017 and 2016**  
(Expressed in US dollars)

See Note 2	Common stock			Shares to be Issued	Retained earnings (deficit)	Total
	Members' Capital	Shares	Amount			
<b>As at May 26, 2016</b>		—	—	—	—	—
Members' capital issued for cash	100	—	—	—	—	100
Net loss for the period	—	—	—	—	(183,981)	(183,981)
<b>As at December 31, 2016</b>	100	—	—	—	(183,981)	(183,881)
Net income for period ended December 21, 2017	—	—	—	—	3,045,784	3,045,784
<b>As at December 21, 2017</b>	100	—	—	—	2,861,803	2,861,903
<b>As at November 24, 2017</b>		—	—	—	—	—
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
<b>As at December 31, 2017</b>		166,810,000	9,356,659	1,643,004	640,092	11,639,755

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

**CRYPTOSTAR INC.**  
**Consolidated Statements of Cash Flows**  
(Expressed in US dollars)

	<b>For the Year ended December 31, 2017</b>	<b>For the Period from May 26, 2016 to December 31, 2016</b>
<b>Operating activities</b>		
Net income (loss) for the period	3,685,876	(183,981)
Adjusted for:		
Depreciation	2,047,028	229,331
Foreign exchange gain	(56,498)	—
Impairment of digital currencies	63,554	—
Deferred taxes	56,740	(114,520)
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	(828,180)	(12,028)
Digital currencies	(1,007,209)	—
Accounts payable and accrued liabilities	91,277	—
Income taxes payable	203,510	—
Payable to related party	(4,246,073)	111,097
<b>Cash provided by/(used in) operating activities</b>	<b>10,025</b>	<b>29,899</b>
<b>Investing activities</b>		
Purchases of property and equipment	(1,444,440)	—
<b>Cash used in investing activities</b>	<b>(1,444,440)</b>	<b>—</b>
<b>Financing activities</b>		
Shares to be issued	1,643,004	—
Members' capital issued for cash		100
Shares issued for cash	1,678,289	—
<b>Cash provided by financing activities</b>	<b>3,321,293</b>	<b>100</b>
<b>Net (decrease)/increase in cash during the period</b>	<b>1,886,878</b>	<b>29,999</b>
Cash, beginning of the period	29,999	—
<b>Cash, end of period</b>	<b>1,916,877</b>	<b>29,999</b>
<b>Cash comprised of:</b>		
Cash	249,382	29,999
Restricted cash	1,667,495	—
<b>Cash, end of period</b>	<b>1,916,877</b>	<b>29,999</b>
<b>Non-cash transactions:</b>		
Settlement of payable to related party through asset transfer	4,816,567	—
Purchase of property and equipment by related party	9,985,193	771,741

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

**CRYPTOSTAR INC.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**  
(Expressed in US dollars)

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**1. NATURE OF OPERATIONS**

CryptoStar Inc. (“CryptoStar” or the “Company”) was incorporated in the province of Ontario on November 24, 2017 under the Ontario Business Corporation Act (“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.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated financial statements of the Company as at and for the periods ended December 31, 2017 and 2016 comprise the Company and its subsidiary CryptoStar USA, Inc., and its predecessor entities and operations, as more fully described below under “Basis of presentation”.

The Board of Directors approved these consolidated financial statements on August 17, 2018.

**Basis of presentation**

At December 31, 2017, the Company is a subsidiary of Adrenaline Pty Ltd. (“Parent Co.” or “Adrenaline”) incorporated in 2001 under the Corporations Act (Cth) (Australia). The Company 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 18, 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.

**CRYPTOSTAR INC.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**  
(Expressed in US dollars)

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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 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 Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and Cash Flows comprise the following:
  - o Results of operations and cash flows for Blockmines, from formation on May 26, 2016 through December 31, 2016 and for the year ended December 31, 2017.
  - o Results of operations and cash flows for the Canada and Iceland cryptocurrency mining operations, prepared on a carve-out basis from Adrenaline, from commencement of operations in May and June 2017, respectively, through December 31, 2017.
- The Consolidated Statements of Changes in Equity comprise the following:
  - o Issuance of members' capital and retained earnings (deficit) for Blockmines from formation on May 26, 2016 through December 31, 2016 and January 1, 2017 through December 21, 2017.
  - o 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.
  - o 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.
- The Consolidated Statement of Financial Position as at December 31, 2016, represents the financial position of Blockmines.

The results of operations, cash flows and equity resulting from the Canada and Iceland mining operations have been carved-out of Adrenaline for the periods identified above. The carve-out from Adrenaline requires the identification of the specific assets, liabilities, revenues and expenses associated with these mining operations. Canada and Iceland are discrete cryptocurrency mining operations with identifiable assets, liabilities, revenues and expenses and no costs have been allocated to these operations by Adrenaline. Income taxes have been calculated for the Canada and Iceland mining operations on the basis of their taxable income and tax basis of assets and liabilities in those two jurisdictions (Note 11).

All intercompany and inter-operational transactions have been eliminated.

**CRYPTOSTAR INC.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**  
(Expressed in US dollars)

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**Basis of measurement**

These 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 Note 3.

**Functional and presentation currency**

These 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price at of the coin on the date of receipt, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time. A coin is considered earned on the completion and addition of a block to the blockchain, at which time the economic benefit is received and can be reliably measured. The coins are recorded on the statement of financial position as digital currencies at cost, equal to their fair value on the date received, and accounted for as intangible assets.

CryptoStar only has one revenue stream, being revenue generated from the mining of digital currencies, namely Bitcoin.

**Digital currencies**

Digital currencies consist of cryptocurrency denominated assets (Note 7) and are included in current assets. Management has chosen the cost model under IAS 38 – *Intangible Assets*, to subsequently measure the digital currencies. Initial cost is considered to be the fair value of the coin on the date received and is equal to the revenue recognized.

**Equipment**

Items of equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Mining equipment is amortized on a straight-line basis over a 2 year useful life and other property and equipment is amortized on a straight-line basis over a 5 year useful life.

**CRYPTOSTAR INC.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**  
(Expressed in US dollars)

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**Impairment of non-financial assets**

The Company reviews the carrying amounts of its non-financial assets, including digital currencies and equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. Each of the Company’s cryptocurrency mining operations in the US, Canada and Iceland are CGUs for purposes of evaluating impairment and measuring recoverable amounts.

Recoverable amount is the higher of fair value less costs of disposal (“FVLCD”) and value in use (“VIU”). In assessing VIU, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. FVLCD is the price that would be received to sell an asset or cash generating unit in an orderly transaction between market participants at the measurement date, less the costs of disposal. When a binding sale agreement is not available, FVLCD is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized.

**Income taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

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Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

**Financial instruments**

All financial instruments are recognized when the Company becomes party to the contractual provisions of the financial instrument and are initially measured at fair value for instruments not at fair value through profit or loss, plus any directly attributable transaction costs. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial instruments are classified into the following categories upon initial recognition:

- loans and receivables (“L&R”)
- financial instruments at fair value through profit or loss (“FVTPL”)
- held to maturity investments
- available-for-sale assets (“AFS”)
- other financial liabilities

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets, except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, described below.

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains and losses recognized in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment.

Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is recognized in profit or loss within general administrative expenses. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss or a portion of such is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held to maturity if the Corporation has the intention and ability to hold them until maturity. Held to maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in

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other comprehensive loss until the asset is removed from the consolidated statements of financial position.

Other financial liabilities include liabilities that have not been classified as fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance.

The Company's financial assets include cash, restricted cash and amounts receivable. All of the Company's financial assets are classified as loans and receivables.

The Company's financial liabilities include accrued liabilities and payable to related party. All of the Company's financial liabilities are classified as other financial liabilities.

The Company classifies its fair value measurements and disclosures using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability. Inputs into the determination of the fair value require management judgment or estimation.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes to valuation methods may result in transfers into or out of an investment's assigned level.

### **Cash and cash equivalents**

The Company considers all investments with original maturities of three months or less, that are highly liquid and readily convertible into cash, to be cash equivalents.

### **Equity**

The common shares of the Company are classified as equity. Costs, such as commissions, professional fees and regulatory fees directly attributable to common shares are deducted from the proceeds equity offerings.

### **Leases**

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The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

**Earnings (loss) per share**

The Company calculates basic earnings (loss) per share using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

**Significant accounting judgments and estimates**

The Company is in the business of digital currencies, many aspects of which are not specifically addressed by current IFRS guidance. The Company is required to make judgements as to its accounting policies under IAS 8. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgements, however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's income and financial position as presented.

*Functional currency*

The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency. The application of the Company's accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the consolidated financial statements.

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*Revenue recognition*

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IAS 18 - *Revenues*, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received.

In addition, revenue recognized is based on the fair value determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time.

During the periods ended December 31, 2017 and 2016, all of the Company's recorded revenue related to cryptocurrency mining.

*Cost and impairment of digital currencies*

Digital currencies are recorded on the statement of financial position at cost, equal to their fair value on the date received, and accounted for as intangible assets. Gains or losses on the sale of digital currencies for traditional (fiat) currencies are included in profit and loss. Digital currencies are evaluated for impairment at each reporting date and the Company records the losses resulting from impairment and gains reversal of impairment, in profit and loss. For evaluation of impairment, fair value is determined using the spot price of the coin on the date of evaluation, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time.

Impairment charges recognized during the year ended December 31, 2017 totaled \$63,554 as a result of the spot price of Bitcoin being below recorded cost (2016 – Nil). The cost and fair value of digital currencies is disclosed in Note 7.

*Determination of common control and accounting approach*

In the absence of specific guidance in IFRS on accounting for common control business combinations, management exercised judgment to select predecessor carrying value accounting as the appropriate accounting approach. Furthermore, management determined that comparative amounts were to be restated as if the combination had taken place on May 26, 2016 when Blockmines was formed and began operations. (Note 2)

*Impairment of mining equipment*

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of FVLCD and VIU requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

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*Depreciation*

Depreciation of mining equipment requires an estimate of its expected useful life. In order to determine the useful life of mining equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

*Deferred taxes*

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management may also make estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes.

The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

*Earnings (Loss) per share*

The basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

#### **4. CHANGES IN ACCOUNTING STANDARDS**

##### **Changes in accounting standards not yet effective**

###### IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* ("IFRS 9"), which brings together the classification and measurement, impairment, and hedge-accounting phases of the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39").

**Classification and measurement** – Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the entity's own credit risk recognized in Other Comprehensive Income ("OCI") instead of Net Income, unless this would create an accounting mismatch.

**Impairment** – The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

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Hedge accounting – The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect actual risk management activities.

IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2018. The Company is assessing the potential financial and disclosure impact of this standard on its consolidated financial statements but does not expect the impact to be material.

IFRS 15 - Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* (“IFRS 15”), which replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue* and IFRIC 13 – *Customer Loyalty Programmes* (“IFRIC 13”), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied for annual periods beginning on or after January 1, 2018. It is not clear whether digital currencies acquired through mining activities qualify as revenue under IFRS 15 and management continues to evaluate the same.

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 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 consolidated financial statements and plans to adopt the requirements in 2019.

**5. CASH AND RESTRICTED CASH**

Cash balance as at December 31, 2017 consists of cash held in trust with the Company’s legal counsel. Restricted cash amounting to \$1,667,495 pertains to amounts received in respect of which shares are to be issued (Note 9) and other amounts.

