

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

CryptoStar Corp. (the “Company”)  
181 Bay Street, Suite 4400  
Toronto, ON M5J 2T3

**Item 2 Date of Material Change**

December 23, 2020

**Item 3 News Release**

The news release announcing the material change was disseminated through the facilities of Cision on December 23, 2020.

**Item 4 Summary of Material Change**

The Company closed the private placement announced on December 17, 2020, consisting of the issuance of 20,000,000 units (“Units”) of the Company to raise \$1,000,000 at a price of \$0.05 per Unit by way of a non-brokered private placement (the “Offering”).

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

A full description of the material change is described in the Company’s news release dated December 23, 2020, which is attached as Schedule “A” hereto.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

**(a) a description of the transaction and its material terms:**

See Item 4.

**(b) the purpose and business reasons for the transaction:**

The purpose of the Offering was to raise \$1,000,000 for business operations and expansion of the Company’s business, and for general working capital purposes.

**(c) the anticipated effect of the transaction on the issuer’s business and affairs:**

The net proceeds of the Offering will improve Company’s ability to execute its business objectives. See Item 5(b) above.

**(d) a description of:**

**(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

A.C.N. 117 402 838 PTY LTD (“ACN”), a company in which David Jellins (President and Chief Executive Officer and a director of the Company) and Amelia Jones (Chief Commercial Officer and a director of the Company) each hold a 50% interest, was the sole participant in the Offering.

**(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

Prior to the completion of Offering, ACN held 82,624,235 common shares and 11,061,735 common share purchase warrants of the Company, representing approximately 37.8% of the common shares on an undiluted basis and approximately 40.8% of the common shares on a partially-diluted basis. Following completion of the Offering, ACN holds 102,624,235 common shares and 31,061,735 common share purchase warrants of the Company, representing approximately 43.0% of the common shares on an undiluted basis and approximately 49.5% of the common shares on a partially-diluted basis.

**(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

The Offering was approved by the directors of the Company who are independent in connection with such transaction. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director.

**(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

**(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

**(i) that has been made in the 24 months before the date of the material change report:**

Not applicable.

**(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

**(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than a subscription agreement for Units, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

**(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Company relied on the exemption from the valuation requirement and the minority approval requirement pursuant to subsections 5.5(a) and 5.7(a) of MI 61-101, respectively, as the securities did not represent more than 25% of the Company's market capitalization, as determined in accordance with MI 61-101.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

David Jellins  
President and Chief Executive Officer  
61 419-936-941

**Item 9 Date of Report**

December 23, 2020

Schedule "A"  
News Release



*For Immediate Release*

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**CRYPTOSTAR CORP. ANNOUNCES CLOSING OF NON-BROKERED PRIVATE  
PLACEMENT OF UNITS AND ADDITIONAL TRANCHE OF NON-BROKERED PRIVATE  
PLACEMENT OF UNITS**

*/NOT FOR DISTRIBUTION TO THE UNITED STATES OR FOR DISSEMINATION IN THE UNITED STATES/*

TORONTO, Ontario, December 23, 2020 – CryptoStar Corp. (TSXV: CSTR) (“**CryptoStar**” or the “**Company**”), a cryptocurrency mining and data centre operator, today announced that it has closed the private placement announced on December 17, 2020, consisting of the issuance of 20,000,000 units (“**Units**”) of the Company to raise \$1,000,000 at a price of \$0.05 per Unit by way of a non-brokered private placement (the “**Offering**”).

Each Unit consists of one common share of CryptoStar (a “**Common Share**”) and one common share purchase warrant of CryptoStar (a “**Warrant**”). Each Warrant entitles the holder to acquire one Common Share at a price of CAD \$0.075 per Common Share for a period of 18 months from the date of issue.

The Offering is subject to TSX Venture Exchange (the “**TSXV**”) approval. The securities issued in connection with the Offering are subject to a four-month hold period, in accordance with applicable securities laws.

A.C.N. 117 402 838 PTY LTD (“**ACN**”), a company in which David Jellins (President and Chief Executive Officer and a director of the Company) and Amelia Jones (Chief Commercial Officer and a director of the Company) each hold a 50% interest, was the sole participant in the Offering. As such, the Offering constituted a “related party transaction” as defined under Multilateral Instrument 61-101 Protection of Minority Securityholders (“**MI 61-101**”). Such participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the Units subscribed for by insiders, nor the consideration for the Units paid by such insiders would exceed 25% of the Company’s market capitalization. Further details will be included in a material change report that will be filed by the Company in connection with the completion of the Offering. The Company did not file the material change report more than 21 days before the expected closing date of the Offering due to the timing of the announcement of the Offering and closing occurring in less than 21 days.

CryptoStar intends to use the net proceeds from the Offering for business operations and expansion of its business, and for general working capital purposes.

The Company is also pleased to announce that, due to overwhelming investor demand following announcement of the Offering and the non-brokered private placement announced on November 30, 2020, the Company has arranged for up to an additional 10,000,000 Units to be issued to raise \$500,000 at a price of \$0.05 per Unit by way of a non-brokered private placement (the “**Additional Tranche**”).

The Additional Tranche is subject to TSXV approval. The securities issued in connection with the Additional Tranche will be subject to a four-month hold period, in accordance with applicable securities laws.

CryptoStar intends to use the net proceeds from the Additional Tranche for business operations and expansion of its business, and for general working capital purposes. CryptoStar may pay a finder's fee to eligible parties in connection with the Offering, subject to the approval of the TSXV and compliance with applicable securities laws.

### **About CryptoStar Corp.:**

CryptoStar has cryptocurrency mining operations with data centres located in the U.S.A. and Canada. CryptoStar is currently dedicated to becoming one of the lowest cost cryptocurrency producers in North America and a major supplier of GPU and ASIC miners worldwide.

For further information, please contact:

CryptoStar Corp.

Attention: David Jellins, President and Chief Executive Officer

Investors: [david.jellins@cryptostar.com](mailto:david.jellins@cryptostar.com)

Sales: [sales@cryptostar.com](mailto:sales@cryptostar.com)

[www.cryptostar.com](http://www.cryptostar.com)

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.

### **Forward-Looking Statements**

This news release contains forward-looking statements. Forward-looking statements can be identified by the use of words such as, "expects", "is expected", "anticipates", "intends", "believes", or variations of such words and phrases or state that certain actions, events or results "may" or "will" be taken, occur or be achieved. Forward-looking statements include those relating to the completion of the Additional Tranche, the use of net proceeds from the Offering and the Additional Tranche and the payment of a finder's fee. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking statements in this press release, and, accordingly, you should not place undue reliance on any such forward-looking statements and they are not guarantees of future results. Forward-looking statements involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward looking statements. Except as required by law, CryptoStar undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.