**6. AMOUNTS RECEIVABLE AND PREPAIDS**

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**December 31, 2017**    December 31, 2016

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Security deposit	<b>10,000</b>	10,000
Amounts receivable	-	2,028
Prepaid service charges	<b>830,208</b>	-
	<b>840,208</b>	12,028

**7. 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.

	December 31, 2017		December 31, 2016	
	Bitcoin	\$	Bitcoin	\$
Opening balance	-	-	-	-
Mined additions	2,200.71	10,325,668	145.69	112,566
Repaid to related party	(2,125.10)	(9,254,905)	(145.69)	(112,566)
Impairment loss	-	(63,554)	-	-
Ending balance	75.61	1,007,209	-	-

The fair value of digital currencies at December 31, 2017 is \$1,007,208.

**8. EQUIPMENT**

	Mining equipment	Other property and equipment	Total
<b>Cost</b>			
Balance, May 26, 2016	-	-	-
Additions	686,033	85,707	771,740
Disposals	149,672	-	149,672
<b>Balance, December 31, 2016</b>	<b>536,361</b>	<b>85,707</b>	<b>622,068</b>
Additions	9,691,399	1,738,234	11,429,633
Disposal	-	-	-
<b>Balance, December 31, 2017</b>	<b>10,227,760</b>	<b>1,823,941</b>	<b>12,051,701</b>
<b>Accumulated depreciation</b>			
Balance, May 26, 2016	-	-	-
Depreciation	226,162	3,169	229,331
Disposals	149,673	-	149,673
<b>Balance, December 31, 2016</b>	<b>76,489</b>	<b>3,169</b>	<b>79,658</b>
Depreciation	1,904,573	142,455	2,047,028
Disposal	-	-	-
<b>Balance, December 31, 2017</b>	<b>1,918,062</b>	<b>145,624</b>	<b>2,126,686</b>
<b>Net book value</b>			

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As at December 31, 2016	459,872	82,538	542,410
<b>As at December 31, 2017</b>	<b>8,246,698</b>	<b>1,678,317</b>	<b>9,925,015</b>

Cost includes amount of \$1,460,915 prepaid for the acquisition of mining assets and \$904,491 prepaid for the acquisition of other property and equipment. These assets are not available for use and hence, have not been depreciated for the period ended December 31, 2017.

**9. SHARES TO BE ISSUED**

The Company has received proceeds in the amount of \$1,643,004 as of December 31, 2017 with regard to issuance of the Company's common shares but for which shares were not issued until January 2018.

**10. RELATED PARTY TRANSACTIONS**

During the periods ended December 31, 2017 and 2016, 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 year ended December 31, 2017 on the Note totaled \$374,801 (2016 - \$28,444). All amounts of \$882,838 payable under the Note were settled on December 21, 2017 and, accordingly, are presented as current liabilities at December 31, 2016.

The balance of \$1,811,507 payable to related party as at December 31, 2017 represents loan obtained on December 22, 2017 under a promissory note. The note is interest free and matures on December 22, 2022, therefore, the entire balance has been classified as non-current.

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:

	<b>December 31, 2017</b>	December 31, 2016
Management fees, salaries and wages to key management personnel	<b>286,792</b>	133,007

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**11. INCOME TAXES**

The deferred income tax expenses shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates due to the following:

	December 31, 2017	December 31, 2016
Statutory tax rate	33.70 %	38.25 %
Net income (loss) before income taxes	5,420,236	(302,487)
Expected tax expense (recovery)	1,826,620	(114,520)
Uncreditable foreign taxes	(53,480)	-
Assets transfer/acquisition	(8,240)	-
Change in tax benefits not recognized	(30,540)	-
Total income tax expense (recovery)	1,734,360	(114,520)

The Company's income tax (recovery) is allocated as follows:

Current income tax	1,699,440	-
Deferred income tax	34,920	(114,520)
	1,734,360	(114,520)

*Deferred tax*

The following table summarizes the components of deferred tax:

	December 31, 2017	December 31, 2016
<b>Deferred tax assets</b>		
Property, plant and equipment	54,370	-
Financing costs	2,370	-
Non-capital losses carried forward	-	181,910
<b>Deferred tax liabilities</b>		
Property, plant and equipment	-	(67,390)
<b>Net deferred tax asset</b>	<b>56,740</b>	<b>114,520</b>

The Company does not have any non-capital losses to reduce future taxable income.

The acquisitions of mining assets of Blockmines and Adrenaline on December 18, 2017 and December 22, 2017 (Note 2) on a tax-free basis and Adrenaline assumed all tax liabilities incurred by the mining operations prior to December 22, 2017.

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**12. SHARE CAPITAL**

(a) *Authorized*

Unlimited common shares without par value

(b) *Issued and fully paid common shares*

		<b>December 31,</b>
		<b>2017</b>
Common shares – 166,810,000	\$	<b>9,356,659</b>

**13. 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 December 31, 2017.

*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. Although the Company operates in an international environment, it has not incurred any expenses in currencies other than an entity’s functional currency. 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 December 31, 2017 is summarized below with the effect on earnings before tax of a 10% fluctuation of each currency to the USD dollar:

	Net Monetary Position December 31, 2017 (US\$ equivalent)	Impact of 10% variance in foreign exchange rate
Canadian dollar	1,916,877	198,067

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*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.

**14. 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 December 31, 2017 would be \$267,691.

**15. 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 year ended December 31, 2017.

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**16. 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>

**17. 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:

Year ended December 31, 2017	USA	Canada	Iceland	Total
<b>Revenue</b>	6,974,194	2,058,191	1,293,283	10,325,668
<b>Cost of sales</b>				
Operating and maintenance cost	1,002,191	222,334	280,228	1,504,753
Depreciation	1,401,566	372,590	272,872	2,047,028
<b>Operating expenses</b>				
Interest and bank charges	374,208	—	—	374,208
Management fees, salaries and wages	637,183	—	—	637,183
Office and administration	201,809	—	—	201,809
Professional fees	—	133,395	—	133,395
Foreign exchange gain	—	(56,498)	—	(56,498)
Impairment on digital currency	37,101	14,576	11,877	63,554
<b>Net income before income taxes</b>	3,320,136	1,371,794	728,306	5,420,236
Income taxes expense	1,255,953	349,525	128,882	1,734,360
<b>Net income</b>	2,064,183	1,022,269	599,424	3,685,876
<b>Total assets</b>	8,295,778	4,188,814	1,261,457	13,746,049
<b>Total liabilities</b>	948,794	1,101,526	55,974	2,106,294

The Company had only one geographic segment during the year ended December 31, 2016.

**CRYPTOSTAR INC.**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2017 and 2016**  
(Expressed in US dollars)

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**18. EARNINGS (LOSS) PER SHARE**

As a result of the common control business combination described in Note 2, the calculation of basic and diluted earnings (loss) per share for the periods ended December 31, 2017 and 2016 has been calculated using the weighted average number of shares issued by the Company on acquisition of the operations of Blockmines and Adrenaline as if the shares issued in the business combination had been outstanding during the periods in which those operations existed. The weighted average number of shares was determined based on the relative carrying values of the Blockmines, Canada and Iceland operations as at December 21, 2017 pro-rated over the 162,500,000 common shares issued on December 22, 2017 and the number of shares was then deemed to be issued and outstanding for the period in which the respective operations existed.

**19. SUBSEQUENT EVENTS**

**Private placement**

On January 4, 2018, the Company completed a private placement for the sale of 43,000,000 shares of its common stock at a price of C\$0.50 per share. Gross proceeds of the private placement were C\$21,500,000 including proceeds received for share issue prior to December 31, 2017 of C\$2,155,000 (\$1,678,289) and shares to be issued of C\$2,100,000 (\$1,643,004). Total net proceeds from the private placement after commissions were C\$20,392,650 (approximately \$16,250,000). In addition to costs of the private placement, the Company issued 3,205,000 warrants exercisable at C\$0.50 per share and 10,000,000 warrants exercisable at C\$0.10 per share for a period of two years following the closing of the private placement.

**Aumento Transaction**

On December 22, 2017, the Company entered into a letter of intent (“Proposed Transaction”) with Aumento Capital VI Corporation (“Aumento”). Aumento will acquire all of the issued and outstanding shares of the Company by a three-cornered amalgamation among Aumento, the Company and a newly formed subsidiary of Aumento. For accounting purposes, the transaction will be treated as a reverse takeover with the Company as the acquirer.

Pursuant to the Proposed Transaction, the holders of the issued and outstanding common shares of the Company (the “CryptoStar Common Shares”) shall receive one common share of Aumento (the “Aumento Common Shares”) for each CryptoStar Common Share held (the “Exchange Ratio”). Furthermore, all existing warrants shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Aumento Common Shares on substantially similar terms and conditions.

At closing, the former shareholders of Aumento will own approximately 1.6% of the issued and outstanding shares of the resulting issuer. This figure may change depending on additional share issuances.

**CRYPTOSTAR INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIODS ENDED MARCH 31, 2018 AND 2017**

**CRYPTOSTAR INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**

**Financial Statements**

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**CRYPTOSTAR INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in US dollars)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Current assets		
Cash [Note 5]	222,523	249,382
Restricted cash	—	1,667,495
Deposits and prepaids [Note 6]	1,789,303	840,208
Digital currencies [Note 7]	1,597,478	1,007,209
<b>Total current assets</b>	<b>3,609,304</b>	<b>3,764,294</b>
Equipment [Note 8]	24,483,534	9,925,015
Deferred income tax asset	347,765	56,740
<b>Total assets</b>	<b>28,440,603</b>	<b>13,746,049</b>
<b>Liabilities and equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	387,270	91,277
Income taxes payable	462,702	203,510
Warrant liability [Note 10]	3,509,040	—
<b>Total current liabilities</b>	<b>4,359,012</b>	<b>294,787</b>
Payable to related party [Note 10]	1,796,933	1,811,507
<b>Total liabilities</b>	<b>6,155,945</b>	<b>2,106,294</b>
<b>Equity</b>		
Share capital [Note 11]	23,532,354	9,356,659
Warrant reserve [Note 11]	880,974	—
Shares to be issued [Note 9]	—	1,643,004
(Deficit) retained earnings	(2,128,670)	640,092
<b>Total equity</b>	<b>22,284,658</b>	<b>11,639,755</b>
<b>Total liabilities and equity</b>	<b>28,440,603</b>	<b>13,746,049</b>

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 August 17, 2018*

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

**CRYPTOSTAR INC.**  
**Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income**  
(Expressed in US dollars)

	<b>For the Period ended March 31, 2018</b>	<b>For the Period ended March 31, 2017</b>
<b>Income from mining of digital currency</b>		
Income from mining of digital currency	5,439,288	195,718
Impairment of digital currency	(490,706)	—
Operating and maintenance costs	(877,550)	(59,463)
Depreciation	(1,629,980)	—
<b>Net mining income</b>	<b>2,441,052</b>	<b>136,255</b>
<b>Operating expenses</b>		
Interest and bank charges	88	161
Stock based compensation	271,592	—
Management fees, salaries and wages	261,667	22,033
Office and administration	123,162	37,826
Professional fees	147,337	1,360
Realized loss on digital currency	715,704	—
Foreign exchange gain	(52,046)	—
<b>Net income before undernoted items</b>	<b>973,548</b>	<b>74,875</b>
Recognition and change in fair value of warrant liability [Note 10]	3,509,040	—
<b>Net (loss) income before income taxes</b>	<b>(2,535,492)</b>	<b>74,875</b>
Income taxes	233,270	28,640
<b>Net (loss) income and comprehensive (loss) income for the period</b>	<b>(2,768,762)</b>	<b>46,235</b>
<b>Loss per share, basic and diluted</b>	<b>(0.014)</b>	<b>0.000</b>
<b>Weighted average shares, basic and diluted [Note 17]</b>	<b>204,210,333</b>	<b>118,400,042</b>

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

**CRYPTOSTAR INC.**  
**Condensed Interim Consolidated Statements of Changes in Deficiency**  
(Expressed in US dollars)

<b>See Note 2</b>	<b>Common stock</b>					<b>(Deficit) retained earnings</b>	<b>Total</b>
	<b>Members' Capital</b>	<b>Shares</b>	<b>Amount</b>	<b>Warrant Reserve</b>	<b>Shares to be Issued</b>		
<b>As at December 31, 2016</b>	100	—	—	—	—	(183,981)	(183,881)
Net income for the period	—	—	—	—	—	46,235	46,235
<b>As at March 31, 2017</b>	100	—	—	—	—	(137,746)	(137,646)
Net income for period ended December 21, 2017	—	—	—	—	—	2,999,549	2,999,549
<b>As at December 21, 2017</b>	100	—	—	—	—	2,861,803	2,861,903
<b>As at November 24, 2017</b>	—	—	—	—	—	—	—
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
<b>As at December 31, 2017</b>	—	166,810,000	9,356,659	—	1,643,004	640,092	11,639,755
Shares issued for cash	—	38,690,000	14,519,974	—	(1,643,004)	—	12,876,970
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
Net income for the period	—	—	—	—	—	(2,768,762)	(2,768,762)
<b>As at March 31, 2018</b>	—	205,500,000	23,532,354	880,974	—	(2,128,670)	22,284,658

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

**CRYPTOSTAR INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in US dollars)

	<b>For the Period ended March 31, 2018</b>	<b>For the Period ended March 31, 2017</b>
<b>Operating activities</b>		
Net (loss) income for the period	(2,768,762)	46,235
Adjusted for:		
Income from mining of digital currency	(5,439,288)	—
Impairment of digital currency	490,706	—
Proceeds from sale of digital currency	3,642,609	—
Depreciation	1,629,980	—
Stock based compensation	271,592	—
Realized loss on digital currency	715,704	—
Recognition and change in fair value of warrant liability	3,509,040	—
Deferred income taxes	(25,921)	—
Changes in non-cash working capital items:		
Deposits and prepaids	(949,095)	2,028
Accounts payable and accrued liabilities	295,993	—
Income taxes payable	259,192	28,640
Payable to related party	(14,574)	1,079,291
<b>Cash provided by/(used in) operating activities</b>	<b>1,617,176</b>	<b>1,156,194</b>
<b>Investing activities</b>		
Purchases of property and equipment	(16,188,500)	(1,130,666)
<b>Cash used in investing activities</b>	<b>(16,188,500)</b>	<b>(1,130,666)</b>
<b>Financing activities</b>		
Shares issued for cash	12,876,970	—
<b>Cash provided by financing activities</b>	<b>12,876,970</b>	<b>—</b>
<b>Net (decrease)/increase in cash during the period</b>	<b>(1,694,354)</b>	<b>25,528</b>
Cash, beginning of the period	1,916,877	29,999
<b>Cash, end of period</b>	<b>222,523</b>	<b>55,527</b>

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

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**March 31, 2018 and 2017**  
(Expressed in US dollars)

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**1. NATURE OF OPERATIONS**

CryptoStar Inc. (“CryptoStar” or the “Company”) was incorporated in the province of Ontario on November 24, 2017 under the Ontario Business Corporation Act (“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.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

The notes presented in our 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 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 periods ended March 31, 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 condensed interim consolidated financial statements for the three-month period ended March 31, 2018, were authorized by our Board of Directors for issue on August 17, 2018.

**Basis of presentation**

At March 31, 2018, the Company is a subsidiary of Adrenaline Pty Ltd. (“Parent Co.” or “Adrenaline”) incorporated in 2001 under the Corporations Act (Cth) (Australia). The Company 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 18, 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

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**March 31, 2018 and 2017**  
(Expressed in US dollars)

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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 and cash flows for Blockmines, for the quarter ended March 31, 2017.
  - o Results of operations and cash flows for CryptoStar for the quarter ended March 31, 2018.
- The Condensed Interim Consolidated Statements of Changes in Equity comprise the following:
  - o Issuance of members' capital and retained earnings (deficit) for Blockmines for the quarter ended March 31, 2017 and from April 1, 2017 through December 21, 2017.
  - o 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.
  - o 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 quarter ended March 31, 2018.

All intercompany and inter-operational transactions have been eliminated.

**Basis of measurement**

These 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 Note 3.

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**March 31, 2018 and 2017**  
(Expressed in US dollars)

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**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.

**4. 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.

***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

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**March 31, 2018 and 2017**  
(Expressed in US dollars)

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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.

**5. CASH AND RESTRICTED CASH**

Cash balance as at March 31, 2018 consists of cash held in trust with the Company's legal counsel.

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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(Expressed in US dollars)

**6. DEPOSITS AND PREPAIDS**

	March 31, 2018	December 31, 2017
Security deposit	257,661	10,000
Prepaid service charges	1,531,642	830,208
	<b>1,789,303</b>	<b>840,208</b>

**7. 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.

	March 31, 2018		December 31, 2017	
	Bitcoin	\$	Bitcoin	\$
Opening balance	75.61	1,007,209	-	-
Mined additions	520.88	5,439,288	2,200.71	10,325,668
Bitcoin sold	(369.04)	(3,642,609)	-	-
Repaid to related party	-	-	(2,125.10)	(9,254,905)
Realized loss on digital currency	-	(715,704)	-	(63,554)
Impairment of digital currency	-	(490,706)	-	-
Ending balance	227.45	1,597,478	75.61	1,007,209

The fair value of digital currencies at March 31, 2018 is \$1,597,478 (December 31, 2017: \$1,007,209).

**8. EQUIPMENT**

	Mining equipment	Other property and equipment	Total
<b>Cost</b>			
<b>Balance, December 31, 2016</b>	<b>536,361</b>	<b>85,707</b>	<b>622,068</b>
Additions	9,691,399	1,738,234	11,429,633
<b>Balance, December 31, 2017</b>	<b>10,227,760</b>	<b>1,823,941</b>	<b>12,051,701</b>
Additions	12,084,116	4,104,384	16,188,500
<b>Balance, March 31, 2018</b>	<b>22,311,876</b>	<b>5,928,325</b>	<b>28,240,201</b>
<b>Accumulated depreciation</b>			
<b>Balance, December 31, 2016</b>	<b>76,489</b>	<b>3,169</b>	<b>79,658</b>
Depreciation	1,904,573	142,455	2,047,028
<b>Balance, December 31, 2017</b>	<b>1,981,062</b>	<b>145,624</b>	<b>2,126,686</b>
Depreciation	1,422,330	207,651	1,629,980
<b>Balance, March 31, 2018</b>	<b>3,403,392</b>	<b>353,275</b>	<b>3,756,667</b>

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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<b>Net book value</b>			
As at December 31, 2017	8,246,698	1,678,317	9,925,015
<b>As at March 31, 2018</b>	<b>18,908,484</b>	<b>5,575,050</b>	<b>24,483,534</b>

Cost includes amount of \$4,368,050 (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 are not available for use and hence, have not been depreciated for the period and year ended March 31, 2018 and December 31, 2017, respectively.

**9. 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.

**10. 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 period ended March 31, 2018 on the Note totaled \$Nil (2017: \$374,801). All amounts payable under the Note were settled on December 21, 2017.

The balance of \$1,796,933 (December 2017: \$1,811,507) payable to related party as at December 31, 2017 represents the amount advanced under a line of credit provided by Adrenaline on December 22, 2017. The available line of credit 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:

	<b>March 31, 2018</b>	March 31, 2017
Management fees, salaries and wages to key management personnel	<b>74,135</b>	69,876

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 \$3,509,040 at March 31, 2018 using the Black-Scholes option pricing model using a risk-free interest of 1.66%, volatility of 139%, expected life of 2.76 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

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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other than the functional currency of CryptoStar, in accordance with IFRS 9.

**11. SHARE CAPITAL**

*(a) Authorized*

Unlimited common shares without par value

*(b) Issued and fully paid common shares*

	<b>March 31, 2018</b>	December 31, 2017
Common shares - 205,500,000 (2017: 166,810,000)	<b>23,532,354</b>	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 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 reserve on the statement of financial position in accordance with IFRS 2.

**12. 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 March 31, 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.

**CRYPTOSTAR INC.**  
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*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 March 31, 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 March 31, 2018 (US\$ equivalent)	Impact of 10% variance in foreign exchange rate
Canadian dollar	50,345	4,918

*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.

**13. 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 March 31, 2018 would be \$399,370.

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**14. 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 March 31, 2018.

**15. 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 INC.**  
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**16. 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:

<b>Period ended March 31, 2018</b>	<b>USA</b>	<b>Canada</b>	<b>Iceland</b>	<b>Head Office</b>	<b>Total</b>
<b>Income from mining of digital currency</b>					
Income from mining of digital currency	3,660,542	983,879	794,867	—	5,439,288
Impairment of digital currency	(330,236)	(88,761)	(71,709)	—	(490,706)
Operating and maintenance cost	(606,468)	(105,944)	(165,138)	—	(877,550)
Depreciation	(1,203,068)	(194,980)	(231,932)	—	(1,629,980)
<b>Net mining income</b>	<b>1,520,770</b>	<b>594,194</b>	<b>326,088</b>	<b>—</b>	<b>2,441,052</b>
<b>Operating expenses</b>					
Interest and bank charges	88	—	—	—	88
Stock based compensation	—	—	—	271,592	271,592
Management fees, salaries and wages	97,330	5,560	5,560	153,217	261,667
Office and administration	123,162	—	—	—	123,162
Professional fees	50,995	—	21,416	74,926	147,337
Realized loss on digital currency	481,656	129,459	104,589	—	715,704
Foreign exchange gain	—	—	—	(52,046)	(52,046)
<b>Net income (loss) before undernoted items</b>	<b>767,539</b>	<b>459,175</b>	<b>194,523</b>	<b>(447,689)</b>	<b>973,548</b>
Recognition and change in fair value of warrant liability [Note 10]	—	—	—	3,509,040	3,509,040
<b>Net loss before income taxes</b>	<b>767,539</b>	<b>459,175</b>	<b>194,523</b>	<b>(3,956,729)</b>	<b>(2,535,492)</b>
Income tax expense (recovery)	191,501	132,123	55,972	(146,326)	233,270
<b>Net income (loss)</b>	<b>576,038</b>	<b>327,052</b>	<b>138,551</b>	<b>(3,810,403)</b>	<b>(2,768,762)</b>
<b>Total assets</b>	<b>22,573,247</b>	<b>1,972,230</b>	<b>3,466,256</b>	<b>428,870</b>	<b>28,440,603</b>
<b>Total liabilities</b>	<b>1,974,564</b>	<b>5,560</b>	<b>5,560</b>	<b>4,170,261</b>	<b>6,155,945</b>

The Company had only one geographic segment during the period ended March 31, 2017.

**CRYPTOSTAR INC.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**17. EARNINGS (LOSS) 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 March 31, 2017 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 March 31, 2017.

**18. SUBSEQUENT EVENTS**

**Aumento Transaction**

On December 22, 2017, the Company entered into a letter of intent (“Proposed Transaction”) with Aumento Capital VI Corporation (“Aumento”). Aumento will acquire all of the issued and outstanding shares of the Company by a three-cornered amalgamation among Aumento, the Company and a newly formed subsidiary of Aumento. For accounting purposes, the transaction will be treated as a reverse takeover with the Company as the acquirer.

Pursuant to the Proposed Transaction, the holders of the issued and outstanding common shares of the Company (the “CryptoStar Common Shares”) shall receive one common share of Aumento (the “Aumento Common Shares”) for each CryptoStar Common Share held (the “Exchange Ratio”). Furthermore, all existing warrants shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Aumento Common Shares on substantially similar terms and conditions.

At closing, the former shareholders of Aumento will own approximately 1.6% of the issued and outstanding shares of the resulting issuer. This figure may change depending on additional share issuances.

**Related party line of credit**

On June 22, 2018, Adrenaline amended the terms of the line of credit (Note 10) to waive interest on the line of credit for a period of three years from December 22, 2017.

**Mining equipment deployment**

On May 15, 2018, 2,184 miners were deployed in the data centers located in the United States and a further 2,616 miners were deployed by May 31, 2018. The total cost of these miners was \$9,806,000 which was financed by the funding received from the private placement completed January 4, 2018. The total hash rate for the Company as at May 31, 2018 is 140 Petahash per second (PH/s). Hashrate measures the number of times a hash function can be computed per second and one 1 PH/s is 1,000,000,000,000,000 (one quadrillion) hashes per second. Hashrate is a measure of the speed at which the Company’s mining equipment can verify transactions that are to be added to the blockchain.

**SCHEDULE "D"**  
**CRYPTOSTAR MD&A**

(see attached)

**CRYPTOSTAR INC.**  
**Management Discussion and Analysis**  
**December 31, 2017 and 2016**  
(Expressed in U.S. dollars)

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August 17, 2018

The following management discussion and analysis (“**MD&A**”) of the results of the operations and financial position of CryptoStar Inc. and its predecessor entities and operations (the “**Company**” “**we**”, “**us**”, “**our**”) prepared for the periods ended December 31, 2017 and 2016 should be read in conjunction with the Company’s audited consolidated financial statements for the periods ended December 31, 2017 and 2016. All figures contained in this MD&A are presented in United States dollars.

This MD&A contains information up to and including August 17, 2018.

**Forward-looking statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are:

- i. that the information is of a preliminary nature and may be subject to further adjustment,
- ii. the possible unavailability of financing,
- iii. start-up risks,
- iv. general operating risks,
- v. dependence on third parties,
- vi. changes in government regulation,

- vii. the effects of competition,
- viii. dependence on senior management,
- ix. impact of global economic conditions,
- x. fluctuations in currency exchange rates and interest rates, and
- xi. fluctuations in cryptocurrency prices.

## **Description of business**

The Company was incorporated under the *Business Corporations Act* (Ontario) on November 24, 2017. The registered address and head office of the Company is located at 181 Bay Street, Suite 4400, Toronto, Ontario, Canada M5J 2T3.

The Company operates in the distributed ledger technology space, utilizing specialized equipment (“**Miners**”) to perform computationally intensive cryptographic operations to validate transactions on the Blockchain (a process known as “**Mining**”), receiving digital currencies (primarily Bitcoin).

The Company is a subsidiary of Adrenaline Pty Ltd. (“Parent Co.” or “Adrenaline”) incorporated in 2001 under the Corporations Act (Cth) (Australia).

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

On December 18, 2017, Adrenaline acquired all assets of Blockmines, LLC (“Blockmines”), a US based, Delaware Company formed in May 2016, with mining assets based in Utah, USA. Blockmines was owned by a US based Delaware Company, called Blockmine Holdings, LLC (“Blockmines Holdings”), which was controlled by the same group of individuals as Adrenaline.

CryptoStar was incorporated in order to consolidate the above-noted mining operations at the US, Canadian and Iceland data centres, facilitate capital raising activities and the further expansion of mining operations. On December 22, 2017, CryptoStar acquired all of the mining assets based in US, Canada and Iceland then owned by Adrenaline.

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 carrying value and to present the historical results of the entities and operations on the following basis:

- All assets acquired have been recognized by CryptoStar at carrying value and CryptoStar is considered the “Successor” for purposes of presenting the results of operations, cash flows and financial position. CryptoStar was incorporated on November 24, 2017 and the statements of comprehensive income, changes in equity and cash flows, are presented from the date of incorporation however, include the results of the mining operations from December 22, 2017, the date on which CryptoStar began operating the business, to December 31, 2017.
- Upon acquisition of the mining operations by CryptoStar, retained earnings of Blockmines, Blockmines Holdings and the Canada and Iceland mining operations, collectively the Predecessors, has been closed on the date of transaction and has not been carried forward to the Successor.
- The Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and Cash Flows for the Predecessors are comprised of the following:
  - o Results of operations for Blockmines and Blockmines Holdings, on a consolidated basis, from their formation on May 26, 2016 through December 31, 2016 and for the period from January 1, 2017 through December 21, 2017.
  - o Results of operations for the Canada and Iceland mining operations, prepared on a carve-out basis from Adrenaline from their dates of formation in May and June 2017, respectively, through December 21, 2017; and
- The Consolidated Statements of Changes in Equity for the Predecessors are comprised of the following:
  - o Changes in equity for Blockmines and Blockmines Holdings, on a consolidated basis, from their formation on May 26, 2016 through December 31, 2016 and January 1, 2017 through December 21, 2017; and
  - o Changes in equity resulting from the Canada and Iceland mining operations, prepared on a carve-out basis from Adrenaline from their date of formation in May and June 2017, respectively, through December 21, 2017.

The Consolidated Statement of Financial Position for the Predecessors, as at December 31, 2016, represents the financial position of Blockmines and Blockmines Holdings, on a consolidated basis.

## **Recent Events**

### *Private Placement*

The Company closed a private placement financing (the “**Private Placement**”) of 43,000,000 common shares for gross proceeds of CAD\$21,500,000 less finder’s fees of \$1,115,350 and 2,204,700 finder’s warrants, each finder’s warrant entitling the holder thereof to purchase common shares at a price of CAD\$0.50 for a period of two years following the closing of the Private Placement. The Private Placement closed in two tranches: on December 29, 2017, the

Company issued 4,310,000 common shares; and on January 4, 2018, the Company issued 38,690,000 common shares.

#### *Aumento Transaction*

On August 17, 2018, the Company entered into a definitive qualifying transaction agreement (“**Proposed Transaction**”) with Aumento Capital VI Company (“**Aumento**”) and 2626694 Ontario Inc., a wholly-owned subsidiary of Aumento (“**Subco**”). Aumento will acquire all of the issued and outstanding shares of the Company by a three-cornered amalgamation among Aumento, the Company and Subco. For accounting purposes, the transaction will be treated as a reverse takeover with the Company as the acquirer.

Pursuant to the Proposed Transaction, the holders of the issued and outstanding common shares of the Company (the “**CryptoStar Common Shares**”) shall receive one common share of Aumento (the “**Aumento Common Shares**”) for each CryptoStar Common Share held (the “**Exchange Ratio**”). Pursuant to the Proposed Transaction, all existing options, warrants or other securities convertible into CryptoStar Common Shares shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Aumento Common Shares on substantially similar terms and conditions.

At closing, the former shareholders of Aumento will own approximately 1.6% of the issued and outstanding shares of the resulting issuer. This figure may change depending on additional share issuances. This agreement shall terminate in specified circumstances, including in the event that the proposed transaction is not completed by October 8, 2018.

#### **Overall performance and results of operations**

<b>\$'000</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>	10,325	113
<b>Cost of sales</b>	3,552	246
<b>Gross profit</b>	6,774	(133)
<b>Operating expenses</b>	1,354	165
<b>Net income before taxes</b>	5,420	(298)

The Company recorded net income before taxes of \$5,420,236 during the year ended December 31, 2017 and net loss of \$298,501 during the period from May 26, 2016 to December 31, 2016.

The Company’s revenue from operations was \$10,325,668 during the year ended December 31, 2017 and \$112,566 during the period from May 26, 2016 to December 31, 2016. The Company

continues to put additional machines into production on an ongoing basis and expects revenue to increase as a result.

The Company's cost of revenue was \$3,551,781 during the year ended December 31, 2017 and \$246,349 during the period from May 26, 2016 to December 31, 2016. Cost of revenue consisted of power and amortization on mining equipment.

The Company's operating expenses during the year ended December 31, 2017 totaled \$1,353,651, compared to \$164,718 during the period ended December 31, 2016. Operating expenses during the year ended December 31, 2017 comprised Management fees, salaries and wages amounting to \$637,183 (2016: \$62,551), Office and administration expenses amounting to \$201,809 (2016: \$52,361), Interest and bank charges amounting to \$374,208 (2016: \$28,452), Professional fee amounting to \$133,395 (2016: \$21,354) and Impairment on digital currency amounting to \$63,554 (2016: \$nil).

The Company's revenue from mining digital currencies is highly dependent upon the current market price of digital currencies and the Company's ability to transact with, and convert digital currencies. Management monitors the legal and regulatory environment surrounding digital currencies on an ongoing basis.

<b>\$'000</b>	<b>2017</b>	<b>2016</b>
<b>Cash and restricted cash</b>	1,917	30
<b>Digital currencies</b>	1,007	-
<b>Equipment</b>	9,925	542
<b>Payable to related party</b>	1,811	883

The Company's total assets at December 31, 2017 were \$13,746,049 (December 31, 2016: \$698,957). These mainly comprise of Cash and restricted cash amounting to \$1,916,877 (December 31, 2016: \$29,999), Digital currencies amounting to \$1,007,209 (December 31, 2016: \$nil) and mining equipment either purchased or in production at year-end amounting to \$9,925,015 (December 31, 2016: \$542,410).

### **Outstanding share data**

As of the date of this MD&A, 205,500,000 common shares are issued and outstanding, 166,810,000 of which had been issued as at December 31, 2017.

### **Liquidity and capital resources**

<b>\$'000</b>	<b>2017</b>	<b>2016</b>
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<b>Cash provided by/(used in) operating activities</b>	10	30
<b>Cash used in investing activities</b>	(1,444)	-
<b>Cash provided by financing activities</b>	3,321	-

As at December 31, 2017, the Company had a cash balance of \$249,382 and restricted cash amounting to \$1,667,495 (December 31, 2016: \$29,999 and \$nil, respectively). The Company had current liabilities of \$294,787 (December 31, 2016: \$882,838). The Company's positive cash flow is primarily a result of the private placement financing beginning during the year ended December 31, 2017.

### **Off-balance sheet arrangements**

The Company does not have any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

### **Related party transactions**

As at December 31, 2017 and 2016, the Company owed \$1,811,507 and \$882,838, respectively to Adrenaline Pty Ltd., which is a related party by virtue of its shareholdings in the Company and common control, for expenses paid by Adrenaline on the Company's behalf.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company's key management currently consists of members of the Company's Board of Directors and corporate officers.

### **Financial instruments and other instruments**

The Company's financial instruments, consisting of cash, restricted cash, amounts receivable and current liabilities. Management has disclosed the impact of credit, liquidity, foreign currency, and digital currency risk in the audited consolidated financial statements.

#### *Credit risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, restricted cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

#### *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 currently settles its financial obligations out of cash. The ability to do this relies on the Company scaling to become profitable or raising additional equity in excess of anticipated cash needs.

*Foreign currency risk*

As at December 31, 2017, a portion of the Company's financial assets are held in CAD. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following CAD amounts are presented in USD to demonstrate the effect of changes in foreign exchange rates:

	<b>2017</b>
Cash	249,382
Restricted cash	1,667,495
	<u>1,916,877</u>
Effect of +/- 10% change in exchange rate	<u>191,688</u>

*Digital currency and risk management*

Digital currencies are measured using level one fair values, determined by taking the rate from [www.cryptocompare.com](http://www.cryptocompare.com). 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 December 31, 2017 would be \$251,802.

## **Capital management**

The Company's objectives when managing its capital are:

1. to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
2. to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
3. to safeguard the Company's ability to obtain financing should the need arise; and
4. to maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

## **Segmented information**

The Company operates in one segment, cryptocurrency mining, and operates in three distinct geographical segments namely, United States, Canada, and Iceland. The disclosure with regards to the Company's aforementioned locations are listed below:

<b>Year ended December 31, 2017</b>	<b>USA</b>	<b>Canada</b>	<b>Iceland</b>	<b>Total</b>
<b>Revenue</b>	6,974,194	2,058,191	1,293,283	10,325,668
<b>Cost of sales</b>				
Operating and maintenance cost	1,002,191	222,334	280,228	1,504,753
Depreciation	1,401,566	372,590	272,872	2,047,028
<b>Operating expenses</b>				
Interest and bank charges	374,208	—	—	374,208
Management fees, salaries and wages	637,183	—	—	637,183
Office and administration	201,809	—	—	201,809
Professional fees	—	133,395	—	133,395
Foreign exchange gain	—	(56,498)	—	(56,498)
Impairment on digital currency	37,101	14,576	11,877	63,554
<b>Net income before income taxes</b>	<b>3,320,136</b>	<b>1,371,794</b>	<b>728,306</b>	<b>5,420,236</b>
Income taxes expense	1,255,953	349,525	128,882	1,734,360
<b>Net income</b>	<b>2,064,183</b>	<b>1,022,269</b>	<b>599,424</b>	<b>3,685,876</b>
<b>Total assets</b>	<b>8,295,778</b>	<b>4,188,814</b>	<b>1,261,457</b>	<b>13,746,049</b>
<b>Total liabilities</b>	<b>948,794</b>	<b>1,101,526</b>	<b>55,974</b>	<b>2,106,294</b>

### **Critical accounting policies and estimates**

The Company has prepared the accompanying audited consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). Significant accounting policies and estimates are described in Notes 3 and 4, respectively of the Company’s consolidated financial statements as at and for the year ended December 31, 2017 and 2016.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Significant accounting estimates and judgment include the following:

#### *Functional currency*

The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence the

Company's digital currencies, production and operating costs, financing and related transactions. Specifically the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency. The application of the Company's accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the consolidated financial statements.

#### *Revenue recognition*

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IAS 18 - Revenues, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

In addition, revenue recognized is based on the fair value determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time.

During the period ended December 31, 2017, the Company recorded revenue of \$10,325,668 (2016 - \$112,568).

#### *Cost and impairment of digital currencies*

Digital currencies are recorded on the statement of financial position at cost, equal to their fair value on the date received, and accounted for as intangible assets. Gains or losses on the sale of digital currencies for traditional (fiat) currencies are included in profit and loss. Digital currencies are evaluated for impairment at each reporting date and the Company records the losses resulting from impairment and gains reversal of impairment, in profit and loss. For evaluation of impairment, fair value is determined using the spot price of the coin on the date of evaluation, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time.

Impairment charges recognized during the year ended December 31, 2017 totaled \$63,554 (2016 – \$nil). The cost and fair value of digital currencies is disclosed in Note 7.

#### *Determination of common control and accounting approach*

In the absence of specific guidance in IFRS on accounting for common control business combinations, management exercised judgment to select predecessor accounting as the appropriate accounting approach given the circumstances. Under the predecessor accounting approach, assets and liabilities are recorded at current carrying value, no new goodwill is recorded, cost of combination is immediately written off in profit or loss and profit or loss includes results of the combining entities for the full year. Comparative amounts were restated as if the combination had taken place on May 26, 2016 when Blockmines was formed and began operations.

#### *Impairment of computing equipment*

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

#### *Depreciation*

Depreciation of computing equipment requires an estimate of its expected useful life. In order to determine the useful life of computing equipment, assumptions are required about a range of

computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

### *Deferred taxes*

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management may also make estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes.

The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

### *Future changes in accounting policies including initial adoption*

#### IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments (“IFRS 9”), which brings together the classification and measurement, impairment, and hedge-accounting phases of the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”).

Classification and measurement – Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the entity's own credit risk recognized in Other Comprehensive Income (“OCI”) instead of Net Income, unless this would create an accounting mismatch.

Impairment – The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

Hedge accounting – The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial

and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect actual risk management activities.

IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2018. The Company is assessing the potential financial and disclosure impact of this standard on its consolidated financial statements but does not expect the impact to be material.

#### IFRS 15 - Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”), which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programmes (“IFRIC 13”), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied retrospectively for annual periods beginning on or after January 1, 2018. It is not clear whether digital currencies acquired through mining activities qualify as revenue under IFRS 15 and management continues to evaluate the same.

#### 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 consolidated financial statements and plans to adopt the requirements in 2019. Additional information

Additional information relating to the Company, including a management information circular, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**CRYPTOSTAR INC.**  
**Management Discussion and Analysis**  
**For the periods ended March 31, 2018 and 2017**  
(Expressed in U.S. dollars)

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August 17, 2018

The following management discussion and analysis (“**MD&A**”) of the results of the operations and financial position of CryptoStar Inc. and its predecessor entities and operations (the “**Company**” “**we**”, “**us**”, “**our**”) prepared for the periods ended March 31, 2018 and 2017 should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the periods ended March 31, 2018 and 2017. All figures contained in this MD&A are presented in United States dollars.

This MD&A contains information up to and including August 17, 2018.

**Forward-looking statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are:

- i. that the information is of a preliminary nature and may be subject to further adjustment,
- ii. the possible unavailability of financing,
- iii. start-up risks,
- iv. general operating risks,
- v. dependence on third parties,
- vi. changes in government regulation,

- vii. the effects of competition,
- viii. dependence on senior management,
- ix. impact of global economic conditions,
- x. fluctuations in currency exchange rates and interest rates, and
- xi. fluctuations in cryptocurrency prices.

## **Description of business**

The Company was incorporated under the *Business Corporations Act* (Ontario) on November 24, 2017. The registered address and head office of the Company is located at 181 Bay Street, Suite 4400, Toronto, Ontario, Canada M5J 2T3.

The Company operates in the distributed ledger technology space, utilizing specialized equipment (“**Miners**”) to perform computationally intensive cryptographic operations to validate transactions on the Blockchain (a process known as “**Mining**”), receiving digital currencies (primarily Bitcoin).

At March 31, 2018, the Company is a subsidiary of Adrenaline Pty Ltd. (“**Parent Co.**” or “**Adrenaline**”) incorporated in 2001 under the Corporations Act (Cth) (Australia). The Company 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 18, 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, the Company 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.

The Company closed a private placement financing (the “**Private Placement**”) of 43,000,000 common shares for gross proceeds of CAD\$21,500,000 less finder’s fees of \$1,115,350 and 2,204,700 finder’s warrants, each finder’s warrant entitling the holder thereof to purchase common shares at a price of CAD\$0.50 for a period of two years following the closing of the Private Placement. The Private Placement closed in two tranches: on December 29, 2017, the Company issued 4,310,000 common shares; and on January 4, 2018, the Company issued 38,690,000 common shares.

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 and cash flows for Blockmines, for the quarter ended March 31, 2017.
  - o Results of operations and cash flows for CryptoStar for the quarter ended March 31, 2018.
- The Condensed Interim Consolidated Statements of Changes in Equity comprise the following:
  - o Issuance of members' capital and retained earnings (deficit) for Blockmines for the quarter ended March 31, 2017 and from April 1, 2017 through December 21, 2017.
  - o 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.
  - o 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 quarter ended March 31, 2018.

All intercompany and inter-operational transactions have been eliminated.

## Recent Events

### *Aumento Transaction*

On August 17, 2018, the Company entered into a definitive qualifying transaction agreement (“**Proposed Transaction**”) with Aumento Capital VI Corporation (“**Aumento**”) and 2626694 Ontario Inc., a wholly-owned subsidiary of Aumento (“**Subco**”). Aumento will acquire all of the issued and outstanding shares of the Company by a three-cornered amalgamation among Aumento, the Company and Subco. For accounting purposes, the transaction will be treated as a reverse takeover with the Company as the acquirer.

Pursuant to the Proposed Transaction, the holders of the issued and outstanding common shares of the Company (the “**CryptoStar Common Shares**”) shall receive one common share of Aumento (the “**Aumento Common Shares**”) for each CryptoStar Common Share held (the “**Exchange Ratio**”). Pursuant to the Proposed Transaction, all existing options, warrants or other securities convertible into CryptoStar Common Shares shall be exchanged, based on the Exchange Ratio, for similar securities to purchase Aumento Common Shares on substantially similar terms and conditions.

At closing, the former shareholders of Aumento will own approximately 1.6% of the issued and outstanding shares of the resulting issuer. This figure may change depending on additional share issuances. This agreement shall terminate in specified circumstances, including in the event that the proposed transaction is not completed by October 8, 2018.

### Overall performance and results of operations

<b>\$'000</b>	<b>For the Period ended March 31, 2018</b>	<b>For the Period ended March 31, 2017</b>
<b>Revenue</b>	5,439	196
<b>Cost of sales</b>	2,998	59
<b>Gross profit</b>	2,441	136
<b>Operating expenses</b>	1,468	61
<b>Recognition and change in fair value of warrant liability</b>	(3,509)	-
<b>Net income (loss) before taxes</b>	(2,536)	75

The Company recorded net loss before taxes of \$2,535,492 during the period ended March 31, 2018 and net income of \$74,875 during the period ended May 31, 2017.

The Company's revenue from operations was \$5,439,288 during the period ended March 31, 2018 and \$195,718 during the period ended March 31, 2017. The Company continues to put additional machines into production on an ongoing basis and expects revenue to increase as a result.

The Company's cost of revenue was \$2,998,236 during the period ended March 31, 2018 and \$59,463 during the period ended March 31, 2017. Cost of revenue consisted of power, amortization on mining equipment and impairment of digital currency.

The Company's operating expenses during the year ended March 31, 2018 totaled \$1,467,504, compared to \$61,380 during the period ended March 31, 2017. Operating expenses during the period ended March 31, 2018 comprised Management fees, salaries and wages amounting to \$261,667 (March 31, 2017 - \$22,033), Office and administration expenses amounting to \$123,162 (March 31, 2017 - \$37,826), Interest and bank charges amounting to \$88 (March 31, 2017 - \$161), Professional fees amounting to \$147,337 (March 31, 2017 - \$1,360), Stock based compensation amounting to \$271,592 (March 31, 2017 - \$nil), Realized loss on digital currency amounting to: \$715,704 (March 31, 2017 - \$nil) and Foreign exchange gain amounting to \$52,046 (March 31, 2017 - \$nil).

The Company's revenue from mining digital currencies is highly dependent upon the current market price of digital currencies and the Company's ability to transact with, and convert digital currencies. Management monitors the legal and regulatory environment surrounding digital currencies on an ongoing basis.

<b>\$'000</b>	<b>For the Period ended March 31, 2018</b>	<b>For the Period ended March 31, 2017</b>
<b>Cash</b>	223	56
<b>Digital currencies</b>	1,597	-
<b>Equipment</b>	24,484	1,673
<b>Payable to related party</b>	1,797	1,964

The Company's total assets at March 31, 2018 were \$28,440,603 (March 31, 2017 - \$1,740,630). These mainly comprise of Cash amounting to \$222,523 (March 31, 2017 - \$55,527), Digital currencies amounting to \$1,597,478 (March 31, 2017 - \$nil) and mining equipment either purchased or in production amounting to \$24,483,534 (March 31, 2017 - \$1,673,075).

### **Outstanding share data**

As of the date of this MD&A, 205,500,000 common shares are issued and outstanding.

## Liquidity and capital resources

<b>\$'000</b>	<b>For the Period ended March 31, 2018</b>	<b>For the Period ended March 31, 2017</b>
<b>Cash provided by/(used in) operating activities</b>	1,617	1,156
<b>Cash used in investing activities</b>	(16,189)	(1,131)
<b>Cash provided by financing activities</b>	12,877	-

As at March 31, 2018, the Company had a cash balance of \$222,523 (March 31, 2017 - \$55,527). The Company had current liabilities of \$4,359,012 (March 31, 2017 - \$nil). The Company's positive cash flow is primarily a result of the Private Placement.

## Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

## Related party transactions

As at March 31, 2018 and 2017, the Company owed \$1,796,933 and \$1,964,154, respectively to Adrenaline Pty Ltd, which is a related party by virtue of its shareholdings in the Company and common control, for expenses paid by Adrenaline on the Company's behalf.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company's key management currently consists of members of the Company's Board of Directors and corporate officers.

## Financial instruments and other instruments

The Company's financial instruments, consisting of cash, restricted cash, amounts receivable and current liabilities. Management has disclosed the impact of credit, liquidity, foreign currency, and digital currency risk in the audited consolidated financial statements.

### *Credit risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, restricted cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

### *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 currently settles its financial obligations out of cash. The ability to do this relies on the Company scaling to become profitable or raising additional equity in excess of anticipated cash needs.

### *Foreign currency risk*

As at March 31, 2018, a portion of the Company's financial assets are held in CAD. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following CAD amounts are presented in USD to demonstrate the effect of changes in foreign exchange rates:

	<b>March 31, 2018</b>
Cash	222,523
Restricted cash	-
	<u>222,523</u>
Effect of +/- 10% change in exchange rate	<u>22,252</u>

### *Digital currency and risk management*

Digital currencies are measured using level one fair values, determined by taking the rate from [www.cryptocompare.com](http://www.cryptocompare.com). 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 March 31, 2018 would be \$7,023.

### **Capital management**

The Company's objectives when managing its capital are:

1. to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
2. to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
3. to safeguard the Company's ability to obtain financing should the need arise; and
4. to maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

### **Segmented information**

The Company operates in one segment, cryptocurrency mining, and operates in three distinct geographical segments namely, United States, Canada, and Iceland. The disclosure with regards to the Company's aforementioned locations are listed below:

<b>Period ended March 31, 2018</b>	<b>USA</b>	<b>Canada</b>	<b>Iceland</b>	<b>Head Office</b>	<b>Total</b>
<b>Income from mining of digital currency</b>					
Income from mining of digital currency	3,660,542	983,879	794,867	—	5,439,288
Impairment of digital currency	(330,236)	(88,761)	(71,709)	—	(490,706)
Operating and maintenance cost	(606,468)	(105,944)	(165,138)	—	(877,550)
Depreciation	(1,203,068)	(194,980)	(231,932)	—	(1,629,980)
<b>Net mining income</b>	<b>1,520,770</b>	<b>594,194</b>	<b>326,088</b>	<b>—</b>	<b>2,441,052</b>
<b>Operating expenses</b>					
Interest and bank charges	88	—	—	—	88
Stock based compensation	—	—	—	271,592	271,592
Management fees, salaries and wages	97,330	5,560	5,560	153,217	261,667
Office and administration	123,162	—	—	—	123,162
Professional fees	50,995	—	21,416	74,926	147,337
Realized loss on digital currency	481,656	129,459	104,589	—	715,704
Foreign exchange gain	—	—	—	(52,046)	(52,046)
<b>Net income (loss) before undernoted items</b>	<b>767,539</b>	<b>459,175</b>	<b>194,523</b>	<b>(447,689)</b>	<b>973,548</b>
Recognition and change in fair value of warrant liability [Note 10]	—	—	—	3,509,040	3,509,040
<b>Net loss before income taxes</b>	<b>767,539</b>	<b>459,175</b>	<b>194,523</b>	<b>(3,956,729)</b>	<b>(2,535,492)</b>
Income tax expense (recovery)	191,501	132,123	55,972	(146,326)	233,270
<b>Net income (loss)</b>	<b>576,038</b>	<b>327,052</b>	<b>138,551</b>	<b>(3,810,403)</b>	<b>(2,768,762)</b>
<b>Total assets</b>	<b>22,573,247</b>	<b>1,972,230</b>	<b>3,466,256</b>	<b>428,870</b>	<b>28,440,603</b>
<b>Total liabilities</b>	<b>1,974,564</b>	<b>5,560</b>	<b>5,560</b>	<b>4,170,261</b>	<b>6,155,945</b>

## Critical accounting policies and estimates

The Company has prepared the accompanying audited consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). Significant accounting policies and estimates are described in Notes 3 and 4, respectively of the Company’s consolidated financial statements as at and for the periods ended March 31, 2018 and 2017.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Significant accounting estimates and judgment include the following:

#### *Functional currency*

The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company's digital currencies, production and operating costs, financing and related transactions. Specifically the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company's functional currency. The application of the Company's accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the consolidated financial statements.

#### *Revenue recognition*

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IAS 18 - Revenues, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

In addition, revenue recognized is based on the fair value determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time.

During the period ended March 31, 2018, the Company recorded revenue of \$5,439,288 (March 31, 2017 - \$195,718).

#### *Cost and impairment of digital currencies*

Digital currencies are recorded on the statement of financial position at cost, equal to their fair value on the date received, and accounted for as intangible assets. Gains or losses on the sale of digital currencies for traditional (fiat) currencies are included in profit and loss. Digital currencies are evaluated for impairment at each reporting date and the Company records the

losses resulting from impairment and gains reversal of impairment, in profit and loss. For evaluation of impairment, fair value is determined using the spot price of the coin on the date of evaluation, based on the hourly volume weighted average from [www.cryptocompare.com](http://www.cryptocompare.com) determined with reference to US Central Standard Time.

Impairment charges recognized during the period ended March 31, 2018 totaled \$490,706 (2017 – \$nil). The cost and fair value of digital currencies is disclosed in Note 7.

#### *Determination of common control and accounting approach*

In the absence of specific guidance in IFRS on accounting for common control business combinations, management exercised judgment to select predecessor accounting as the appropriate accounting approach given the circumstances. Under the predecessor accounting approach, assets and liabilities are recorded at current carrying value, no new goodwill is recorded, cost of combination is immediately written off in profit or loss and profit or loss includes results of the combining entities for the full year. Comparative amounts were restated as if the combination had taken place on May 26, 2016 when Blockmines was formed and began operations.

#### *Impairment of computing equipment*

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

### *Depreciation*

Depreciation of computing equipment requires an estimate of its expected useful life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

### *Deferred taxes*

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management may also make estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes.

The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

### *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.

#### 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.

*Future changes in accounting policies including initial adoption*

## 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 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.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "E"**  
**PRO FORMA FINANCIAL STATEMENTS**

(see attached)

**CryptoStar Inc.**  
**Pro Forma Consolidated Financial Statements**  
**As At March 31, 2018**

(Unaudited – In United States Dollars unless otherwise specified)

CryptoStar Inc.  
Pro Forma Consolidated Statement of Financial Position  
March 31, 2018  
(Unaudited - in United States Dollars unless otherwise specified)

	CAD	USD						
	Aumento Capital VI Corporation Note 3(a)	Aumento Capital VI Corporation	CryptoStar Inc.	Note 3	Pro-Forma Adjustments	Note 3	Acquisition	Resulting Issuer
<b>Assets</b>								
Cash and cash equivalents	\$ 873,121	\$ 675,621	\$ 222,523		\$ -	(d)	\$ (400,000)	\$ 498,144
Restricted cash			-					-
Amounts receivable, deposits and prepaids	-	-	1,789,303					1,789,303
Digital currencies	-	-	1,597,478					1,597,478
<b>Total current assets</b>	<b>873,121</b>	<b>675,621</b>	<b>3,609,304</b>		<b>-</b>		<b>(400,000)</b>	<b>3,884,925</b>
<b>Non-Current assets</b>								
Equipment	-	-	24,483,534		-			24,483,534
Deferred income tax asset	-	-	347,765		-			347,765
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>24,831,299</b>		<b>-</b>		<b>-</b>	<b>24,831,299</b>
<b>Total assets</b>	<b>\$ 873,121</b>	<b>\$ 675,621</b>	<b>\$ 28,440,603</b>		<b>\$ -</b>		<b>\$ (400,000)</b>	<b>\$ 28,716,224</b>
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities</b>								
Trade payables and accrued liabilities	\$ 10,000	\$ 7,738	\$ 387,270		\$ -		\$ -	\$ 395,008
Income taxes payable	-	-	462,702		-		-	462,702
Warrant liability	-	-	3,509,040	(c)	(569,784)		-	2,939,256
<b>Total current liabilities</b>	<b>10,000</b>	<b>7,738</b>	<b>4,359,012</b>		<b>(569,784)</b>		<b>-</b>	<b>3,796,966</b>
Payable to related party	-	-	1,796,933					1,796,933
<b>Total liabilities</b>	<b>10,000</b>	<b>7,738</b>	<b>6,155,945</b>		<b>(569,784)</b>		<b>-</b>	<b>5,593,899</b>
<b>Shareholders' equity</b>								
Share capital	957,866	741,197	23,532,354			(b)	(741,197)	24,790,862
Shares to issued	-	-	-			(b)	1,258,508	-
Warrants reserve	-	-	880,974		-		-	880,974
Options reserve	154,000	119,165	-		-	(b)	(119,165)	109,008
Retained earnings (deficit)	(248,745)	(192,479)	(2,128,670)		-	(b)	109,008	(2,658,519)
				(c)	569,784	(b)	192,479	(699,633)
						(d)	(400,000)	(400,000)
<b>Total shareholders' equity</b>	<b>863,121</b>	<b>667,883</b>	<b>22,284,658</b>		<b>569,784</b>		<b>(400,000)</b>	<b>23,122,325</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 873,121</b>	<b>\$ 675,621</b>	<b>\$ 28,440,603</b>		<b>\$ -</b>		<b>\$ (400,000)</b>	<b>\$ 28,716,224</b>

**CryptoStar Inc.**  
**Notes to the Pro Forma Consolidated Financial Statements**  
**March 31, 2018**  
**(Unaudited – In United States Dollars unless otherwise specified)**

**1. Basis of Presentation**

The accompanying unaudited pro forma consolidated statement of financial position of Aumento Capital VI Corporation (“Aumento” or “the Company”) has been prepared by management to reflect the acquisition of CryptoStar Inc. (“CryptoStar”) by Aumento after giving effect to the proposed transactions as described in Notes 2 and 3.

The unaudited pro forma statement of financial position has been prepared for inclusion in the Filing Statement of the Company in relation to its acquisition of 100% of the issued and outstanding common shares of CryptoStar. Completion of the acquisition is subject to customary closing conditions, including all necessary approvals and consents and all applicable TSX Venture Exchange approvals. In the opinion of the Company’s management, the unaudited pro forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the transactions contemplated in the Agreement.

In connection with the Acquisition, Aumento intends to continue its domicile in the Province of Ontario.

**2. Pro Forma Assumptions**

The unaudited pro forma consolidated statement of financial position is prepared as if the transaction described below occurred on March 31, 2018.

The Acquisition is subject to the satisfaction of all closing conditions and receipt of regulatory and shareholder approvals.

The unaudited pro forma financial statements of Aumento should be read in conjunction with March 31, 2018, unaudited financial statements of Aumento and March 31, 2018, unaudited consolidated financial statements of CryptoStar.

The unaudited pro forma consolidated statement of financial position of the Company has been compiled from and includes:

- a) the unaudited statement of financial position of the Company as at March 31, 2018
- b) the unaudited consolidated statement of financial position of CryptoStar as at March 31, 2018
- c) the additional information and assumptions set out in Notes 2 and 3

For presentation purposes, the acquisition is assumed to have occurred at March 31, 2018. The unaudited pro forma consolidated statement of financial position is not intended to reflect the financial position of the Company which would have actually resulted had the proposed transactions been effected on the date indicated. Actual amounts recorded upon consummation of the agreement will differ from those recorded in the unaudited pro forma consolidated statement of financial position. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of Aumento and CryptoStar.

## Principal Terms of the Transaction

The Company and CryptoStar have entered into a Letter of Intent (“Agreement”) dated December 22, 2017. Pursuant to the terms of the Agreement, the Company intends to issue an aggregate of one common share to the former shareholders of CryptoStar in exchange for each issued and outstanding old CryptoStar share (the “Acquisition”).

The Transaction will involve the amalgamation of CryptoStar with 2626694 Ontario Inc., a wholly-owned subsidiary of Aumento (“Subco”). Pursuant to the Agreement, the Company will issue one Resulting Issuer Share and Resulting Issuer Warrant in exchange for the delivery of each CryptoStar Share and CryptoStar Warrant.

At March 31, 2018, there were 205,500,000 CryptoStar Shares and 13,204,700 CryptoStar Warrants, issued and outstanding (as more fully described in Note 5).

There are currently a total of 3,252,800 Aumento Shares and 325,280 Aumento Options issued and outstanding.

## 3. Pro Forma Adjustments

- a) Aumento’s statement of financial position at March 31, 2018 has been translated into U.S. dollars at an exchange rate of 0.7738 U.S. dollar to 1.0 Canadian dollar.
- b) CryptoStar is deemed to be the acquirer in the Acquisition for accounting purposes. Since Aumento’s operations do not constitute a business, the Transaction is 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 retained earnings and is an expense of listing. Accordingly, share capital and options reserve is increased by \$1,258,508 and \$109,008 being the fair value of common shares and options issued for the acquisition, respectively (See Notes 4 and 6). Retained earnings has been charged \$699,633 representing the expense of listing (See Note 7).
- c) The exercise price of CryptoStar’s Management Warrants has been revised to C\$0.50 and there is a resulting reduction in the warrant liability of \$569,784.
- d) Transaction costs related to the acquisition are estimated at \$400,000 for the legal and professional fees.
- e) No adjustment has been made for income taxes however, the pro-forma effective income tax rate applicable to the consolidated operations is anticipated to be approximately 26%.

## 4. Pro Forma Share Capital

	<u>Shares</u>	<u>Amount</u>
CryptoStar - March 31, 2018	205,500,000	\$ 23,532,354
Shares issued in exchange for Aumento shares	3,252,800	1,258,508
<b>Pro forma common shares outstanding</b>	<b><u>208,752,800</u></b>	<b><u>\$ 24,790,862</u></b>

## 5. Pro Forma Warrants

	<u>Exercise Price</u>	<u>#</u>	<u>Amount</u>
CryptoStar - March 31, 2018		-	
Finder's Warrants	C\$0.50	2,204,700	606,073
Consultants Warrants	C\$0.50	1,000,000	274,900
<b>Classified within warrant reserve - equity</b>		<b>3,204,700</b>	<b>\$ 880,974</b>

## 6. Pro Forma Stock Options

	<u>Exercise Price</u>	<u>#</u>	<u>Amount</u>
CryptoStar - March 31, 2018		-	\$ -
Options issued in exchange for Aumento options	C\$0.50	325,280	109,008
<b>Pro forma options outstanding</b>		<b>325,280</b>	<b>\$ 109,008</b>

Aumento has 325,280 options outstanding as at March 31, 2018. The fair value of the Options has been estimated at \$109,008 using the Black-Scholes option pricing model with the following assumptions:

- (i) expected dividend yield of 0%;
- (ii) expected volatility of 139%;
- (iii) risk-free interest rate of 1.66%;
- (iv) share price of \$0.50;
- (v) forfeiture rate of nil; and
- (vi) expected life of 4.5 years.

## 7. Pro Forma Listing Expense

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		667,883
<b>Excess paid over net assets - Listing expense</b>	<b>\$</b>	<b>699,633</b>

**Appendix A**  
**Resulting Issuer Stock Option Plan**

(see attached)

## STOCK OPTION PLAN OF CRYPTOSTAR CORP.

### PART 1 - INTRODUCTION

#### 1.01 Purpose

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, key employees and, subject to the terms and conditions herein, consultants of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

#### 1.02 Definitions

- (a) "Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario) as amended from time to time.
- (b) "Associate" has the meaning ascribed to such term in the *Securities Act* (Ontario).
- (c) "Blackout Period" means a period during which the Corporation prohibits Optionees from exercising their Options.
- (d) "Board" means the board of directors of the Corporation.
- (e) "Consultant" has the meaning ascribed to such term in Policy 4.4.
- (f) "Corporation" means CryptoStar Corp., a corporation duly incorporated under the laws of the Province of Ontario, and its Affiliates, if any, and includes any successor or assignee entity or entities into which the Corporation may be merged, changed, or consolidated; any entity for whose securities the securities of the Corporation shall be exchanged; and any assignee of or successor to substantially all of the assets of the Corporation.
- (g) "Market Price" has the meaning ascribed to such term in Policy 1.1.
- (h) "Eligible Person" shall mean an officer or director of the Corporation ("**Executive**") or an employee of the Corporation ("**Employee**") or a Management Company Employee or a Consultant.
- (i) "Exchange" means the TSX Venture Exchange.
- (j) "Exercise Notice" means the notice respecting the exercise of an Option, substantially in the form attached to the Option Certificate, duly executed by the Optionee.
- (k) "Exercise Price" means the price at which an Option may be exercised as determined in accordance with section 2.03.
- (l) "Insider" means (i) an insider as defined in the *Securities Act* (Ontario), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and (ii) an Associate of any person who is an insider by virtue of the preceding sub-clause (i).
- (m) "Investor Relations Activities" has the meaning ascribed to such term in Policy 1.1.
- (n) "Management Company Employee" has the meaning ascribed to such term in Policy 4.4.
- (o) "Material Information" has the meaning ascribed to such term in Policy 1.1.

- (p) "Option" shall mean an option granted under the terms of the Plan.
- (q) "Option Certificate" means the certificate, substantially in the form set out as Schedule "A" hereto, evidencing an Option.
- (r) "Option Period" shall mean the period during which an option may be exercised.
- (s) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.
- (t) "Outstanding Issue" means the number of Shares outstanding on a non-diluted basis.
- (u) "Plan" means the stock option plan established and operated pursuant to Part 2 hereof.
- (v) "Policy 1.1" means the Exchange's Policy 1.1 entitled "Interpretation" as amended from time to time.
- (w) "Policy 4.4" means the Exchange's Policy 4.4 entitled "Incentive Stock Options" as amended from time to time.
- (x) "Shares" shall mean the common shares of the Corporation.

## **PART 2 - SHARE OPTION PLAN**

### **2.01 Participation**

Options shall be granted only to Eligible Persons.

### **2.02 Determination of Option Recipients**

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

### **2.03 Price**

The price at which an Optionee may purchase a Share upon the exercise of an Option shall be determined from time to time by the Board and shall be as set forth in the Option Certificate issued in respect of such Option but, in any event, shall not be less than the Market Price.

### **2.04 Grant of Options**

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.

In the event that Options are granted to Employees, Management Company Employees or Consultants, the Corporation represents that such Optionees shall be bona fide Employees, Management Company Employees or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Part 2 hereof including, without limitation, terms and conditions deferring or delaying the date at which an Option may be exercised in whole or in part. Such additional terms and conditions shall be as set forth in the Option Certificate issued in respect of such Option.

Notwithstanding any of the foregoing provisions, the Board may authorize the grant of an Option to a person not then in the employ of the Corporation or of an Affiliate, conditioned upon such person becoming eligible

to become an Eligible Person at or prior to the execution of the Option Certificate evidencing the actual grant of such Option.

## **2.05 Term of Options**

Unless otherwise expired pursuant to the terms of the Plan, all Options granted to an Optionee pursuant to this Plan shall expire at the close of business ten (10) years from the date of grant or such earlier date as the Board shall decide when the Option is granted, subject to earlier termination as herein provided.

Upon the expiration of the Option Period, the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Shares in respect of which the Option hereby granted has not then been exercised.

Notwithstanding the foregoing, if the expiration of the Option Period falls within a Blackout Period the expiration of the Option Period shall be automatically extended for ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information, (ii) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed Material Information, and (iii) the automatic extension of an Optionee's options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Plan.

## **2.06 Exercise of Options**

Except as set forth in section 2.10, no Option may be exercised unless the Optionee is at the time of such exercise;

- (a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, or have been a Consultant of the Corporation during such time thereafter, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Plan;
- (b) in the case of a Consultant, under contract with the Corporation or any Affiliate and shall have been continuously so contracted since the grant of the Option; or
- (c) in the case of an Executive, a director or officer of the Corporation or any Affiliate and shall have been such a director or officer continuously since the grant of his or her Option.

No Option may be exercised by an Optionee until the Plan has been approved by the shareholders of the Corporation.

The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full Exercise Price of the Shares being purchased by 5:00 p.m. (EST) on the last day of the Option Period by delivering to the Corporation an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

## **2.07 Vesting of Options**

Executives, Employees, Management Company Employees and Consultants

All Options granted to an Eligible Person, other than Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become fully exercisable as determined by the Board when the Option is granted.

#### Optionees performing Investor Relations Activities

All Options granted to Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted, but in any event such Options shall not vest any sooner:

- (a) one quarter (1/4) of the Options on the date which is three (3) months from the date said Options are granted;
- (b) one quarter (1/4) of the Options on the date which is six (6) months from the date said Options are granted;
- (c) one quarter (1/4) of the Options on the date which is nine (9) months from the date said Options are granted; and
- (d) the final one quarter (1/4) of the Options on the date which is twelve (12) months from the date said Options are granted.

#### **2.08 Restrictions on Grant of Options**

The granting of Options shall be subject to the following conditions:

- (a) not more than two (2%) percent of the Outstanding Issue may be granted to any one Consultant in any 12 month period;
- (b) not more than an aggregate of two (2%) percent of the Outstanding Issue may be granted in aggregate to Eligible Persons conducting Investor Relations Activities in any 12 month period;
- (c) unless the Corporation has obtained disinterested shareholder approval, not more than five (5%) percent of the Outstanding Issue may be issued to any one individual in any 12 month period;
- (d) unless the Corporation has obtained disinterested shareholder approval, not more than an aggregate of ten (10%) percent of the Outstanding Issue may be issued to Insiders in any 12 month period; and
- (e) unless the Corporation has obtained disinterested shareholder approval, the Corporation shall not decrease the Exercise Price of Options previously granted to Insiders.

If disinterested shareholder approval is required, the proposed grant(s) or plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting excluding votes attaching to shares beneficially owned by (i) Insiders to whom options may be granted under the stock option plan; and (ii) Associates of such Insiders. Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution that requires disinterested shareholder approval.

#### **2.09 Lapsed Options**

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

#### **2.10 Effect of Termination of Employment, Death or Disability**

- (a) If an Optionee shall die while employed or retained by the Corporation, or while an Executive, any Options held by the Optionee at the date of death, which have vested pursuant to section 2.07,

shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "**Successor Optionee**"). All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, except that in the event the expiration of the Option Period is earlier than one (1) year after the date of death, with the consent of the Exchange, the Options shall be exercisable for up to one (1) year after the date of death of the Optionee as determined by the Board. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee at the date of death which have not yet vested shall vest immediately upon death.

- (b) If the employment or engagement of an Optionee shall terminate with the Corporation due to disability while the Optionee is employed or retained by the Corporation, any Option held by the Optionee on the date the employment or engagement of the Optionee is terminated due to disability, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her termination due to disability and only for one (1) year after the date of termination or prior to the expiration of the Option Period in respect thereof, whichever is sooner, provided that Options that become exercisable due to disability shall only be exercisable by the person or persons who have the legal authority to act on behalf of the Optionee in connection with the rights of the Optionee to the Options. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee on the date the employment or engagement of the Optionee is terminated due to disability which have not yet vested shall vest immediately upon such date.
- (c) Subject to section 2.10 (d), if an Optionee ceases to be an Eligible Person (other than as provided in section 2.10 (a) or (b)), any Options held by the Optionee on the date such Optionee ceased to be an Eligible Person, which have vested pursuant to section 2.07, shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date such Optionee ceased to be an Eligible Person and only for ninety (90) days after the date such Optionee ceased to be an Eligible Person, subject to the Board's discretion to extend such period for up to one (1) year, or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee on the date the Optionee ceased to be an Eligible Person which have not yet vested shall vest immediately upon such date.
- (d) If the employment of an Employee or Consultant is terminated for cause (as determined by the Board) no Option held by such Optionee may be exercised following the date upon which Termination occurred.

## **2.11 Effect of Offer or Sale**

If at any time when the Option hereby granted remains unexercised with respect to any Shares (a) a general offer to purchase all of the Shares is made by a third party, or (b) the Corporation proposes to sell all or substantially all of its assets and undertaking or to merge, amalgamate or be absorbed by or into any other company (save and except for a subsidiary or subsidiaries of the Corporation) under any circumstances which involve or may involve or require the liquidation of the Corporation, a distribution of its assets among its shareholders, or the termination of its corporate existence, the Corporation shall use its commercially reasonable efforts to provide notice of such offer or proposal to the Optionee as soon as practicable and (i) the Corporation may, at its option, permit the Option hereby granted to be exercised, as to all or any of the Shares in respect of which such Option has not previously been exercised by the Optionee at any time up to and including (but not after) a date twenty (20) days following the date of notice of such offer, sale or other similar transaction or prior to the close of business on the expiration date of the Option Period, whichever is the later, and (ii) the Corporation may, at its option, determine that upon the expiration of such twenty (20) day period, all rights to exercise the Option shall terminate and cease to have any further force or effect.

The Corporation may, in its sole discretion and without the consent of Optionees, provide for one or more of the following: (i) the assumption of the Plan and outstanding Options by the surviving entity or its parent; (ii) the substitution by the surviving entity or its parent of Options with substantially the same terms for such outstanding Options; (iii) immediate exercisability of such outstanding Options followed by cancellation of such Options; and (iv) settlement of the intrinsic value of the outstanding vested Options in cash or cash equivalents or equity followed by the cancellation of all Options (whether or not then vested or exercisable).

#### **2.12 Effect of Amalgamation, Consolidation or Merger**

If the Corporation amalgamates, consolidates with or merges with or into another corporation, upon the exercise of an Option following such amalgamation, consolidation or merger, the Optionee shall be entitled to receive, and shall accept, in lieu of Shares, the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised their Option and held Shares immediately prior to the effective date of such amalgamation, consolidation or merger, and the number of Shares issuable under such Option and the Exercise Price of such Option shall be adjusted appropriately by the directors of the Corporation and such adjustment shall be binding for all purposes herein.

#### **2.13 Adjustment in Shares Subject to the Plan**

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

#### **2.14 Hold Period**

All Options and any Shares issued on the exercise of Options may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. Any Shares issued on the exercise of Options may be subject resale restrictions contained in National Instrument 45-102 – *Resale of Securities* which would apply to the first trade of the Shares.

#### **2.15 Notification of Grant of Option**

Following the granting of an Option by the Board, the Corporation shall notify the Optionee in writing of the Option and shall enclose with such notice the Option Certificate representing the Option so granted. Each Optionee, concurrently with the notice of the grant of an Option, shall be provided with a copy of the Plan.

#### **2.16 Options Granted To Corporations**

Except in relation to a Consultant that is a corporation, Options may only be granted to an individual or a corporation that is wholly-owned by an Eligible Person. If a corporation is an Optionee, it must provide the Exchange with a completed Form 4F – *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Option remains outstanding, except with the written consent of the Exchange.

### **PART 3 - GENERAL**

#### **3.01 Number of Shares**

The aggregate number of Shares that may be reserved for issuance, at any time, under the Plan shall not exceed 41,750,560 Shares, being 20% of the total Outstanding Issue as at the date hereof.

#### **3.02 Transferability**

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the

Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee.

### **3.03 Employment**

Nothing contained in any Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Optionee's employment at any time. Participation in any Plan by an Optionee is voluntary.

### **3.04 Approval of Plan**

Options issued under the Plan shall only become exercisable after the Plan has been approved by the shareholders of the Corporation; provided, however:

- (a) unless consistent with the terms contained herein and approved by the Board, nothing contained herein shall in any way affect Options previously granted by the Corporation and currently outstanding;
- (b) the Plan must receive shareholder approval yearly, at the Corporation's annual general meeting.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Optionee's option price paid to the Corporation shall be returned to the Optionee.

### **3.05 Administration of the Plan**

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

### **3.06 Income Taxes**

As a condition of and prior to participation in the Plan, if requested by the Board, a Optionee shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Optionee any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

In addition, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits to the Optionee and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall (i) pay to the Corporation, in addition to the Exercise Price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance, (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance, or (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance.

### **3.07 Amendments to the Plan**

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

- (a) a material increase in the benefits under the Plan; or
- (b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the total Outstanding Issue); or
- (c) a material modification in the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

### **3.08 No Representation or Warranty**

The Corporation makes no representation or warranty as the future market value of any Shares issued in accordance with the provisions of the Plan.

### **3.09 Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

### **3.10 Compliance with Applicable Law, etc.**

If any provision of the Plan or of any Option Certificate delivered pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**SCHEDULE "A"**  
**CRYPTOSTAR CORP.**  
**STOCK OPTION PLAN**

**If issued to officers or directors - WITHOUT PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT DATE THAT IS FOUR MONTHS AND A DAY FROM THE GRANT DATE].**

**CRYPTOSTAR CORP.**

**STOCK OPTION PLAN**  
**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the CryptoStar Corp. (the "**Corporation**") stock option plan (the "**Plan**") and evidences that \_\_\_\_\_ is the holder (the "**Optionee**") of an option (the "**Option**") to purchase up to \_\_\_\_\_ common shares (the "**Shares**") in the capital stock of the Corporation at a purchase price of \$ \_\_\_\_\_ per Share (the "**Exercise Price**").

Subject to the provisions of the Plan:

the effective date of the grant of the Option is \_\_\_\_\_, 20\_\_;  
the Option expires at 5:00 p.m. (EST) on \_\_\_\_\_, 20\_\_; and  
the Options shall vest as follows:

<b>Date</b>	<b>Percent of Stock Options Vested</b>	<b>Number of Stock Options Vested</b>	<b>Aggregate Number of Stock Options Vested</b>

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the date of the grant of the Option through to 5:00 p.m. (EST) on the expiration date of the Option Period by delivering to the Corporation an Exercise Notice, in the form attached as Appendix "I" hereto, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which the Option is being exercised.

All Options and any Shares issued on the exercise of Options may be subject to resale restrictions and may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. The Options hereby granted are subject to the approval of the Exchange.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Optionee hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CRYPTOSTAR CORP.**

Per:

\_\_\_\_\_  
Authorized Signatory

**APPENDIX "T"**  
**CRYPTOSTAR CORP.**

**STOCK OPTION PLAN**  
**EXERCISE NOTICE**

**TO: CRYPTOSTAR CORP. (the "Corporation")**

1. The undersigned (the "**Optionee**"), being the holder of options to purchase \_\_\_\_\_ common shares of the Corporation at the exercise price of \_\_\_\_\_ per share, hereby irrevocably gives notice, pursuant to the stock option plan of the Corporation (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for \_\_\_\_\_ of such common shares of the Corporation.

2. The Optionee tenders herewith a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid common shares exercised and directs the Corporation to issue a share certificate evidencing said common shares in the name of the Optionee to be mailed to the Optionee at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. By executing this Exercise Notice, the Optionee hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

4. The Optionee is resident in \_\_\_\_\_ [name of province].

5. The undersigned Optionee hereby represents, warrants, acknowledges and agrees that the certificate(s) representing the Shares may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**Signature of Optionee**